

Turkey's Underdeveloped Bunker Market Has Potential for Rapid Growth

Over the three years through 2019, Turkey's bunker sales could grow by as much as 10 percent per year if adequate infrastructure and regulatory changes occur. Turkish ports are currently operating at only a small percentage of their supply potential capacity. Of the roughly 70,000 ships arriving in Turkish ports annually, only some 20,000 of these vessels (or less than 30 percent), are supplied bunkers. This difference contrasts markedly with the major bunkering ports of Rotterdam, (80 percent) and Singapore (75 percent), according to a presentation by Deniz Eraydin of CYE Petrol at Axelrod Energy Projects' World Fuel Oil Summit in Athens on May 20, 2016. Turkey sources bunker fuel from local refiner Tupras, the Black Sea, and the Mediterranean. Bunkers are supplied to various types of vessels from cruise liners to river-type vessels and fishing vessels.

The main ports of Turkey are Istanbul (including the Gulf of Izmit), Izmir

(Aliaga), Mersin, and Iskanderun. The underutilization of Turkey's bunker capacity is estimated along the following lines:

- Of the approximately 50,000 ships which call on Istanbul per year, only 16,000 (or 30 percent), receive supplies, with bunker sales estimated at 1.5 million mt per year;
- Izmir has a potential capacity of supplying 1 million mt per year of bunker product, however only supplies 120,000 metric tons, or 12 percent, of its potential;
- Mersin uses only 5 percent potential capacity by supplying only 200 of the 4,000 ships that pass through the port annually, with bunker sales estimated at only 40,000 mt per year; and
- Iskanderun uses less than 5 percent of its potential where only 190 of the 4,000 ships passing through receive supply, with bunker sales estimated at only 90,000 mt per year.

TURKEY, MAIN PORTS



That said, the Turkish bunker market is seen rising from 1.91 million mt to an estimated 2.38 million mt in 2016.

During port construction in Turkey, supply elements and components were not taken into consideration, which has led to inadequate supply port infrastructure. The underperformance at Turkish ports is primarily due to inadequate port infrastructure which in turn leads to a number of supply operation inefficiencies. Turkish ports have insufficient berthing areas for ships to dock while waiting for supplies. Ships therefore incur extra fuel costs while waiting for berths. Turkish ports have implemented rules and regulations that are not compatible with international commercial activity. This limits the amount of vessels that are able to bunker at Turkish ports. Previously at the port of Istanbul, the loading of bunker barges was prohibited between the hours of 11:00 pm and 9:00 am. This restriction has since been overturned and there are now no time constraints for the loading of bunker barges. Similar changes in regulations would need to be made at other Turkish ports in order to help Turkey achieve its bunkering potential.

For its part, Istanbul-based-CYE Petrol, for CYE by Alasonya Shipping & Trading.) CYE also supplies bunker fuel via truck and

one of Turkey’s direct bunker suppliers, is planning to add a new double hull bunker barge in 2017 to its existing fleet of six barges. The size of the new barge, which will be decided in November 2016, will be either 1,800 dwt or 2,300 dwt. All of CYE’s bunker barges (including the forthcoming barge) are self-propelled and equipped with mass flow meters. Around 95 percent of CYE’s bunker sales take place at the port of Istanbul. CYE sources its fuel oil and distillates from local refiner Tupras, Azerbaijan, Russia, and the Mediterranean. CYE has 45,000 cm of storage at Poliport, in Gebze. All of CYE’s existing bunker barges are either double hull or double bottom. The deadweight of the barges varies from 650 – 1,805 dwt. (The bunker barges are managed

TURKEY, CYE PETROL AND TOTAL TURKEY, BUNKER SALES

(Thousand Metric Tons)

	CYE			Total Turkey		
	MGO/MDO	IFO	Total	MGO/MDO	IFO	Total
2014	72	158	230	413	1,500	1,913
2015	100	219	319	434	1,705	2,139
2016E	110	270	380	480	1,900	2,380

E=Estimated.

land tanker. The accompanying table shows bunker sales by CYE and Turkey. ■