

# Cultured growth in Rotterdam

Armien Kok, owner of Marine Bunkering (Rotterdam) B.V., takes stock of changes in Europe's busiest port



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One of the attractions of Rotterdam, Europe's largest bunkering centre, is the Dutch city's impressive and constantly changing skyline. New buildings are still appearing regularly and the view is always different. Right at the heart of the city is the dynamic port of Rotterdam, which has held the title of biggest and busiest port in the world for at least the last 40 years. Both the city and the port are very much alive and kicking.

The port of Rotterdam stretches out from the city to the North Sea, covering a distanced of some 40 kilometres (km). Most harbour activities nowadays take place towards the sea. The inner harbours have been developed since the 1960s to create attractive entertainment areas, with many restaurants, galleries and shops.

Europoort can handle almost any vessel size. Bunkers-only calls outside the port area are currently forbidden by the Dutch government. However, if required, these can be arranged near the Flushing refinery in the Schaar van Everingen area, south of Rotterdam, which is still within the greater Amsterdam-Rotterdam-Antwerp (ARA) region. Rotterdam is at the centre of an excellent hinterland connected by the sea, rivers and canals, and by road, rail and pipeline, to the whole ARA region and to the interior of Western Europe.

## Higher throughput

In 2004, total cargo throughput in Rotterdam was 353 million metric tonnes (mt), of which oil cargo throughput was 136 million mt. Bunker sales to seagoing ships rose to more than 12.2 million tonnes in 2004, a rise of 13% over 2003, while the total volume of marine distillate sales reached around 500,000 mt last year (see *Bunkerspot*, February, page 9). The port of Rotterdam saw an important growth in cargo last year, particularly in oil shipments and container traffic. There has also been rapid growth in fuel oil handling and in bunker demand. Supplies of Russian fuel oil, which now account for some 60% of all the product handled in the Rotterdam bunker market, have also increased. So too has the number of Very Large Crude Carriers (VLCCs) working cargo for transshipment. The large number of refineries and storage terminals in the Rotterdam area, Flushing and Antwerp, and the

high volume of crude oil and refined products imports and exports, have made Rotterdam the biggest bunkering port in Europe and, after Singapore, the second biggest in the world. According to official estimates, Rotterdam has some 600,000 inhabitants, comprising 162 nationalities, and around 60,000 people are directly employed in the port.

In the 'good old days', bunker pricing in Rotterdam was relatively straightforward. Now, however, it has become a considerably more complicated port when it comes to purchasing bunkers. A decade ago, purchases and prices were based on fundamental supply and demand, resulting in an easy and transparent 'game'. Nowadays this is no longer the case. Purchasing bunker fuels has become very complicated as a result of prices now reacting not to supply and demand factors in the bunker market itself, but rather to changes in physical crude oil prices or 'paper' markets which impact the local fuel oil barge market on which the bunker prices are based.

Rotterdam bunker prices are also heavily influenced by barge delays, which can often be severe. However, last year saw some major improvements in the port's infrastructure, which has helped reduce delays but they do still occur. Nowadays the delays mainly happen when large fuel oil cargoes need to be transhipped and blended and sometimes when cargoes that have been anticipated do not arrive on schedule.

## New terminals ease pressure

In February last year, the **Argos Group** developed its own bunker storage and loading installations, with **Shell Marine Products (SMP)** and **Argos Ceebunkers** its main customers. The terminal has its own blending facility and can handle four bunker barges simultaneously.

The improvements continued once upgrading work at the **Vopak Terminal Europoort** was completed to reduce handling times. In March last year, the new finger pier at the terminal was opened, helping to solve some of the congestion. The pier has two berths, one for handling cargoes and one for barges up to 20,000 deadweight tonnes (dwt). Vopak Terminal Europoort is the largest fuel oil terminal in Rotterdam (see *Bunkerspot*, April 2004, page 8).

Another improvement is the arrival over the past year or so of several new large



double hulled 'mega' barges, including those belonging to the **Wiljo** group and **Chemol Corporation** (see *Bunkerspot*, June, page 9). These barges help save a lot of time in connecting or disconnecting hoses and have the capacity to deliver 5,000 to 10,000 mt at a time, rather than the 1,000 to 3,000 mt deliveries previously delivered. With some seagoing vessels able to take up to 15,000 mt in a single bunker stem, these mega barges are highly effective in reducing waiting times.

One of the bright prospects for the future is the planned opening of **Vitol's** new Europoort terminal in 2006. The terminal is expected to handle between three and five million mt of crude oil and refined products a year and will have a storage capacity of some 280,000 cubic metres (m<sup>3</sup>).

The **Port of Rotterdam** and the Dutch authorities are keen to ensure that Rotterdam retains its predominant role in the world and are seeking ways to continue to develop the port on a long-term basis, with 2020 now firmly in their sights. One project under investigation is the expansion of Maasvlakte. However, serious consideration is also being given to improvements in safety and security at the port.

## Local help available

Bunker pricing and barge congestion are closely related in Rotterdam. Sometimes the

market might appear to be weakening, with the prospect of lower prices to come, but often it is impossible to take advantage of the situation if barges are not readily available and the buyer is unable to wait. When barge capacity is tight it can often transpire that there is only one supplier in the market able to arrange a delivery. This inevitably means that there is a lack of competition and the price will rise, creating a premium for 'prompt' delivery.

Pricing is a complicated issue within Rotterdam and the ARA. In this respect, a local broker, who only deals with the ARA area, can play a significant and useful role in sifting through the complexities. Even though email and Yahoo messaging are now widespread communication resources, this industry is still a 'people business' and it is very important to meet people face to face to ensure closer and easier contact. This is also an important consideration when it comes to handling claims because it is always easier to meet and discuss issues than it is to rely on electronic communications. Often, shipowners use two or more brokers or traders to cover their inquiries in the Rotterdam area and find that instead of achieving lower prices they find that they have to compromise on quality and quantity.

As of 1 January 2003, it has been decreed, vessels using distillates within the ARA region

must only use product with a maximum sulphur content of 0.2%. In the past, when ordering gasoil with a maximum sulphur content of 0.2%, the product delivered had a maximum specific gravity of 0.860. Now, marine gasoil (mgo) can be ordered with a maximum sulphur content of 0.2% at the normal specific gravity for a DMA grade (0.890) and product is readily available and relatively less expensive than it used to be.

One of the new issues in the ARA is that shipowners sometimes buy fuel and distillates from separate sources. For years, these products have been supplied by two separate barges anyway. One of the major players in the distillate market is **North Sea Petroleum (NSP)**, part of the **Petroplus Group**, which has been in the business for more than 25 years and is able to supply at all ports in the Netherlands.

The independent bunker suppliers in the Netherlands are all members of **NOVE (Nederlandse Organisatie Voor de Energiebranche)** – the Dutch organisation for energy companies) and therefore there is uniformity in the terms and conditions of bunker suppliers. All suppliers in Rotterdam must have an official licence issued by the government.

## Commerce and culture

Commerce and culture and the City of Rotterdam combine to make the Port of Rotterdam what it is today. Rotterdam was elected European Cultural Capital of Europe in 2001. Every year, Rotterdam organises 'World Harbour Days' which in 2005 falls on 2-4 September and is expected to attract 450,000 visitors. The event, now in its 28th year, enables visitors to visit merchant and naval seagoing ships and inland vessels and to see demonstrations of naval ships and harbour services, accompanied by wonderful music, dance and food. If you are an owner, make sure that you not only send your ships to Rotterdam, but also use this opportunity to visit the city.

Marine Bunkering (Rotterdam) B.V. was established in 1993 as an independent bunker broker, and is the only one located in the ARA region. The owner, Armien Kok, has almost 30 years of experience, working at Shell, Starsupply and with local brokers and traders.