

Media Monitoring

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SINGAPORE Oct 19 (Reuters) - Chemoil is the latest oil trading firm to expand its storage capacity in the Middle East and has taken a \$90 million loan from banks in Abu Dhabi, Dubai and Singapore to fund the project, it said on Tuesday.

Singapore-listed Chemoil (CHEL.SI: [Quote](#)), in a joint-venture with Gulf Petrol Supplies LLC, will expand the capacity of its terminal in the United Arab Emirates port of Fujairah to 675,000 cubic metres (cu m) from the current 90,000 cu m.

The project is expected to cost \$130 million on completion in 2012.

"The Fujairah facility will also significantly expand our worldwide fuel terminal business, helping to provide stable recurrent income amid current market volatility," Chemoil managing director Sanjay Anand said in a statement.

Chemoil's expansion will take the total storage capacity in Fujairah, the world's second-largest bunkering port, to around 6.7 million cu m in the next few years, from 3.0 million cu m currently.

Azerbaijan's Socar Trading has also announced plans to build a 640,000 cu m storage terminal, for both dirty and clean fuels, in a joint-venture with Swiss trading house Aurora Progress by late 2011, which it plans to lease out.

Other players expanding capacities in Fujairah include Gulf Petroleum, which plans to double its capacity to 710,000 cu m and the Oil Marketing & Trading group to 300,000 cu m.

Storage operator Royal Vopak (VOPA.AS: [Quote](#)) is now the largest capacity holder in Fujairah, with 1.5 million cu m of dirty and clean capacity.

"There's a lot of construction going on in Fujairah by way of new oil terminals and most of the plans were made before the crisis," a Middle East-based fuel oil trader said.

"But now, with the downturn hitting Dubai quite hard and Fujairah losing some bunker volumes to regional ports, I'm not quite sure if the same pre-crisis growth can be expected."

Fujairah is also losing its status as the world's second-largest port as volumes get drawn away to other ports in the Middle East, industry sources said.

Estimates by some traders showed that its volumes have fallen by as much as 40 percent in the past year, down from its 2008 total of 1 million tonnes a month.

Chemoil is a major supplier of marine fuels in Asia and the U.S. West Coast and has a 482,000 cu m storage terminal in Singapore. Glencore, the world's largest independent commodities

trader, recently took a controlling 51 percent stake in Chemoil. (Reporting by Yaw Yan Chong;
Editing by Ramthan Hussain)