

Steel Guru

Chemoil to expand Fujairah oil storage 650pct

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Reuters reported that Singapore listed Chemoil in JV with Gulf Petrol Supplies will expand the capacity of its terminal in Fujairah to 675,000 cubic meters from the current 90,000 cubic meters. The project is expected to cost USD 130 million on completion in 2012.

Chemoil is the latest oil trading firm to expand its storage capacity in the Middle East and has taken USD 90 million loan from banks in Abu Dhabi, Dubai and Singapore to fund the project.

Mr Sanjay Anand MD of Chemoil said that "The Fujairah facility will also significantly expand our worldwide fuel terminal business, helping to provide stable recurrent income amid current market volatility."

He said that Chemoil's expansion will take the total storage capacity in Fujairah, the world's second largest bunkering port to around 6.7 million cubic meter in the next few years from 3.0 million cubic meters currently.

Azerbaijan's Socar Trading has also announced plans to build 640,000 cubic meter storage terminal for both dirty and clean fuels in a JV 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 cubic meters and the Oil Marketing & Trading group to 300,000 cubic meters.

A Middle East based fuel oil trader said that 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. Estimates by some traders showed that its volumes have fallen by as much as 40% in the past year down from its 2008 total of 1 million tonnes a month.