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Bunker supplier Chemoil withdraws from Busan storage project JV December 2, 2010

Bunker supplier Chemoil has decided to withdraw from the joint venture to build storage tanks for bunker fuel at Busan New Port, a company official said Thursday.

Chemoil had a 12% stake in the project along with Hanjin Shipping with 18%, Samsung C&T Corporation with 10%, CL Construction with 10% and financial investors holding 50%.

"We looked at a potential opportunity in South Korea and we are not going ahead at this stage," the Chemoil official said. "We won't be making any further comment as it is not our policy to make public comments on commercial decisions."

The JV envisaged building and operating jetties, storage tanks, pipelines and water supply facilities on land, covering 63,000 sq m which the South Korean government would lease to the operators free of charge. Construction of the tanks was scheduled to start in December.

A source at Busan Port Authority said that BPA was still carrying out negotiations with preferred bidders and so a detailed schedule could not be given. "We are trying hard to settle the negotiation as fast as possible," the source said.

BPA added that it was also discussing whether it would accept new partners if the JV members changed.

Busan New Port, located 30 kilometers west of Busan Old Port, opened in 1995. The port authority aims to develop it into a world-class container terminal with sufficient bunkering facilities.

Busan is the largest bunkering port in South Korea with a market share of more than 50% of the country's total sales of 600,000 mt/month.

Currently, only South Korean refiners SK Energy, GS Caltex and Hyundai Oilbank operate bunker fuel storage tanks at Busan with a total capacity of around 65,000 cubic meters.