

Media Monitoring

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Azerbaijan's state-owned Socar and Switzerland-based commodity trading house Aurora Progress have formed a joint venture to develop oil storage facilities, including a planned 641,000 cubic meter capacity oil products storage facility at the UAE port of Fujairah, the companies said Wednesday.

Aurora said in February it had begun work on a new Fujairah storage facility. The joint venture is now studying contractor bids for construction of the facility, which will have 641,000 cu m of storage capacity from 20 tanks.

It will be able to handle fuel oil, gasoline, naphtha and middle distillates, including diesel, gasoil and jet kerosene, and will be equipped with both tank-to-tank and in-line blending facilities.

"The development in Fujairah is in a key trading hub where volumes are increasing substantially--clearly this is a strategic asset for the future development of the Socar group," Socar Trading's CFO Zaur Gahramanov said in a statement.

The company said it may rent some of the capacity in the terminals under development for its own use, but that the priority is to provide tank storage to customers.

Aurora trading director Ammar Kutait, who has also been appointed CEO of the joint venture, said: "We are delighted to have an organization of Socar's scale and significance partner with us in developing these terminal assets."

"We are now focusing on the construction of the first phase of our Fujairah terminal to be operational early next year," he added.

In March last year, the Fujairah government said it planned to reclaim 225 hectares north of the port on the UAE's east coast to provide land to build additional storage.

Chemoil, Aegean Oil Terminal, and Oil Marketing and Trading International have also announced plans to expand storage capacity at Fujairah, along with existing terminal operators Fujairah Refinery Company, Gulf Petroleum, Emarat and GPS Chemoil, by 1.94 million cu m by 2011.

This would raise storage capacity at the port to 3.431 million cu m by the end of 2011.

Another 1.785 million cu m of storage would be added in the next phase after 2011.

Fujairah is one of the seven emirates that make up the UAE. It is home to the country's only multi-purpose port, on the UAE's east coast, which occupies a strategically important position outside the Strait of Hormuz.

A large part of the port's commercial activity is oil-related, and it ranks third in the world behind Singapore and Rotterdam as a bunkering location.