

# BUNKERSPOT

## **MORE QUESTIONS THAN ANSWERS?**

**SURVEYING THE  
KEY BUNKER  
TRENDS**

**INSIDE:**

**ETHICS AND TRANSPARENCY  
TRAINING FOR NEW FUELS  
INTERVIEW: HARTREE MARINE  
MARKET FOCUS: NORWAY**





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# Checks and balances

**John Phillips** of Awyr Las spells out the challenges facing shipping and bunker companies as they contend with heightened levels of compliance, due diligence, and credit default management pressures

**A**s we move into 2022 and look forward to a further easing of COVID-19 restrictions in many countries, we slowly begin to get out and meet people again. It seems appropriate to use this opportunity to share a few hopes and aspirations, both personally and as an industry, for the new year. Despite what many may think, shipping, and indeed bunkering for that matter, remains a very personal business. Whilst prudence dictates the importance of embracing new technologies and utilising these in our day-to-day lives, the well-established motto of 'Our Word, Our Bond' remains as important today as it has ever been. Indeed, the best measure of a person has long been obtained by a straight look in the eye at the moment of the 'handshake'. So, a return to seeing people, to travel, and to formal and informal meetings can only be in the best interest of the industry, which over the last few years has certainly had its trust issues.

The backbone of the credit decisions being made in the bunker sector remains the marine credit report, primarily produced by highly experienced and respected analysts in Infospectrum, Lloyd's List Intelligence,

Dynamar and SeaCred. What the future holds for Lloyd's List Intelligence is clouded in the longer term, following its eventual sale out from the Informa group, but in the near term we see no major changes to its services, and with Infospectrum creating clear air between itself and its peers in respect of capacity, no dilution of these products can be expected. These services have supported the decisions credit managers have had to make for nearly 50 years, and can clearly be expected to do so for some time to come. However, as already alluded to, the acceptance of new technologies and their blending into tried-and-tested processes are essential, and we hope to see a number of interesting projects emerge from these leading providers, perhaps integrating modelling and active compliance checking amongst other things.

One of the key takeaways from the last few years has been that the market remains resilient, and that where opportunities arise, whether in traditional fuels and models or through new fuels, then there are sufficient interested parties to invest in delivering on those projects. Even in the financial sphere where the industry has suffered knock after knock, we see banks (albeit slowly) returning with stronger compliance and vetting processes (perhaps not bad for an industry which maybe needed closer inspection), and insurers showing a continued appetite for the risks, and indeed the premiums these produce. However, not all bunker businesses have the capacity to engage in these strengthened processes and it is in this area that Awyr Las Ltd has positioned itself to provide services to a number of clients utilising

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skill sets developed over several decades, instead of the more traditional direct employment of a credit manager. This is a ‘blue sky’ approach to solving a conundrum that I had faced many times whilst employed in a bunker company as Head of Bunker Credit.

As a bunker credit manager, the task is to assess customers and vendors for their suitability on grounds of credit worthiness, compliance adherence and reputational performance. However, there is also a need for awareness of the commercial issues, as outside of compliance, credit has a risk/reward nature that should always be considered. There are so many instances where the subject counterpart (whether it be physical supplier, intermediary trader, or end customer) may have had no processes in play whatsoever, or processes that are undocumented, or run by a head of commercial or a head of finance with the subjective bias that often creates. In essence, the absence of having a specialist for one of the biggest commercial decisions being made is a concern to me and should be a concern to all, as it is this that may have contributed to some of the less sensible decisions that have been made. From around 2008, the existing talent pool at Lloyd’s, Infospectrum and in those days Ocean Intelligence, was scoured to secure the services of appropriate managers but this was never going to be a bottomless pool of resources and it eventually started to dry up. It may also have been a cost too many

for smaller players to absorb. So today, the opportunity to offer affordable services across a number of counterparts has real scope, given the rising levels of attention being given to these decisions by financiers, and rightly so.


It is into this space also, that the Marine Fuels Alliance (MFA) has sought to position itself with goals of empowering its members (primarily drawn from the small/medium sized physical suppliers) with the necessary capabilities to extend their outreach into new markets and opportunities. The underlying principles of promoting, supporting and connecting its members is a well-timed ambition given the increasing levels of expectation being heaped on these entities. Investment in new technologies, an ability to match expectations for due diligence, compliance, legal (both in terms of GT&C and dispute management) and overall best practice are all noble goals, and through setting some basic standards for membership and connecting to like-minded entities and service providers, there is an opportunity to improve the position of many of these businesses that may previously have had little or no capacity to address these matters.




For its part, Awyr Las Ltd is pleased to be supporting the MFA in these ambitions as it can see how the overall improvement of processes can benefit both those entities taking on those processes, and through that the security of the wider industry. Knowing that your vendor or an intermediary has adopted best practice can be highly comforting. It may

also lead to an easing of insurance or financial limitations. They say that you are only as strong as your weakest link, so for all the efforts of the larger more capable entities, the hard work of the International Bunker Industry Association (IBIA) and other sector champions, if the physical supplier has no processes or fails, then that has real implications across the industry.

So, we continue to have a rapidly developing market awash with new fuels and ideas, new entrants and heightened levels of compliance, due diligence, and credit default management pressures. All this brings additional demands on the decision-making teams. We also have the full weight of IBIA pushing the case of bunkering at the ‘Top Table’ both nationally and internationally, and now the MFA working to establish a framework through which levels of best practice can be improved, standardising processes and seeking to empower members through shared services and connections. This creates opportunities for all, and the prospect through determination of creating a more stable environment in which to operate.

Clearly there is room for the new kids on the block to be hangin’ tough.

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