

Red Sea diversions add 1 million tonnes of fuel consumption monthly



The future of bunkering, prices, and margins, remain driven by geopolitical tensions and conflicts but the sector still has a lot of opportunities, expert Adrian Tolson told a conference in Panama.

Michele Labrut | May 27, 2024

Speaking at Petrosport's Maritime Week Americas Tolson, owner of the consultancy 2050 Marine Energy and Vice Chairman of the International Bunker Industry Association (IBIA), explained that the Red Sea shipping crisis has impacted demand significantly and in conjunction with the Panama Canal issues, has created unique logistical challenges for shipping and altered bunker buying patterns.

“It’s estimated that so far during 2024 the Suez crisis alone has increased fuel consumption for diverted ships by 1 million metric tonnes per month,” he said and added, “these types of challenges generally make the bunker value chain profitable for its participants”.

Related: [Avenir LNG orders pair of LNG bunkering vessels from CIMC Enric](#)

Focusing on the types of fuel currently used by ships, Tolson noted that HSFO has been reaching demand levels not seen since IMO 2020 came into effect – with demand being driven by container vessels with scrubbers installed – but despite its position as the leading type of fuel supplied in some major ports it is not likely to play much of a future role, said Tolson.

However, future alternative fuels are taking some time establish themselves with sales volumes of biofuels and LNG still limited in major ports

Related: [Hapag-Lloyd, Titan, and STX in largest bio-LNG bunkering operation](#)

He said LNG remains in doubt as a longer-term decarbonisation solution due to life cycle GHG challenges and biofuels remain the easiest short-term way for ships to reduce their GHG footprint but lack sufficient government incentives in most Americas bunker markets.

Meanwhile, fuels such as hydrogen, methanol and ammonia seem to be the favorites for new ship buildings orders. Low GHG versions of these fuels are likely to be available in significant quantities in North America due to huge incentives and infrastructure assistance provided by the Inflation Reduction Act (2022) in the US. Tolson speculated that this would provide a significant regional advantage over other global locations for these types of alternative fuels.