

SAHARA ENERGY COO REVIEWS IMPACT OF IMO:2020, AFFIRMS GROUP'S COMMITMENT TO CLEANER FUELS

As economies recover and trade restrictions ease post the COVID-19 pandemic, an increase in demand for Very Low Sulphur Fuel Oil should see prices strengthen

DUBAI, UNITED ARAB EMIRATES, June 10, 2020 /EINPresswire.com/ -- As economies begin to recover and trade restrictions ease following the COVID-19 pandemic, an increase in demand for Very Low Sulphur Fuel Oil (VLSFO) should see prices strengthen Andrew Laven, Chief Operating Officer, Sahara Energy Resources DMCC, Dubai has said.



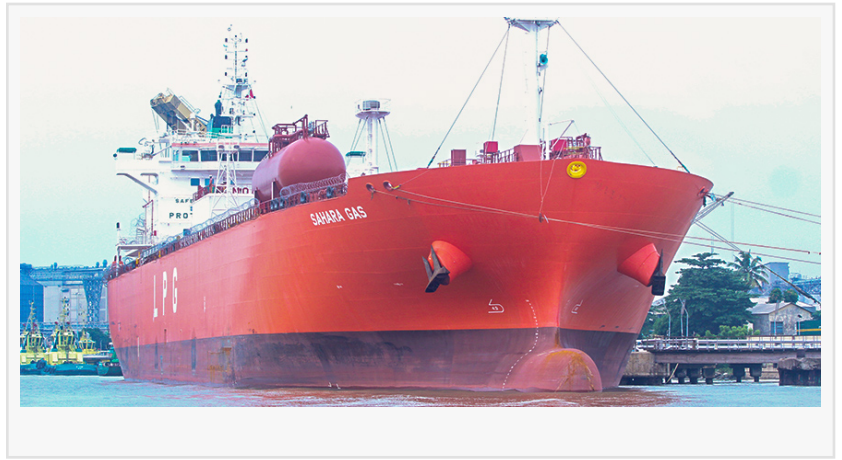
Andrew Laven, COO, Sahara Energy Resources DMCC, Dubai

In an article for leading trade publication Energy Voice, Laven explored key industry developments in the six months since the introduction of the IMO:2020 policy. Looking ahead, he reaffirmed Sahara Group's commitment to [cleaner fuels](#), welcoming industry-wide efforts to reduce maritime sulphur emissions and commending the energy sector's transition to VLSFO without incurring anticipated delays.

Sahara Group continues to demonstrate leadership in the energy sector globally, providing full backing for progressive policymaking in support of wider sustainability initiatives. Previewing Sahara Group's plans for the United Arab Emirates and other markets, Laven reiterated the energy conglomerate's preparedness for transitions to cleaner fuels. "For the foreseeable future this will be the marine fuel of choice and we want to play our part in ensuring availability and supporting the supply chain that is necessary to keep trade moving."

In the article, Laven also looks ahead to the economic recovery following the COVID-19 pandemic and the preparedness of the shipping business to meet demand: "As the global lockdown eases and economies awake, the shipping business will inevitably see increased demand. International

shipping is responsible for around 90% of world trade. This will drive demand for VLSFO and prices should strengthen. The build-up of stocks in advance of 2020 meant shortages did not occur and the reduction in demand through COVID-19 meant the supply chain hasn't been fully tested."



Addressing fears that the energy sector would not adjust smoothly or

productively to the IMO 2020 policy, Laven said: "While the talk was negative, the industry proved very capable of rebalancing and the shift to VLSFO started during the third quarter of 2019. The spike in HSFO was driven by restricted availability as storage shifted to VLSFO. The price of VLSFO rose, at times to higher than the next alternative, MGO. As the supply chain became more robust

and stocks of VLSFO built up, the differential to HSFO dropped. On occasions, HSFO actually became more difficult to purchase than VLSFO."

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Laven also looked at the relative stability of the market around HSFO (High-sulphur Fuel Oil) in the last six months, noting that: "The most dramatic change was that the demand for HSFO collapsed, but so did the supply. As a result, the prices for HSFO have remained remarkably stable, despite the changes. In March, oil prices fell, owing to the impact of COVID-19 and oversupply, having an impact on fuel prices. Despite this, HSFO prices remained stronger than VLSFO."

Recognising the unexpected role that the coronavirus pandemic has played, Laven placed the state of the energy sector in a new context, pointing out that: "It has been a long six months since January 2020. There is no question now that the impact of the pandemic is likely to have a bigger effect on the marine business than even the most cynical projections around IMO 2020 would consider. The oil industry had quickly moved past the switch to a lower sulphur fuel, but COVID-19 has driven a level of economic disruption that will be much longer lasting."

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