



Bunkering in Singapore

Singapore is one of the top bunkering ports in the world – 42.4 million metric tonnes of bunkers are reported to have been sold in 2014. Although the bunker industry is highly regulated, this Insight highlights some of the most common issues and concerns arising out of bunker sales in Singapore.

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Background The Maritime Port Authority of Singapore (the MPA) is keen to ensure that quality bunker services are provided in the port. Every bunkering operation carried out by bunker tankers to ships must comply with the MPA's standard code of practice for bunkering (the [bunker code](#)), which helps avoid disputes.

Sampling procedures in Singapore – what should chief engineers look out for? Chief engineers should check and ensure that the bunker code sampling procedures are carried out. Key steps include:

- Inspect sampling equipment and ensure that it is clean
- Ensure sampling starts simultaneously with the bunkering operation
- Check a continuous drip sample is taken throughout the operation
- After bunkering, confirm the seals of the sampling container and the needle valve are not tampered with
- Check sample labels include all relevant information before signing
- Check and ensure the cargo officer performs a number of detailed steps, such as sealing the samples and recording the seal number in the bunker delivery note.

The MPA has produced a useful [placard](#) setting out the key steps in the sampling procedure.

Cappuccino Bunkers – what are the risks and how to avoid them? This is a problem where air is pumped into bunkers, causing them to froth and appear to have a larger volume. When bunkers are supplied in large quantities, this may result in significant losses for the buyer.

During a bunkering operation, in addition to sample taking, chief engineers should follow these key steps in measuring quantities:

- Inspect/gauge the non-cargo tanks and verify the cargo officer's declaration before bunkering
- Verify the reference heights of the bunker tanker's cargo oil tanks and check the measurement equipment, such as the sounding tape and thermometer
- Witness and confirm the opening tank gauging and cargo temperature readings of all cargo oil tanks
- Determine the trim and list of the bunker tanker
- Witness and confirm the closing tank gauging and cargo temperature readings of all cargo oil tanks
- Verify the delivered quantity in the bunker delivery note prepared by the cargo officer.

The MPA has produced a useful [placard](#) setting out the main steps in the quantity measuring procedure.

From 1 January 2017 the port of Singapore will be using Mass Flow Metering systems (MFM) for all marine fuel oil deliveries, as reported in a previous [Gard Update](#). This is expected to improve transparency in the bunkering process and to reduce any illegal bunkering activities.

What should be done when there is a bunker quantity dispute? The bunkering code also provides guidance on what to do in the event of a [bunker quantity dispute](#). Chief engineers should:

- re-check all heights, gauging, measurements, calculations and figures
- investigate and confirm that the relevant tanks and lines were not modified
- inspect the stock movements in the bunker tanker's stock movement logbook
- request copies of the relevant pages of the bunker tanker's tank calibration tables and the last certificate of quantity or equivalent document
- request copies of the surveyor's bunker tanker measurement reports.

A letter of protest should be issued by the master to formally declare there is a dispute. If possible, photographs should be taken as evidence.

Should bunkering be performed outside port limits (OPL)? If a vessel is calling at Singapore only to bunker, bunkering OPL can save time and costs, e.g. port charges. Bunker suppliers and surveyors operate under an [accreditation scheme](#) in Singapore. If bunkers are supplied by an accredited supplier, the risks of bunkering OPL may be lower. That said, there are risks associated with this practice:

- OPL is outside the MPA's jurisdiction and the bunker code will no longer apply, including the MFM systems. The protection afforded by the MPA's standards and regulations and any dispute resolution mechanism will therefore be unavailable to owners and bunker buyers should any dispute arise
- Bunkering in open waters puts the vessel at the mercy of the weather and swells
- The Straits of Malacca and Singapore is one of the busiest shipping lanes in the world. Carrying out bunkering operations there may increase the risk of a collision, especially as the vessel's ability to manoeuvre during bunkering operations is restricted
- The vessel's safety may be compromised and the risk of pollution is increased
- There is a real risk of piracy and fuel theft in the region, see the

[Gard Alert](#)

of 2 January 2015.

Is there a special dispute resolution mechanism in Singapore for bunker disputes? The bunker code provides for the Singapore Chamber of Maritime Arbitration (the SCMA) to administer bunker dispute resolution in accordance with the Singapore Bunker Claims Procedure (the [SBC Terms](#)). Unless parties have agreed to submit the disputes to a court or tribunal in another jurisdiction, it is likely that a dispute under a bunker contract with an accredited bunker supplier in Singapore will be submitted to the SCMA under the SBC Terms.

The SBC Terms are intended to provide a simplified, quick and inexpensive procedure to resolve disputes arising out of the sale and supply of bunkers where the claim or counterclaim does not exceed SGD 100,000 and where only a single issue is involved in the dispute.

The [Singapore International Arbitration Act 2012](#) applies to arbitrations commenced under the SBC Terms. Any award issued is final, binding and enforceable.

Conclusion The bunker industry in Singapore is highly regulated and the bunker code will be revised from 1 September 2015 to further enhance the quality of bunker operations. Members

and clients are recommended to ensure that crews are familiar with these regulations and procedures before bunkering in Singapore as this will help reduce the possibility of disputes.