

Getting the background

World Bunkering reviews Adam Dupre's *Introduction to Bunker Credit Risk*

Bunker credit risk has become an increasingly hot topic over the last few years. Rising bunker prices and difficult economic conditions for the shipping industry have made it ever more important that suppliers are able to use all the information available to them to accurately estimate the terms they can offer to bunker buyers. Often, though, it is not obvious what exactly the risk factors are, or how that information can be used to mitigate them. Adam Dupre's *Introduction to Bunker Credit Risk*, part of a series published by Petrosport, sets out to explain the system.

"Credit in the marine fuel sector has unique characteristics that are not found in any other sector," Dupre says in the introduction, and the first part of the book is dedicated to examining those factors, beginning with the very basics of the way the bunker and shipping industries are organised, including looking at the complex relationship between owner, charterer, manager, and exactly what this means in terms of who is the actual credit party. It goes on to look at the structural risk associated with individual sectors of the shipping market, and with individual countries and current areas of concern, before moving on to look at the tools available for credit risk analysis, the process of actually making decisions, and the implications that these decisions can have on business relationships. While evaluating all the conventional tools available to the industry, and the most effective way of combining them, Dupre also covers less official sources of information, such as the role played by rumour and the effects it can have on the industry. This is typical of the realistic, down-to-earth attitude of the book as a whole.

In the spirit of covering all eventualities, processes for securitising risk and for handling defaults, including ship arrest and legal procedures, are also covered. Appendices include credit check lists, sample credit reports, and a short bibliography offers guidance for readers who want to take the clear, basic advice offered in the book a stage further.

'The book defines an approach that depends more on knowledge and good judgement than on the application of mathematical formulae to publicly (or even privately) available data,' the preface promises. What it provides is a sound, commonsense guide to what can often be immensely complex and murky areas. Clearly set out and divided into sections for easy reference, *An Introduction to Bunker Credit Risk* is useful both as a general overview of the market, and as a desktop reference for quick information. Although billed as a guide to a comparatively narrow sector of the market, it also acts as a good primer to the shipping industry as a whole. It's very far from being a dry read, and there are certainly moments that will cause wry recognition from anyone who's ever tried to get information – let alone money – out of a reluctant client.

'*An Introduction to Bunker Credit Risk* is an essential tool for all those responsible for making credit decisions and assessing counterparty risk when buying or selling marine fuels,' the publishers claim. They're not wrong.