

Pools are full of life

Not all product tanker owners favour pools. However, for a growing number, pools are providing a means of ready entry into the demanding, complex and highly professional world of product tanker operations.

Fleet pooling is a concept introduced in the product tanker sector in 1989 by Torm of Denmark. Since then, many other product tanker owners have decided to opt for the benefits advertised by the promoters of pooled operations. Furthermore, the concept looks set to gain further ground in the product tanker sector in the years ahead.

In pooled operations the commercial management of ships controlled by a variety of shipowners is placed with a single company, with the aim of optimising fleet logistics, controlling costs and meeting the requirements of even the largest charterers.

No company has pushed product tanker pools further than Torm. The company now undertakes the commercial management of three such pools embracing a total of 14 shipowning companies that have placed an aggregate of 60 modern, coated tankers in pooled operations.

Most of these pool participants are embarked on newbuilding programmes with the aim of increasing their commitment to the concept and expanding the market share of the pools in which they are participating. As these new ship plans come together, there is a possibility that the three Torm pools will boast 100 product tankers by 2005.

Torm to the fore

Torm itself launched an ambitious newbuilding programme in 2000 which now involves 12 vessels. STX Shipbuilding of Korea is delivering six 45,000 dwt ships for Torm's medium range (MR) product tanker pool during in the 2002/03 period, while Hyundai Heavy Industries will hand over two Panamax-size vessels to Torm in 2004. The latter pair are earmarked for service in the long range 1 (LR 1) pool, and are part of a 10-ship order placed with other LR 1 pool partners.

Torm also has four Aframax-size product tankers under construction - two at Samho in Korea for 2003 delivery and two at Dalian New Shipyard in China for 2006 completion. These ships will sail in Torm's long range 2 (LR 2) pool.

"Because our pools confer the necessary fleet size, capacity and flexibility, we are able to offer customers an across-the-board service in three ship size segments through a single point of contact," states Mikael Skov, executive vice president of the tanker division at Torm. "Torm and its partners are committed to further market consolidation by means of pools."

The nature of pool operations, i.e. having the right ship available at the right place at the right time, means that spot cargoes feature prominently. For Torm pools, for example, at various times up to 75-85 per cent of the fleet can be operating on a spot basis.

When tanker market conditions fall into place, as was the case in the first half of 2003, the reliance on spot trading can pay dividends. Torm reports that the commercial performance of all three pools in the first half of 2003 was more than 50 per cent ahead of results achieved in the corresponding period a year earlier.

On course for Dorado

The Dorado Tankers product tanker pool has been established relatively recently under the commercial management of Heidenreich Marine, and is following the traditional pool formula.

The fleet now stands at 17 ships, and will be augmented by two 46,000 dwt ships being built in Japan for pool partner Unicorn Shipping by the end of the year. The

growing fleet has enabled Dorado to improve the pool's overall laden-to-ballast ratio, as the operation builds towards critical mass.

Amongst other things, the availability of more ships has enabled Dorado to decide on the optimum ship for a particular cargo at the time of the cargo lifting instead of when the cargo is fixed. Dorado is also now in a better position to meet the contract of affreightment (COA) requirements of the larger charterers.

The provision of timely, useful information amongst pool partners and to all elements of the customer base is a key feature of operations such as Dorado Tankers.

"Information relevant to pool members and participating charterers, shipbrokers and agents is available via our web site," explains Glenn Gronseth, general manager of Dorado Tankers Inc.

"Pool members can access other topical pool information, including all chartering, operations and financial information, and this data is updated on a real time basis, providing pool members with a high level of transparency regarding ship status and fleet performance. Also, charterers and brokers can see the ship positions, voyage recaps and other voyage information, while ship agents are enabled to access voyage data directly on the web site."

More from Denmark

Like Torm, Maersk Tankers is a Danish owner of product tankers supportive of pool arrangements through two separate fleets. The company manages a large pool of Handysize product tankers in the 27-37,000 dwt range, called the Handytankers Pool, and co-manages, with Torm, the pool of LR 2 Aframax tankers.

The similarities with Torm do not end there. Like the other Danish owner, Maersk, too, has made a major commitment to expansion of pool operations with its own newbuildings. Since summer 2002 five new 35,000 dwt Handysize ships and one LR 2 product tanker have been delivered to Maersk by Chinese shipyards, but that is not the full story. The overall newbuilding programme now underway will boost the Maersk owned fleet to more than 20 Handysize ships and 10 LR 2s by 2006.

Already the largest product tanker pool in the world, the Handytankers Pool will number just under 50 ships by the end of 2003. The other pool partners, i.e. d'Amico Tankers, Seaarland and Motia, are also contributing newbuildings to the fleet. Like the LR 2 pool ships, all the tankers in the Handytankers Pool have double hulls.

Best of both worlds

Some product tanker owners have shunned pool arrangements. This is especially true of shipowners with sizeable fleets and established customer bases who want to exercise full control of their fleet operations and ship employment patterns.

One owner who prefers to enjoy the best of both worlds is d'Amico, a company active in the product tanker sector for 40 years. For most of this period, the commitment to product tankers was modest. Then, in 2000 a plan to establish a major presence in both the 35,000 dwt Handysize and 46,000 dwt Handymax sectors through newbuildings was formulated.

Since then the fleet has been increased from nine to 20 tankers, but the plan calls for the addition of 12 further ships by mid-2005, at which time the average age of the fleet will be less than six years.

As mentioned above, the d'Amico commitment to the Handysize sector is being made through a pooling arrangement, with commercial management of the ships handed over to Maersk Tankers.

However, for ships in the 46,000 dwt segment d'Amico Tankers is handling the chartering and marketing functions itself. Although these Handymax tankers will be operated in a pooling arrangement, the self-styled High Pool, d'Amico will be firmly in charge of the operation.

The High Pool currently has a fleet of 10 ships in the 42-50,000 dwt size range, but these vessels will be complemented by six 46,000 dwt tankers under construction at

STX Shipbuilding in Korea for delivery to d'Amico from 2004 through to first quarter 2006.

Additional newbuildings are also to be made available to the High Pool. Recent joint ventures and charter deals concluded by d'Amico Tankers with Japanese shipowner principals are set to be the forerunners of future strategic alliances with full participating members in the High Pool. The agreements enable d'Amico to retain control of the operation while, at the same time, take advantage of the attractive financing packages for newbuildings currently available to Japanese shipowners.