

## Tanker agents news

### **There's plenty of consolidation going on in the ship agents sector but it should all be good news for tanker operators, as the service changes from one port services to voyage management. Keith Forward reports**

It's been a productive past few months for Inchcape Shipping Services (ISS), with new deals from Exxon Mobil and Copenhagen Tankers adding an extra 10,000 and 1,200 port calls per year respectively to its global volume.

ISS, already the world's largest marine services provider, has ambitious plans to double its core port agency business by 2005.

ISS' business expansion is financially backed by Electra Partners, one of Europe's leading investment banks, and will work upon a combination of organic growth and acquisitions.

Nigel McConnell, managing director of Electra Partners comments, "Our investment rationale was based on ISS's position as a global services company which is market leader in a highly fragmented market, which is overdue for consolidation."

The agreement with Standard Tankers Bahamas Limited (STB), an affiliate of Exxon Mobil, came into effect on 1st September last year and substantially moves the company towards its target for growth. ISS will manage all the global requirements of STB for port related services.

This follows the agreement in the early part of last year with Copenhagen Tankers to manage all its port operational and financial requirements for its fleet of 24 chemical tankers through the ISS Global Services Division based in London.

A further three-year global agency agreement with gas tanker owners Exmar will add another 600 port calls per year to its volume.

ISS has been active in the military field, with a role in the UK Ministry of Defence (MoD) Contract for Logistic Support (CONLOG). ISS will deliver logistics support services to British forces across the world, working alongside the prime contractor, Kellogg Brown and Root (KBR).

ISS already manages all agency requirements for the UK Royal Navy worldwide, and for the US Navy in 53 countries, as well as holding contracts with the navies of Australia and Canada. Its selection for CONLOG was based on its previous experience in the military sector and its existing relationship with KBR in post-war Iraq.

ISS was the first agency to establish a presence in the port of Umm Qasr, Iraq, after the Iraq war and participated in the first consignment of humanitarian aid cargo delivered by sea. The company was also responsible for sending the first vessel into the port for commercial operations in June.

At present the company has a role in housing British forces, overseeing the delivery of container cargo from the UK to Iraq and the construction and maintenance of military camps. It has also been appointed as sole Lloyd's agents for southern Iraq as well as the exclusive DHL agent for the whole country.

### **Your ISS**

ISS sees its recently completed web-based marine management system, "Your ISS", as a key factor to the success of the business. "Your ISS" provides live updates on key operational and financial information through the duration of a voyage, including special alerts to highlight any variation from previously agreed performance parameters.

"ISS has extended, rather than changed, the scope of the service offered [by shipping agents] from managing 'port' activities to assisting with 'voyage' management," says Claus Hyldager, ISS' managing director Global Services.

The system was developed by ISS in partnership with some of the world's leading operators and is designed to provide them with an interactive management tool that communicates all key operational, financial and market information on a single screen, in real time, throughout the duration of the voyage.

The system makes the whole voyage management process paperless, since voyage data, cargo data and port costs are accessible electronically through a secure website. This results in the familiar cost savings through more efficient use of data, and increases the transparency of the accounting procedure.

The high volume of information is made more manageable by an automatic vetting procedure that reviews all the new information entered by ports against previously agreed performance criteria, making it possible to differentiate between routine updates, confirming all arrangements are as planned, and alerts. An alert and its implications for the remainder of the voyage can thus be highlighted.

Commenting on the introduction of the service, Niels-Stig Christensen, operations manager, Copenhagen Tankers, says, "This change will provide Copenhagen Tankers with a streamlined set of operational and financial procedures ensuring timely and accurate delivery of information and data.

"In addition we will, through ISS' set of Voyage Management applications, be provided with an unparalleled level of transparency enabling all employees to share a whole range of operational and financial data irrespective of location."

### **GAC growth**

GAC is seeking to extend its reach with a series of alliances that will see its network of agencies grow to service the global market. In the past 12 months, GAC has signed Global Network Alliance agreements with Adsteam (Australia, New Zealand & Oceania), Unipros (Republic of Korea), Kudrat Maritime (Malaysia), RUR (USA East & Gulf Coasts) and Wilford & McKay (Panama).

GAC, by itself, already provides port coverage in the Middle East, the Indian Subcontinent, Asia, Africa and key locations in the US, Europe, the Mediterranean and the Black Sea.

In the coming year, it will seek to complete this global network, filling gaps in its coverage of the Americas and Japan, followed by Africa and Europe.

The initiative is dubbed "Vision X - Global Reach" and further strengthens GAC's position as one of the likely survivors of increasing consolidation in the industry.

The growing network will be coordinated from the Group's Hub Agency Centres, which provide clients with a single, uniform point of contact for all their ship agency needs.

"As our network grows, so will the hubs' ability to ensure clients get value for money in the management of their ships in port, any port," said Lars P. Heisselberg, group vice president, GAC Shipping Services.

The Group's newest alliance partner is the Ultramar Group which, from February 1, provides ship agency services in ports in Argentina, Chile, Peru and Uruguay.

"In our early discussions with Ultramar, we found easy agreement on the core principles of service delivery and customer feedback," states Mr. Heisselberg.

In the past few months agreements with Wilford & McKay of the Republic of Panama and with Kudrat Maritime of Malaysia will see GAC offering services to all the ports in both of these regions. The agreements are effective from 1st January 2004 and 15th December 2003 respectively.

### **Barwil**

Barwil sees Chinese expansion as a key area for growth in logistics management services, but warns of a tough business climate and the need for a long-term strategy.

Barwil has been trading in China for over two decades, and has seen increasing turnovers and profits since opening its first office in Shanghai in 1996.

Recently expanding its business base from 40 to 60 port calls per month in a period of 36 months, Barwil has become one of China's largest foreign-owned ship agencies.

Shun Hing Cheung, managing director at Barwil Huayang Shipping Services Co.Ltd., Barwil's joint venture company in Shanghai, is enthusiastic about the fast growth of the Chinese and Shanghai economy, but stresses the need for establishing a strong foothold in the region.

"A general prediction is that China will some day overtake the US as the world's largest economy. At the same time, this is not the place for investors looking for fast profits," he says.

According to Mr Cheung, Barwil's growth and development in mainland China centres on three key strategies: re-engineering and building Barwil's liner portfolio to enhance increased growth and profit, greater focus on logistics development within non-containerised cargo, and the development of full agency services at key ports.

"Barwil services will include supply chain network analysis, modelling, warehousing and inventory management, comprehensive port agency service management and optimisation throughout the mainland China," he says.