

## Ship agents – the value of quality

Ship agents have been employed for centuries to provide professional services to promote and protect the interests of those moving goods by ship at ports of loading and discharge.

Here's how the process begins: a ship Charterer hires the vessel from a ship owner, who agrees to carry the cargo. Many other parties are needed to facilitate and support these shipments such as ship brokers (bringing the parties together to form the charter), ship operators (commercially operate the vessel for the owner), ship managers (supporting the crewing and technical management of ships), and bunker brokers (arranging for the fuel to propel the vessels), to name a few.

Once the contract, or charter party, is 'fixed' and a vessel starts to perform the voyage, many more parties are employed in the ports such as the pilots, tug boats, line handlers, terminals, stevedores, surveyors, ship chandlers, security firms, repair firms, doctors, dentists and the like. Also engaged are the regulating governmental authorities. Who can provide the invaluable service to pull this all together to insure that the port call is carried out in the most timely and cost effective manner? The ship agent.

The phases of a shipment can be broken down into pre-fixtured, post-fixtured (loading and discharging) and settlement. The charterer is the party that drives this

process from their initial contemplation of satisfying their cargo needs to supply their factory, stores or that of their customers.

Once their inventory needs are determined, their next step is to charter a vessel to pick up and deliver their goods. This process is begun by accessing the vessel markets through their ship broker, who sends inquiries to the different owners and operators suitable to bid on the business.

Further inquiries are then made to the load and discharge ports to assess the myriad of items such as port costs, dimensions of the port and terminal, terminal load and discharge rates and so on to add to the other voyage costs in order to form a bid for the charterer. Who is contacted to provide timely and accurate information used for their bids to the charterer? The ship agent.

Which ship agent is contacted to provide the information needed? Depending on the type of charter party used, the charterer may 'nominate' the ship agent or the ship owners may have this right. The ship owner typically will have the right to 'appoint' the nominated ship agent to confirm his agreement to use the nominated agent. Of greatest importance, which ship agent has the most experience with the type of cargo, terminals and vessel? Will they provide an honest and accurate picture of the port, congestion and costs or

will they paint a rosy picture by underestimating costs to win my business? This is why the parties should be committed to identifying a quality ship agent.

A principal should select a ship agent who is committed to providing information accurately and in a timely manner, with the experience and commitment to execute the port call efficiently.

As with any product or service, it is important to identify differentiators to aid in your decision making. Look for a quality ship agency by starting with the fundamentals. Ownership, are the owners committed and capable to run their business? Do the company's owners and their managers show leadership in their industry by promoting it while remaining current on all of the rules, regulations and customs? Does the company have depth in personnel and are they committed to hiring the best people? Does the company support their employees by providing them with training and equipping them with the best tools to enable them to provide great service to their principals? Is the company fiscally responsible by exercising their fiduciary responsibility for their principal's advanced funds by employing proper accounting practices? Are they prepared to protect their risk and yours with proper insurance coverage, licences and permits?

Of these differentiators, which company



is willing and able to attain the highest standard in the industry by gaining the prestigious title of the Association of Ship Brokers and Agents (ASBA) Certified Quality Agent which is recognized by the Federation of National Associations of Ship Brokers & Agents (FONASBA) who awards ASBA agent members their Quality Standard (FQS)? The ASBA website provides details of the standards that must be met annually to earn this qualification. Why risk your valuable ship and cargo to anyone who is unable or unwilling to meet these standards?

Throughout the different phases of a shipment, the ship agent is involved from beginning to end. The agency company's average involvement from pre-fixture inquiries to final settlement of a disbursement account averages around 90 days on foreign flag ships (30 days pre-fixture/arrival, four days in port, three weeks to collect bills and send final D/A and 30 days to collect). This involves many man hours at all levels of the organization, 24/7. Let's also not forget that the ship agent's actions frequently result in time savings for the principal (time to make vessel arrange-

ments, identifying the quality vendors at the most reasonable prices, track down missing invoices, consolidating all invoices into one agent invoice, issuing payments to the vendors, etc). The ship agent's documents are also used by the principals and the ship brokers for the final freight settlement and well into the future if needed to settle disputes.

To be prepared for all scenarios of a port call, a quality ship agency must invest heavily in personnel, information technology and training to provide significant value to their principals. Through the actions or inactions of a ship agent, the cost of a port call can be highly affected, positively or negatively. Port expenses per port call in US ports can average between \$30–350,000 depending on the number of berths called, days in port, delays due to berth congestion, cargo delays and weather.

Who knows the port well enough to work with the different parties to establish the best arrival, docking, loading/discharge scenarios? Who is looking for the cost effective port based service providers? In today's low freight markets, a single day of dockage or savings gained by using one tug versus two can be the equivalent of a full days' charter hire. Have you selected the ship agent with knowledge who continually works to secure these savings for you?

Having invested in your cargo, ship and port expenses and vetted them all, make sure you equally vet and invest in a quality ship agent, easily identified as ASBA Certified or FONASBA Quality Standard, for your port calls.

## ASBA-certified ship agents

### ASBA CERTIFIED SHIP AGENTS

- ❖ A.R. Savage & Son, Inc.
- ❖ ACGI Shipping, Inc.
- ❖ American Shipping & Chartering
- ❖ Basden Agencies, Inc.
- ❖ Biehl & Co., L.P.
- ❖ Blue Water Shipping Company
- ❖ Bulkship Maritime Agency, Inc.
- ❖ Cascade Marine Agencies
- ❖ Fillette, Green Shipping Services
- ❖ GAC
- ❖ General Steamship Agencies
- ❖ Host Agency
- ❖ Inchcape Shipping Services
- ❖ John S. Connor, Inc.
- ❖ Lott Ship Agency, Inc.
- ❖ Luis A. Ayala Colon Sucrs., Inc.
- ❖ Max Shipping, Inc.
- ❖ Mentz Maritime Agency, Inc.
- ❖ Mid-Gulf Shipping Company
- ❖ Moran Shipping Agencies, Inc.
- ❖ Moran-Gulf Ship Agencies, Inc.
- ❖ Newship
- ❖ Nord-Sud Shipping Inc.
- ❖ North American Shipping Agencies
- ❖ Norton Lilly International
- ❖ Peabody & Lane Corp.
- ❖ Riley-Sherman Shipping Agency
- ❖ SMK Tanker Agency
- ❖ Southport Agencies, Inc.
- ❖ Tormar, Inc.
- ❖ Transmarine Navigation Corp.
- ❖ Valls Ship Agencies LP
- ❖ Gulf Harbor Shipping\*

\* New Member Certification Pending