

ASBA CARGO CONFERENCE



JACK BUONO: The ExxonMobil general manager of global marine transport gave an upbeat address.

Photo: Bob Rust

ExxonMobil's Jack Buono: "The world is going to continue to require fossil fuels and all that goes along with that."



PANELISTS: From left, analyst Arlie Sterling of Marsoft, cash buyer Captain Yogesh Rehani of Global Maritime Systems (GMS), classification official Chris Dlugokecki of Lloyd's Register (LR), financier Hugh Baker of Evercore Partners, maritime lawyer Larry Rutkowski of Seward & Kissel and Jeanne Cardona of the Association of Ship Brokers & Agents (Asba)

ExxonMobil man defies the gloom

The keynote speaker delivered an optimistic message for brokers and port agents at a Miami gathering.

Bob Rust Miami Beach

North and South American shipbrokers and port agents seemed grateful to put aside their own worries and hear an optimistic message, for a change — even if they had to hear it from ExxonMobil.

"We've never seen as much growth and productivity as we're going to see, and our children are going to see, in the years to come," Jack Buono told delegates in his keynote address to the annual US Cargo Conference sponsored by the Association of Ship Brokers & Agents (Asba).

Buono is ExxonMobil's head of global marine transport and he is not afraid to sound bullish in front of employees of struggling companies in other market sectors.

The shipping industry "is going to go through a period of oversupply", acknowledged the former Seaview tanker captain. But using the analogy of "bobbing the light", Buono suggested that recovery is only momentarily out of sight, like a sea buoy just coming into view.

"Long-term, [oversupply] is just a blip on the horizon of growth and prosperity," he told the conference delegates gathered at the Eden Roc, a seaside hotel in Miami Beach.

Taking the longest of long views, Buono pointed out that mankind took some 10 million years to

reach a world population of 2.5 billion and is now in the midst of a 25-year period that will see a similar increase. To ExxonMobil's man that is an inspiring rather than a frightening prospect. All the new billions will need fuel. And even now, said Buono, one-third of the world's population cooks its meals over an open fire. Greater efficiencies in the OECD countries have seen energy consumption flatten out but the developing world wants a better life.

"The world is going to continue to require fossil fuels and all that goes along with that," he said.

Delegates — even though the dry trades are in the majority in Asba — seemed practically unanimous in applauding Buono's inspirational message, and one voice in the crowd was seconded when he called on the charismatic speaker to stand for public office.

But other market projections on offer at last week's conference — whose theme was "What's on the Horizon?" — were more detailed and less upbeat, ranging from gloom through uncertainty to qualified hope.

The annual Asba event draws on a diametrically opposite set of speakers from those most often heard at the major shipping-industry conferences.

Top chartering officials of some of the world's biggest commodities players who addressed last week's

Asba meet included Hans Christian Jensen of grain giant Archer Daniels Midland (ADM), Robert Drew of Tata Steel International and Anita Odedra of BG Group, besides ExxonMobil's Buono.

Pure shipowners, including NYK and Navis, were represented as well but the focus was on the big consumers of their services.

Daniel Thorogood, president of US-based Seacor Ocean Transportation, limited his horizon to five years and sees the potential for a downturn that long, even if the outlook for products tankers is not as ugly as for crude because of an "ugly" oversupply of VLCCs.

"People were still ordering VLCCs in July of this year, I think they're crazy," said Thorogood, pointing to China's planned 40 to 80 newbuildings as "weapons of mass destruction for the market".

On the dry side, Tata Steel global chartering boss Robert Drew presented a degree of optimism, if maintaining current levels through 2012 can be described as optimistic.

Drew pointed out that depressed rates for owners do not necessarily translate into savings for charterers like Tata. "You would think we would benefit from low charter rates. But we do mostly parcels," he said, explaining that deals often have to be priced on a whole-ship basis where there are no additional part-cargos to be had.

Navis executive Fred Gordon shares ExxonMobil's focus on urbanisation and industrialisation as keys to continued growth in the long term. Some 42% of China's population is still in non-urban areas, while the comparable figure for the US is 82%.

The development of charterer-controlled fleets is on the minds of many dry-bulk chartering brokers but Jensen of ADM was not interested in talking about widespread rumours of an ADM kamarmax-newbuilding order in the works. Besides chartering, Jensen currently runs eight owned bulkers — three panamaxs, two supramaxs and three handies.

Meanwhile, Cate Barber Moran, senior chartering manager of US-based NYK Bulkship Atlantic, created nearly as much of a stir among this year's Asba delegates as ExxonMobil's Buono with a presentation on the Japanese parent company's researches into ships of the future. In addition to exploiting solar and wind power, NYK is developing "bubbly hulls" in which leading surfaces will be coated with a layer of "soft, slippery bubbles" that will cling to the hull for a projected 12% energy saving.



SENIOR CHARTERING MANAGER: Cate Barber Moran of NYK Bulkship Atlantic



Portable Tank Gauging and Sampling

"Restricted & Closed"
(petroleum & chemical)



MMC Int'l Corp. (USA) | MMC Europe Ltd. (UK) | MMC Asia Ltd. (Japan)
 Fax: (516) 371-3134 Fax: (01670) 738789 Fax: (078) 252-0265
 www.mmcintl.com • E-mail: mmcintl@aol.com • 1-800-645-7339



HANS CHRISTIAN JENSEN: Director of global freight at Archer Daniels Midland (ADM)



ROBERT DREW: General manager of global chartering operations at Tata Steel International



TANKER TEAM: From left, Pancoast managing director Marie Frois, Seacor Ocean Transport president Daniel Thoroughgood and BG Group director of supply and commercial operations Anita Oedera



DR SURAJUDEEN OLOWOLAYEMO: Transport expert at the US Department of Agriculture



GEORGE DUFFY: OF NSA Agencies



CAPTAIN YOGESH REHANI: Director of operations at Global Marketing Systems (GMS)



ON HAND: Asba president Tom Roberts (right) of Compass Maritime and Jack Buono (left), general manager of global marine transport at ExxonMobil

Gabrielsen hands over to Odfjell at Jo Tankers

Trond Lillestolen

Oslo

Fredrik Gabrielsen is leaving one of the world's leading chemical-tanker owners, Jo Tankers of Bergen, after three years in the managing director's seat.

Current chairman Johan Odvar Odfjell, who is a member of the owning family, will take over his role.

Gabrielsen has not decided what to do next but says he has several options. "I will not become a newspaper boy, to put it that way," he added.

The 39-year-old stresses that he is making his exit on friendly terms. "I just wanted to move on after seven years at the company," he said.

Gabrielsen was previously with Ernst & Young and General Electric.

Odfjell, 44, was managing director of the company before Gabrielsen and took over the chairman's role in 2008 from his father, Abraham, 69, and will now act as both chairman and managing director.

"I have been managing director before and found it natural to come back to when Fredrik wanted to move on," said Odfjell.

In April, Egil H Gjertsen was appointed director of sales and operations at Jo Tankers, while Preben Rasmussen was recently made director of shipmanagement.

The company owns 19 tankers, including six newbuildings. The 13 chemical tankers currently trading are of between 6,200 dwt and 37,000 dwt. Until a few years ago, Jo Tankers had a fleet of 30 chemical tankers but then scaled back.

In January, it ordered two



MOVING ON: Fredrik Gabrielsen

Photo: Dagmar Haugseth

30,000-dwt stainless-steel vessels at Nantong Mingde Heavy Industries in China. The deal includes a number of options but Jo Tankers has yet to declare them.

"We still have time to decide," said Odfjell.

Last year, Jo Tankers also moved into the long-range-ore (LRO) products-tanker market with an order for two ships at New Times Shipbuilding and two at STX Offshore & Shipbuilding for delivery in 2012 and 2013.

In other chemical-tanker news, Japanese owner Dorval Kasuri is said to have sold the 19,700-dwt *Golden Marine* (built 2010) to US-based MT Maritime Management (MTMM) for \$28.5m. This is the same price as Norwegian owner Utiklen paid for the very similar, 19,800-dwt tanker *Pacific Luna* (built 2010) in August.

Meanwhile, Mitsui OSK Lines (MOL) of Japan appears to have sold the 16,000-dwt stainless-steel tanker *Spring Ursa* (built 1997) to an undisclosed buyer for \$8.7m.

EARNINGS

PNSC on the up

Pakistan National Shipping Corp (PNSC) has turned in a better annual profit as revenues increased.

Net earnings at the bulker and tanker owner to 30 June were PKR 15n

(\$11.44m), up from PKR 968m in the previous year.

Revenue climbed to PKR 9.29bn from PKR 7.88bn, while operating costs rose to PKR 7.3bn, as against PKR 6.43bn a year ago.

Financial costs increased to PKR 264m from PKR 21m over the same period.

Rolls-Royce Marine ups revenues but profit lags

Trond Lillestolen

Oslo

Norwegian ship-equipment manufacturer Rolls-Royce Marine posted slightly lower profits last year in spite of an increase in revenues.

But the company, which is headquartered in Ulsteinvik on the north-west coast, continues to be solidly in the black and says it is happy with its orders intake so far this year.

Rolls-Royce Marine was created when Vickers of the UK took over equipment production from the Ulstein group in 1998. The company produces engines, propellers, systems and other gear based on Ulstein's UT-design to yards worldwide.

More than 50% of revenues come from Europe, with Australia and Asia last year accounting for 40%.

The privately owned company logged a pre-tax profit of NOK

504m (\$87m) in 2010, as against NOK 518m a year earlier. Revenues increased from NOK 11,996m to \$12,801bn.

The total debt was NOK 10.8bn at the end of 2010, while book equity stood at NOK 3.75bn.

Director Anders Almestad, who is head of international offshore activity, has a positive outlook for the company and expects increased demand for its services. The board, chaired by John Paterson, states it has "satisfactory activity in its activities in the short term".

Rolls-Royce earlier this year won a \$32m contract to design and equip a seismic research vessel for China's Sinopec.

In addition to its headquarters in Ulsteinvik, Rolls-Royce Marine has production facilities at nine different plants on the west coast of Norway and employs a workforce of 3,200.