

STEAMSHIP AGENCY:

WHAT DOES AN AGENT DO?





THE SHIPPING AGENCY COMMUNITY AND MAIN FUNCTIONS

THESE COMPANIES REPRESENT ONLY A PORTION
OF THE MORE THAN 25 AGENCY COMPANIES ACTIVE ON THE
COLUMBIA RIVER SYSTEM AND IN COOS BAY



TRAMP OR LINER?

- Within the context of agency there is a general differentiation between two forms of shipping business: TRAMP and LINER.
- This presentation will focus on Tramp vessel agency.

LINER : DEFINED

A large container ship is shown from a high angle, sailing on a blue ocean. The ship's deck is covered with numerous colorful shipping containers in shades of red, blue, green, and yellow. The ship's superstructure, including the bridge and various masts, is visible at the top. The ship is moving towards the right, leaving a white wake behind it.

- **LINER (VESSEL):** The designation commonly used for vessels functioning as “common carriers”.
- This type of ship will fix with any shippers on equal basis. These ships have fixed sailing schedules, published rates and fixed package of services. Container ship cargoes are overwhelmingly fixed on “liner terms”.



TRAMP : DEFINED

- **TRAMP (VESSEL):** The designation commonly used for vessels with no regular employment whose owners send them wherever they expect to, or can, obtain the most lucrative employment.
- These vessels have no fixed schedule or trade route.
- Typically a Tramp vessel will fix to one (or few) cargo charterers for the duration of one voyage, at the most advantageous freight rate achievable by the Owners, based on market conditions and negotiation.

WHO IS INVOLVED IN A SHIP FIXTURE?

- HEAD OWNER: OWNS THE SHIP AND IS RESPONSIBLE FOR IT'S MECHANICAL OPERATION AND CARGO / SEA WORTHINESS.
- TIME CHARTERER (DISPONENT OWNER): HAS CHARTERED THE VESSEL ON BASIS OF A VOYAGE OR LONG TERM CONTRACT IN ORDER TO FIX CARGOES TO IT AND OPERATE IT COMMERCIALY FOR PROFIT.
- CHARTERER: HAS A CARGO A PORT "A" AND WILL FIX A SHIP WITH OWNER TO TRANSPORT TO PORT "B".

A diagram illustrating the ship charter cycle, centered around a photograph of a large oil tanker ship sailing on the ocean. The ship has a blue hull with a red bottom and a white superstructure. The name 'NORD NORTON' is visible on the hull. The diagram consists of five blue rounded rectangular boxes arranged in a circle, connected by a light blue circular arrow. The boxes are labeled: HEAD OWNER (top), TIME CHARTERER (top right), CHARTERER (bottom right), SHIP (bottom left), and REDELIVERY (top left).

HEAD OWNER

Owens a ship without employment

TIME CHARTERER

Has continuing or prospective business with a charterer. Hires the ship from the Head Owners to operate for profit

CHARTERER

Has a cargo under their control which they intend to ship. Enters into a carriage contract with Time Charterers, called a "Charter Party Agreement"

SHIP

Is now directed commercially by the Time Charterer to load the Charterer's cargo. Loading is successfully performed and vessel is dispatched to discharge port

REDELIVERY

Vessel successfully discharged it's cargo and is now released from Time Charterer control. It is now redelivered to the Head Owners and requires employment

CHARTER PARTY AGREEMENT

- The official governing contract outlining the terms of carriage, and enforceable by maritime law.
- Outlines terms of settlement and service between the two key players in any cargo transaction: The **OWNER**, and the **CHARTERER**.
- One provision of the “**C/P**” will be which party has the option of nominating the port agents.
- Generally, though the charterer may retain the right to nominate the agent, it is at the responsibility of the Ship Owners to pay the agents fees, and the agent will work under appointment from the Owner to act on the Owner’s behalf and under their authority.

Key Parties May All Seek Agency Representation Independently or Jointly



Charterer



T/C Owner/
Operator



Head
Owner



WORKING ON APPOINTMENT

- Owners will “appoint” their nominated agents on the basis of the singular port call engagement.
- This appointment letter outlines the expected terms of service and settlement, and serves to place the agent on formal notice of vessel arrival.
- The agent accepts the appointment and is officially acting “on behalf” of the owner.
- An appointment can be cancelled at any time, however, in general, any action of the agent prior to revocation of appointment is considered to be an action of the owner.

“AS AGENTS ONLY, FOR AND ON BEHALF OF...”

- An agent enjoys some protection by law when acting “for and on behalf” of his principal.
- An agent is at great risk of being held personally liable if acting against direct instruction of his principal, or expending funds or authorizing service without the principal’s direct instruction to proceed.
- An agent must be mindful to act appropriately in order to retain his “agent” status and protection.
- An agent may be sued by their principals or other vendors or stakeholders in the event of dispute, therefore an agent must be careful to retain extensive records of all communications in order to protect himself.

HOW DOES AN AGENT SECURE WORK?

- Requires continuing analysis and aggressive investigation into prospective cargoes and commercial ventures.
- Agencies compete with each other on **SERVICE LEVEL** and **RATES**. Typically there is a direct correlation between the two: “You get what you pay for.”
- **A GOOD AGENT WILL DO THEIR UTMOST TO MAINTAIN A FAVORABLE REPUTATION AND RELATIONSHIP WITH ALL PARTIES TO MAXIMIZE AVENUES OF APPOINTMENT.**

WHY APPOINT AN AGENT?

- A vessel owner cannot feasibly retain direct employees in every port they may possibly trade in.
- Every country and port has it's own peculiar customary requirements and procedures.
- Provides a layer of separation between the Owner and port entities/stakeholders.
- Thus – a network of independent contractors handling local vessel port operations developed over hundreds of years, which developed into stevedoring, freight forwarding and port agency as we know them today.

**SO, WHAT DOES AN AGENT DO,
ANYWAY?**



AN AGENT, IN A NUTSHELL

½ CONCIERGE

½ GENERAL CONTRACTOR





An agent may interact regularly with any of the following skilled trades, vendors or regulators:

CBP

USCG

USDA

WSDA

MARINE FIRE AND SAFETY ASSOCIATION

WA STATE DEPT. OF ECOLOGY

NATIONAL VESSEL MOVEMENT CENTER

MERCHANTS EXCHANGE

PILOTS, BOTH RIVER AND BAR

LINES BUREAU

TUG COMPANIES

NATIONAL CARGO BUREAU

VARIOUS CLASSIFICATION SOCIETIES

SURVEYORS

BUNKER/LUBE OIL SUPPLIERS

GAUGERS

SHIP CHANDLERS

TERMINAL OPERATORS

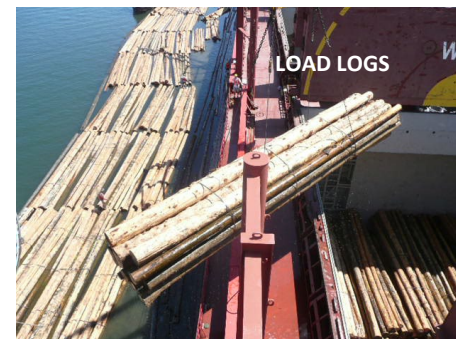
STEVEDORES

VESSEL OWNERS

VESSEL CHARTERERS

CARGO INTERESTS/CHARTERERS

SHIP YARDS AND REPAIR COMPANIES



TRAMP SHIP AGENCY

- In order to fully protect the interests of the principal, who is operating in a highly competitive market, the tramp agent must possess a wide range of maritime knowledge.
- An agent is a generalist. It is not his/her job to know everything, instead, it is their job to know trades, vendors and specialists for any occasion.
- An agent must usually hold certification, bonding and insurance, as well as power of attorney, to operate and be recognized by Port Authorities and Federal Governments.
- In tramp shipping time really does equal money.
- It is rare that an agent holds any sort of coverage contract with a principal. In tramp shipping an agent is only as good as his last performance, thus tramp agency is highly competitive between competing agents.

TRAMP SHIP AGENCY, CONT.

- A tramp agent does not have a physical product to sell, and again, does not operate under a continuing contract.
- The agent has only two assets: **EXPERIENCE** and **RELATIONSHIPS** with stakeholders.
- He/She must leverage these two assets in order to avoid cost and delay to the ship and demonstrate value to his principal and other fixture stakeholders.
- Both of these assets take considerable time to develop for the tramp agent.

TRAMP SHIP AGENCY, CONT.

- It is the fundamental nature of a ship to both have and confront challenges.
- The agent's job is to solve or mitigate these issues to achieve cargo completion and vessel departure in the most expedient manner possible.
- A tramp agent attends to the ship 24 hours daily while it is in port, and is expected to keep his principal and all involved stakeholders updated with relevant info at regular intervals, and immediately should the vessel experience some sort of critical event or emergency.

FEAST OR FAMINE

- The tramp agent may be suddenly required to work fiercely around the clock when he/she receives notice that a ship is due within a matter of days (or hours) and the agent must handle her. The agent must work fast to expedite the ship because every hour lost costs the ship owner or charterer money.
- In order to maintain service level, an agency must maintain enough staff/agents to support this work dynamic.
- In order to maintain staff and financial solvency, the agency must be successful enough to have regular work and ship volumes.

**SOMETIMES, FUNDING GETS
COMPLICATED.**



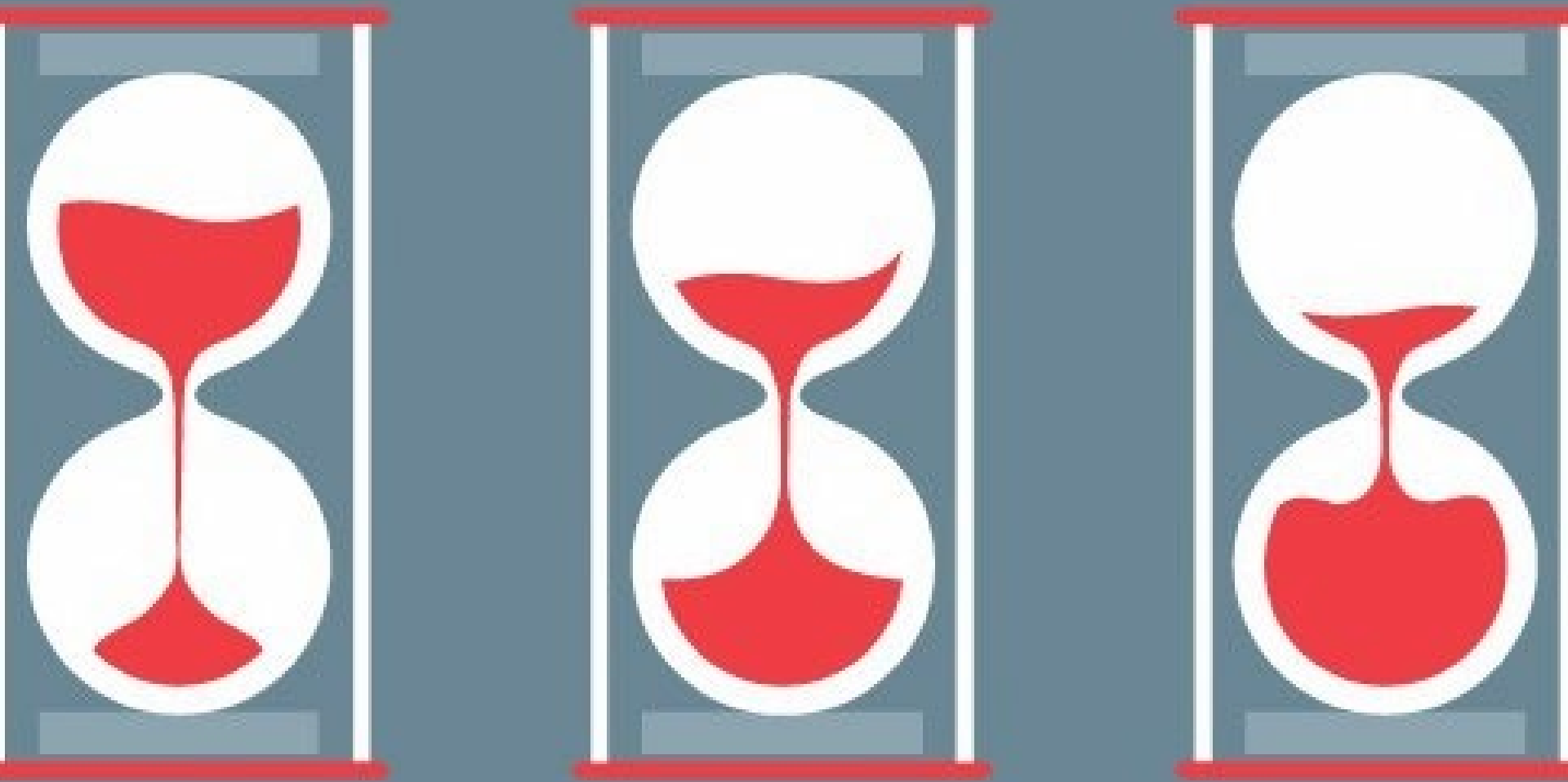
FUNDING AND COST RESPONSIBILITY

- One of the most important functions of the agent is to channel the principal's funds.
- Remember that an agent may represent a vessel owner, a charterer, or a time-chartered owner (disponent).
- Responsibility for the payment of costs is determined by the basic obligations of owners and charterers. Many times it is fairly straight forward determining cost responsibility, in some cases it can be the subject of great dispute between the parties involved.
- An Agent is at great financial risk if they have made unauthorized expenditures. Many times these expenditures will not be reimbursed to the Agent, thus he must be cautious to have clear **(written!)** authorization before committing to an outlay of funds or the hire of a trade/vendor.
- Remember: Going out-of-pocket may very well mean staying out-of-pocket. An agent should be spending the principal's funds, not his own!
REIMBURSEMENT IS NOT ALWAYS GUARANTEED.

EXAMPLES OF COMMONLY UNDERSTOOD COST RESPONSIBILITIES

- **HEAD OWNERS:** Any costs relating to the maintenance or daily operation of the vessel, including hull & machinery, crewing, storing and provisioning of the ship.
- **DISPONENT OWNERS:** Any port costs specific to the country or port the vessel is fixed to call to handle cargo fixed by the Time-Charter owner (disponent). Examples: Pilots/tugs/lines/dockage related to cargo ops.
- **CHARTERERS:** Any costs agreed between Disponent Owners and Charterers in the fixture's governing Charter Party Agreement (contract of charter). Examples: Cargo surveyor attendance fees, extraordinary costs related specifically to the cargo itself.

Timeline of a Port Call



TWO WEEKS OUT

- The agent receives a charterers nomination and owners appointment for the upcoming cargo fixture.
- Confirms the cargo fixture with all parties and obtains preliminary info of cargo disposition.
- Estimates all costs of the intended most efficient operation and renders to the Owner for advance payment.
- Commences daily updates to all parties and vessel Master. Liaises with Master for all needed info and formalities.

96 HOURS OUT

- Vessel has filed eNOA to SANS who has confirmed successful processing.
- Agent has ascertained vessel COC status and has already scheduled with PSC if needed.
- Agent files MFSA enrollment with MEX
- Pre-funding now of great concern.
- Vessel positioning scenarios now of intermediate concern.

48 HOURS OUT

- Agent has filed US CBP permits along with pertinent required forms and data.
- Ensure vessel has filed BWRF in full compliance.
- Port service vendors and providers all notified, reserved and tentatively scheduled.
- Agent increases update frequency to minimum twice daily.
- Vessel pre-funding critical status, aggressively chase port funds if not received.

24 HOURS OUT

- All service providers set firm.
- All authorities given final acknowledgement.
- Ensure vessel files updated eNOA to SANS.
- Confirm berth, cargo and labor arrangements.
- Issue confirmed movement and service orders to Master.
- Chase outstanding vendor or service items.

PORT ARRIVAL

- Attend vessel on arrival for authority face control and arrival formalities.
- Collect all required ships documents and certificates for Customs clearance.
- Report all arrival times and conditions to all parties.
- Tender official Notice of Readiness to cargo shippers.
- Commence generating comprehensive Statement of Facts which outlines vessel operations minute-by-minute for the duration of the port call.

CARGO OPERATIONS

- Attend hold/tank inspection and cargo commencement.
- Board vessel and attend berth site daily.
- Report to all parties minimum twice daily with updated labor report and cargo status.
- Attend and oversee completion of cargo issuance of all cargo documents.
- Set most time efficient departure orders and witness vessel departure berth.
- Report to all parties full final cargo update with cargo documents.

5 DAYS POST DEPARTURE

- Agent has compiled an updated proforma cost estimate for internal and Owners guidance.
- Agent or freight forwarder has issued final Bills of Lading, manifests and commercial documents/filings.
- All post departure customs trade documents filed to CBP.
- Agent forwards final set cargo and commercial documents to Owners.

30-45 DAYS POST DEPARTURE

- Collate and provide a comprehensive Disbursement Account with all vendor invoices after vessel departure for final settlement, within a set time bar.
- Close vessel operations and accounting files, retain custody of same 5-7 years minimum as prudent.

**GRAND PRIZE: EVERYONE GETS PAID,
AND YOU MAY GET MORE SHIPS**



QUESTIONS?

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INTERESTS"