STEAMSHIP AGENCY:

WHAT DOES AN AGENT DO?

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SOUTHPORT AGENCIES

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

acgi PORT AGENTS

Wilhelmsen Ships Service

CASCADE MARINE AGENCIES

GENSTEAM

NORTON LILLY INTERNATIONAL

Inchcape

BLUE WATER SHIPPING

HOST

Talon Marine Services

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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.**

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LINER : DEFINED

- 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 fixed on "liner terms".

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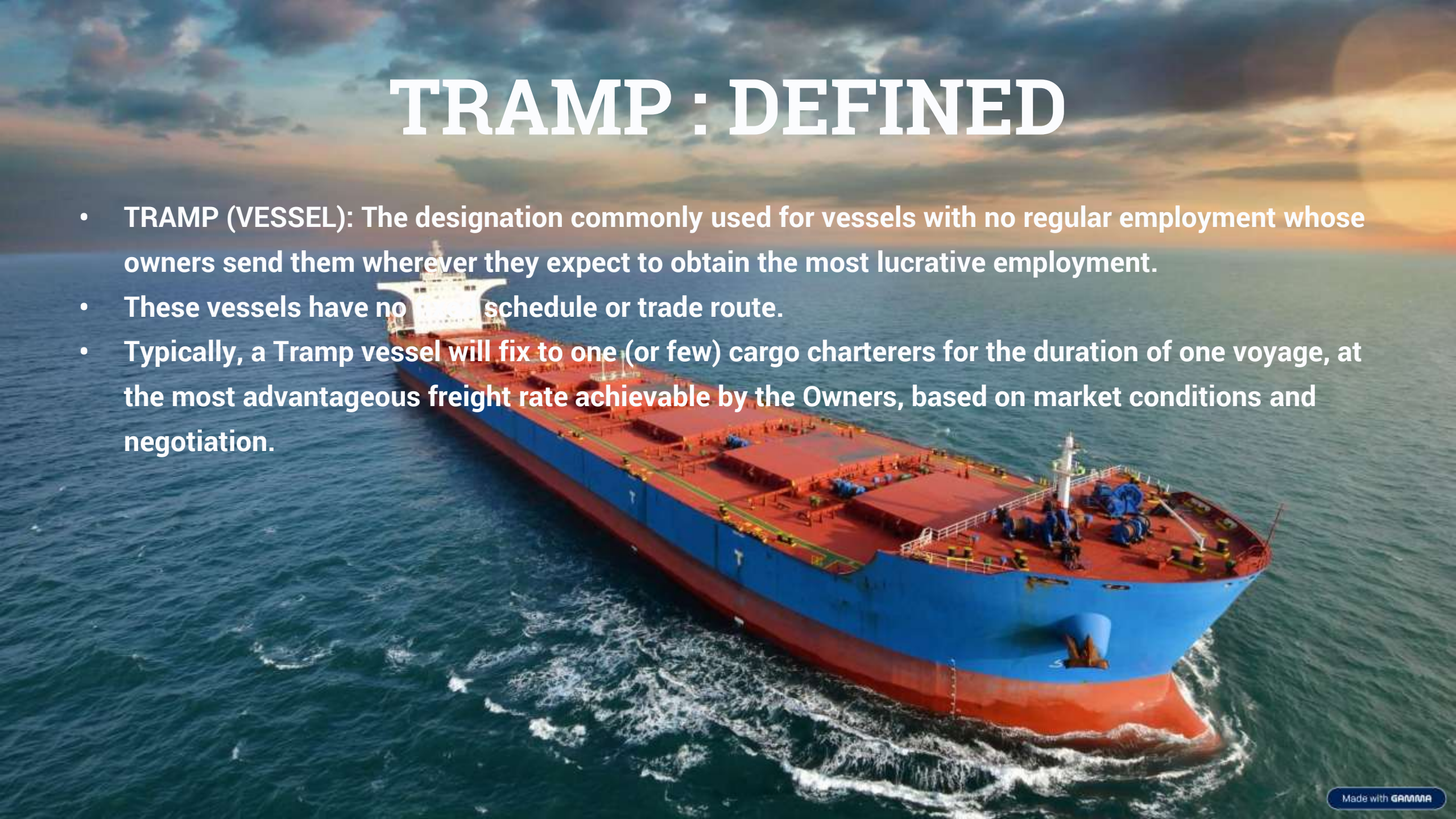
TRAMP : DEFINED

- TRAMP (VESSEL): The designation commonly used for vessels with no regular employment whose owners send them wherever they expect to obtain the most lucrative employment.
- These vessels have no 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.



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Who Is Involved in a Ship Fixture?

- **Head Owner**: Owns the ship and is responsible for its mechanical operation, cargo / sea worthiness, and maintaining the vessel to class and international standards.

- **Time Charterer (Disponent Owner)**: Has chartered the vessel on basis of a voyage (**VC - Voyage Charter**) or long-term (**TC - Time Charter**) contract in order to operate it commercially for profit.

- **Charterer**: Has a cargo in port "A" and will fix a ship with the owner for carriage to port "B".

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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.

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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 revoked at any time.

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"AS AGENTS ONLY, FOR AND ON BEHALF OF..."

- An agency enjoys some protection by law when acting "for and on behalf" of its principal.
- An agent/agency is at great risk of being held financially 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 their "agent" status and protection.
- An agency may be sued by their principals or other vendors or stakeholders in the event of dispute, therefore the agency must be careful to retain extensive records of all communications in order to protect itself.

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HOW DOES AN AGENT SECURE WORK?

- Requires continuing analysis and aggressive investigation into prospective cargoes and commercial ventures within their scope of coverage.
- Agencies compete mainly 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, AS WELL AS THE ABILITY TO NEGOTIATE FAVORABLY ON BEHALF OF THEIR PRINCIPAL.

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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 its 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 evolved into stevedoring, freight forwarding and port agency as we know them today.

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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
Spill / Response Organizations	Municipal/State/Federal Regulators
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	

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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 their job to know everything, instead, it is their job to know the 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 agencies.

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TRAMP SHIP AGENCY, CONT.

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

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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 time and cost-effective 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.

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FEAST OR FAMINE

- The tramp agent may be suddenly required to work fiercely around the clock when they receive notice that a ship is due within a matter of days (or hours) and the agency is appointed to it. 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.

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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 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.

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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.

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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 (i.e.: what is the current location of the cargo? Is it stockpiled, or on rail?).
- Estimates all costs of the intended most efficient operation inclusive of all skilled trades/vendors/assets/prefunding requirements 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

- The agent confirms vessel ETA with the Master and notifies all relevant parties including terminal, stevedores, and customs authorities.
- Arranges berth booking and coordinates with port authority for berthing schedule.
- Confirms all cargo readiness and coordinates with the terminal operator for pre-arrival planning.
- Issues pre-arrival notifications and ensures all documentation is in order for a smooth port entry.

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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

- Agent confirms all port service vendors are on standby and fully confirmed.
- Final ETA update communicated to all stakeholders and port authorities.
- Agent verifies pre-funding received and disbursement accounts are ready.
- Berth confirmation finalized with terminal operator.
- Agent updates update frequency to continuous as vessel approaches port.

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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

- Coordinate with terminal operator and stevedores to commence cargo operations.
- Monitor and record all cargo movements, tallies, and exceptions in real time.
- Ensure all cargo documentation including bills of lading and manifests are accurate.
- Liaise with cargo surveyors and inspectors throughout operations.
- Report any cargo damage, shortages, or discrepancies to all relevant parties immediately.

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5 Days Post Departure

- Agent has compiled an updated proforma cost estimate for internal and Owner's 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/Charterers, as appropriate.

30-45 Days Post Departure

- Agent has compiled and issued final port cost invoice/disbursement account to Owners/Charterers.
- All supporting invoices and receipts attached to final disbursement account.
- Agent confirms all local vendor and port authority invoices have been settled.
- Final Statement of Facts and port call report issued to all relevant parties.
- Port call file closed and archived for Owner and Charterer records.

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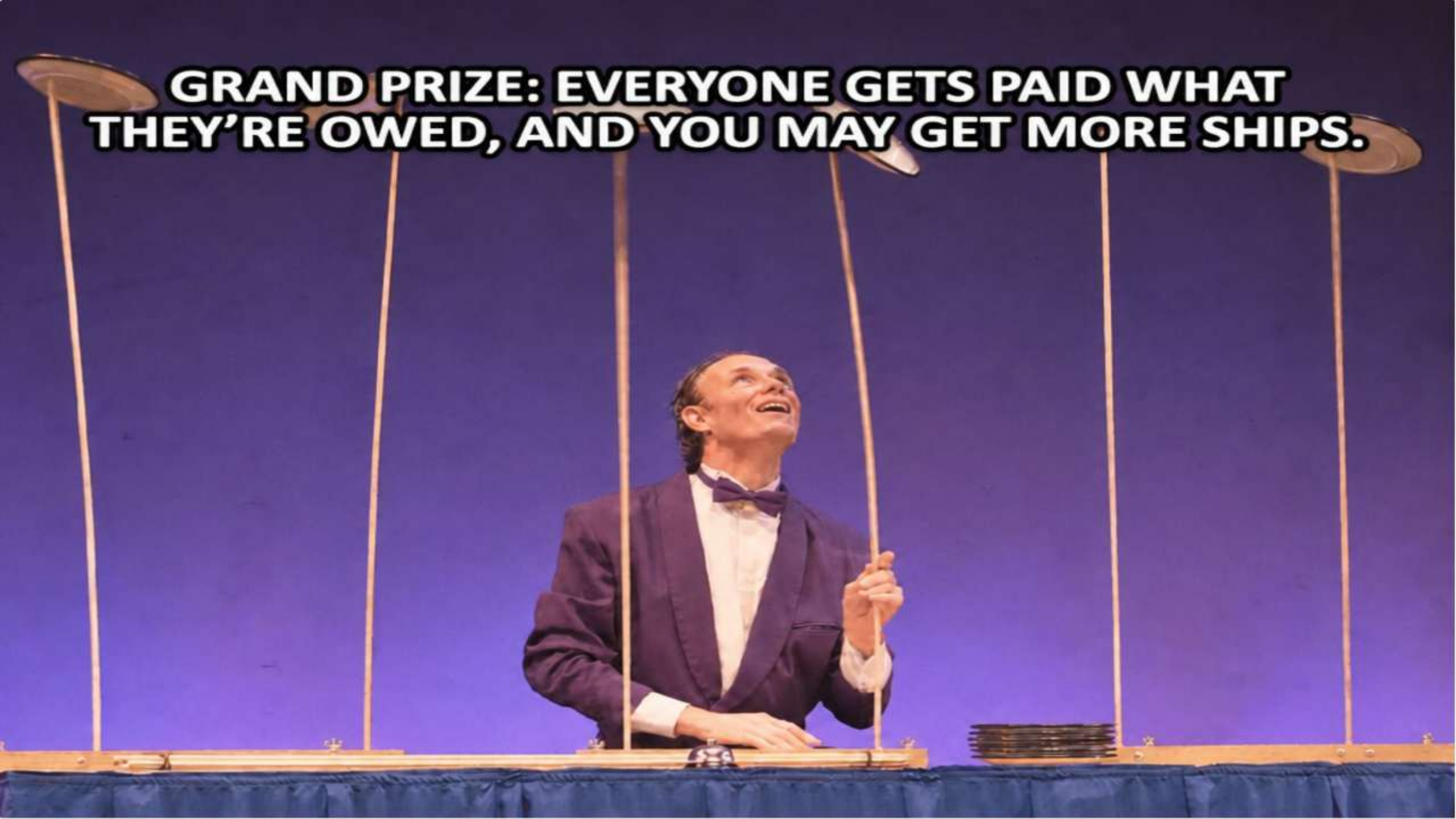
GRAND PRIZE: EVERYONE GETS PAID WHAT
THEY'RE OWED, AND YOU MAY GET MORE SHIPS.

QUESTIONS?

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