

Welcome to Project Cargo Weekly's 8th issue.

EDITORIAL

In this week's newsletter we have an interview with BBC - no not the British Broadcasting Corp as the name might imply, but rather one of the the largest fleets of breakbulk vessels in the world, BBC Chartering.

We also interview the General Manager of WCA Projects. There are many networks out there making it difficult to choose the right one. As they say both in business and in personal matters it's not WHAT you know, it's WHO you know. Just look at our politicians, talk about a special network looking out for each other.

Finally before our sector news we introduce one of the vessel tracking providers that are available in the market. I met with them recently in London and they seem to have a product worth using - I will let you be the judge.

We are nearing the final month of the year, a time when PCW will take a break (without eating a kit-kat). The last issues of this year will be December 8th. The first issue in 2017 will be on January 5th. I need a rest as I am traveling to China with the family and I'm sure you all could also use a rest, not least from PCW.

Wishing you well and until next week...

Bo H. Drewsen

Editor

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MARKET-LEADING MPP / HL OPERATOR BBC CHARTERING

Q&A WITH MR. LARS SCHOENNEMANN, MANAGING DIRECTOR OF BBC CHARTERING, FROM THEIR REGIONAL HQ IN SINGAPORE

- **When was BBC established and what does BBC stand for? Who owns BBC Chartering today and how many vessels do you operate on average?**

BBC Chartering was founded in October 1997 as a joint chartering venture of Leer-based ship owner Briese Schiffahrt and Bremen-based Bruno Bischoff (the later went out of business in 1999); i.e. BBC is the abbreviation for Briese Bischoff Company. Since 1999 BBC Chartering is fully controlled by the Briese Group, its Chairman Prof. Rolf Briese and the business is run by Svend Andersen as CEO.

BBC Chartering markets about 175 vessels today. They consist of T/C vessels, pool vessels, management vessels, and lastly competitive, spot-chartered vessels.

- **What type of vessels do you operate and what crane capacity do you offer? Are your vessels able to call ports with more shallow waters?**

The vast majority of our capacity are MPP/HL vessels with tween decks with capacity intakes ranging from 3,500 to 37,500dwt, the later concerning handy size bulkers. Our maximum lifting capacity today is 900mts, but there is certainly room to increase this in the future.

One of the core advantages of our fleet is, that we can serve even the most remote out-ports and go where many others cannot go. We have executed projects in shallow waters down to 3.8 m draft. In general we have no issues with water depths around 5-7 m, but of course it all depends on the displacement of the vessel resulting from its intake. Important here is that our fleet and service portfolio always provides a solution for any port, any cargo.

- **Tell us a bit about your organization. In a global business environment inquiries can come from anywhere to anywhere, explain to us how you decide where the quoting office should be.**

We have divided our world of project shipping in into three main regions: First Europe / Central (including Africa) region, second Middle East / Asia (MEA) Region, and third Americas Region (North and South). Within the regions there are only five global pricing centers who have a booking function, the majority of 34 offices globally focus on sales and lead generation and this way we ensure an intense interaction and communication on inquiries and global quoting activities, this leaves hardly any room for "tire kickers", as we call the redundant inquiries relating to the same transport request.

For certain clients our local offices act as account managers and their in-house broker; they ensure the customer gets directed to the correct office outside their control. At the end of the day, the customer has certain trading requirements and it's up to him to decide where he places his enquiry. A contact directory for all our offices is provided on our website: <https://www.bbc-chartering.com/informations/contact/europe/leer-hq.html>



- Do you accept cargoes from shippers direct or only forwarders or a mixture? What is the policy of BBC Chartering if a freight forwarder asks for a rate for the same inquiry you may have received direct from a shipper?

We are happy to work with all people from the industry. Mostly, we work with project freight forwarders (FFW) and for a large part we also use our broker network around the world. But there are direct relationships with cargo owners such as industrial manufacturers and engineering contractors (EPC), too.

It varies very much from project to project and cargo to cargo. The FFW portion still holds the biggest part of our yearly turnover. If we see an enquiry from a FFW, which has already been received directly from a shipper, we ask the shipper to decide how to place the booking. The shipper has to consider if the FFW/broker adds value to the overall shipment, and of course we provide our services to either party, whatever the decision of the shipper is.



- Give us some examples of bigger projects that you have handled over a certain length of time. Would you say that your services in some areas is a liner service or you prefer your services to be described as breakbulk tramp worldwide?

We handle various projects on a yearly basis. In 2015 we have moved around 7mln revenue tons (r/t) of cargo around the world. We do this by marketing basically three service lines. First, and the largest line is what we call "apac service", here we cover all liner, semi-liner and tramp services for any port, any cargo, hence the

name "apac". The second service line is project services; here we cover all volume contracts and strategic partnerships, and as third line we look at sophisticated special projects, e.g. as we have it for engineering intense heavy loads, arctic or offshore projects.

Regarding "apac service", we unite liner and tramp services. E.g. we have liner service into WCSA/ECSA ex Houston on a bi-weekly basis. We also have semi-liner service from Europe to WCSA/ECSA. And we have several sailings each month from Far East to USG, intra-Asia, Australia etc. We are proud of our "apac service" which is also the world's first high performance inducement service, delivered only by BBC Chartering. We have more sailings than any other carrier and cover basically any destination around the world.

With regards to a strategic volume contract, we may mention the project we currently execute for TOYO Engineering, Japan. With four projects covered under the agreement, one concerns to supply the RAPID refinery project in Malaysia. For this share alone we committed to ship some 350,000 r/t which have to be moved in an eight month time frame. On a side note, we are also proud movers of New York City's next mega attraction, the New York Wheel, another 82,000 r/t project.

There are many more project to talk about, also very niche oriented offshore and special destination projects but mentioning everything here would be too much. To learn more about what we do I invite anyone to subscribe to our company magazine (e-paper) which tells half yearly about what's going on in our world.

Read the latest issue of the magazine here:
https://issuu.com/bbc-chartering/docs/excellence_14th_edition?e=9100214/40260978

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- Do you accept IMO cargoes and shippers own containers? If any customer would like to use line's units, do you have access to provide containers to customers if needed?

The majority of our fleet is classified to carry IMO 1 cargo. Furthermore we have 3 vessels which can carry INF (IMO 7). In some cases we arrange carrier owned containers (COCs), but mainly we are used to handling shipper owned containers (SOCs) on our vessels.



- **Would a small and medium sized freight forwarder be quoted the same price as a large multinational freight forwarder for the same inquiry? What is your general policy on this?**

Yes, we will rate the cargo the same to any party.

- **Apparently the market is competitive right now. How do you view the current market and what are you doing in BBC Chartering to secure and keep your market share?**

We do see a very, very competitive market right now. Some carriers apply destructive, unhealthy pricing policies. We know that the market is currently under extreme pressure, but these low rates help nowhere, they are often not even covering the direct cost on shipping projects.

We can only explain this behavior by the fact that some competitors have very deep pockets or they follow no asset related interest – either way, it's unfortunately a very expensive and unhealthy fight for market share.

Nevertheless, we try to control our cost as good as possible and make sure the operation of the vessels are done in close coordination between commercial and technical departments to ensure the best trading of vessels globally and their maximum utilization.

At BBC Chartering, when booking a cargo, the allocation to the respective vessel is still open (but of course limited by the cargo specifics). If a vessel voyage gets generated later, we then optimize the voyage by combining various cargoes on the vessel. The good news for any owner who works with us is, that we do not discriminate our pricing on the basis of the vessels which may later on do the job.

But foremost and generally speaking, staying in the game for us means to deliver a service that customers can rely on. Our vision is to build the highest performing and most trusted shipping company for project, breakbulk, heavy lift, and general cargo transports in the world; and our network ensures that we definitely have the most capable fleet in position to provide a reliable service for any cargo request our customers may have.

- **The shipping world is relatively small and people change companies from time to time, tell us about your own background. How did you end up in shipping originally? What is your background and how long have you worked with BBC in Singapore / elsewhere? Do you travel a lot being based in Singapore and how is the life there as an expat?**

I started my shipping career with J. Poulsen Shipping, Denmark in 1998 after a recommendation from a friend (Jens Meilvang, now Chief Chartering Officer of our head office in Leer, Germany). After the end of a trainee-ship in December 2000, I moved on to Kuala Lumpur to work for Scan-Trans KL in early 2001. I had 3 wonderful and very educational years with Scan-Trans KL.

By the end of January 2004 I started with APC, Singapore (Asia Project Chartering – a JV between Clipper and BBC Chartering). I have been with BBC Chartering ever since. During my time here, I spent two years with APC in Singapore, then five years at BBC Chartering's head office in Leer and now already again five more years back in Singapore with BBC Chartering, Singapore pte ltd.

Shipping has taken me various places around the world, and I have met fantastic people and tied many friendships. I don't think we travel more just because we are located in Singapore. Shipping in general requires a lot of travel, as our industry is a global one and very much people related.

Singapore is a very nice place to live, but some people will call it "Asia for beginners" (smiles). Like anywhere else in Asia, you have long working hours and time zones to handle when you trade with Europe and Americas. But this is one of the fun parts too, as you get to work with the whole world daily.

- **Would you have any good advice for our younger readers who may contemplate a career in shipping? A rule of thumb?**

Don't get scared away by the long working hours and hectic atmosphere from time to time. Shipping is a people business, so in time you will get to know a lot of interesting people on your journey and learn from them.

But as Rome was not built in a day, don't expect to know all about shipping in one week – it takes time and the road can be stony and twisting sometimes.

Interviewee:

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Q&A WITH A LEADING PROJECT FREIGHT FORWARDING NETWORK

Q&A WITH MR. BRUCE CUTILLO, GENERAL MANAGER PROJECTS & DANGEROUS GOODS NETWORKS AT WCA

- **When was WCA Projects established and what is the main function of a network?**

WCA Projects started in 2006 as a specialty network within the WCA group of networks. The network is meant to facilitate the exchange of business between project & heavy-lift specific forwarders' within the network and to promote the membership within the project forwarding industry.

- **There seems to be a ton of networks out there and often we hear from recipients that they receive emails almost daily to join networks of this or that kind. Can you explain a bit about the background of networks in shipping & freight forwarding and how it all started and why there has been an explosion in the number of networks in recent years?**

I have been a member of forwarding networks since 1990 when I worked in personal effects/relocation forwarding. The main network at the time was called Household Goods Freight Forwarding Association and it's now over 50 years old, so forwarding networks are not new, by any means (I used to attend 2-3 different network events per year). I was also in an exhibition & trade show logistics network, and a museum related network. All the companies I worked for in the past were very active in networks and considered them a crucial part of their international marketing.

David Yokeum started WCA (World Cargo Alliance) in 1998 after he left another US based forwarding network and had a different model in his mind. His model has proven to be quite successful in many ways and continues to grow and add new functions, including a new E-commerce Network.

I think the recent 'explosion' of networks was partially spawned from WCA's (parent group) success and rapid growth in the past 10 years. WCA became a well-known brand in the forwarding industry. Many people thought it was easy to start a network and make fast money - and easier than being a freight forwarder! That is not really the case if you look carefully at many networks.

- **What main advantages would you say that a network including WCA Projects provide for members? Any disadvantages? Do you compell members to work only with other network members? Do you sometimes expel members and if so what are the main reasons?**

WCA has continued to develop very practical services for members to build sales, reduce risk, and cut business costs - 3 things that all businesses need. I think we were the very first to do the "1-on-1 meeting" format/computerized scheduler to maximize meeting efficiency at conferences (business development). The WCA member-to-member financial guarantee is another big benefit (risk reduction) with our \$100,000 member to member guarantee. We also provide insurance, banking, IT, and marketing services that save money for members (cost savings). WCA employs nearly 100 people worldwide, so we certainly have the advantage of customer service.

Disadvantages? Versus a 'single member per country' exclusive network, we cannot really share specific sales leads when we have multiple members in one market. We could end up hurting a member that already has or is bidding on a job by giving leads to other members in that market. Our members are free to work with any companies they wish - in or out of WCA group, however, members who work within WCA networks are protected by our financial guarantee. That said, we have had almost no issues within the Projects network, so it is a financially stable group.

Specifically, for WCA Projects, we do occasionally expel members. Generally the expulsions are for ethics or payment issues. One member had several disputes over contract specifics/extra charges and was not conducive in resolving the issues, a few expelled for

slow payments/less than truthful communications, and one for poor service. All those expelled in the last 3 years were in developing countries.

- **How do you maintain contact with your members and do you sometimes have global meetings and if so how often does it take place? Are the meetings free or do you charge a fee for attending?**

We regularly contact members to encourage their participation in posting their case studies, attending conferences, sharing sales leads, and using the network's benefits, and for media interviews when requested by journalists. We have one yearly Projects conference which we charge fees for, though just to cover costs of the venue and activities. For our 2017 conference in Bali, we reduced our fees to reflect our lower costs there. Conferences are meant as a benefit and not a profit center. Attendance is up considerably in the last few years, as is repeat attendance. Many of our Project members also attend other WCA functions which gives me more time to meet them personally, and I also visit member's offices in some of the largest markets.

- **Membership fees vary of course between networks but on average what are the fees structure looking like these days if a would be project freight forwarder would like to join? Can anyone join or must they go through a selection/vetting process?**

As a stand-alone Projects membership, our basic fee is \$3500 per year. We are more expensive than many due to our strong member-to-member financial guarantee (\$100,000 between any two members) and other 'free' services. However, many of our members are also members of our main 'general' networks and joining Projects as an additional network is normally \$1500/year. Smaller markets may be less expensive. Many main markets are fully subscribed.

We do vet members carefully, requiring company ownership & registration documents, owner identification, bank references, trade references, quotation formats, insurance coverage, and project-specific case studies - and more - sometimes office/facility photos, customs licenses, other memberships/affiliations. We regularly turn away applicants who cannot demonstrate sufficient heavy lift/project experience.

- **Do you cooperate with other networks and if so how? Do you have any limitations on the number of members that you allow in each country?**

We cooperate with other networks occasionally and I am quite open to do so. A few instances were regarding companies that may have had problems where we shared our experiences/cautions. Sometimes a bit of gossip about what new networks are starting up or if another network is actively targeting our members. Our keynote speaker at our Lisbon conference was starting a new 'exclusive' network, and I still engaged him as a speaker.

We generally limit our membership to 3 - 5 members per market, depending on market size, but exceed that number in large, active markets like China, USA, Turkey, India, Germany, Italy, UAE. Having a good choice in each market is important as some members have different specialties, capabilities, and industry coverage.

- **Who would you define as serious competitors/players in the market these days?**

I would say that GPLN is a strong network with a long history, PCN has grown quickly and markets very effectively, and CLC Projects has a strong credible focus and fast growth. There are some other networks that are getting members quickly – most have much lower membership fees than WCA Projects, but put on decent meetings – which is all that some members want. Our main goals are to have well-qualified, active members, who trade business within the network and see new business due to their membership. We could all have more members and more revenue if we wanted – but we choose to limit for our members' sake. That said, many members join multiple networks – for more choices!

- **What is your own background and how did you end up with WCA Projects. Elaborate on your past, your shipping experience and give our readers a bit of information about you.**

My first job out of university in 1981 was with a large project & military forwarder, Behring International in Houston. After several years in Houston, they sent me to their Saudi Arabia offices in Jeddah and Al Khobar. Clients included Shell, Bechtel, Brown & Root, McDonnell Douglas, the Saudi military. After Saudi (Behring went bankrupt in 1985, stranding me in Al Khobar...), I worked for Continental Airlines in Houston as a pilot scheduler, then to Thailand where I handled import projects and general imports, records storage, exhibition logistics. The boss moved me into personal effects logistics / corporate relocations which I did for many years – in Vietnam, China, and Singapore – and it was a healthy business. In 2004 I returned to Thailand and managed a company handling exhibition/trade show logistics, factory/heavy machine moves, and museum-fine arts logistics. We were members of WCA in Thailand and when that company merged with the parent group, WCA hired me in 2011. Since I had been a member of various forwarding networks for 20+ years, working for a network is a good fit for me and a nice change!

Interviewee:

Bruce Cutillo
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"I like the interviews as in the case with Rickmers it answers actual issues and stifles unfounded rumours."
Albert Pegg, Managing Director, Atlas Breakbulk Alliance



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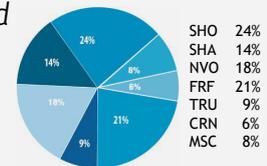
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