SIR, As President of FONASBA, the international ship brokers and ships agents association representing more than 3,500 companies in more than 40 countries worldwide, I am writing to take issue with a number of the claims made by DA-Desk (Port agency costs under fire, Fairplay, 2 July, p7)

It is clear that DA-Desk, in its efforts to increase its rather limited client base, has recently resorted, in this article and others, to portraying the global agency industry as little more than a bunch of ogres whose sole purpose in life is to extort money from shipowners and operators, keep as much of it as possible for as long as possible before reluctantly being forced to pass it on to port service suppliers.

Having established this scenario, DA-Desk can then play the white knight, riding to the rescue of the beleaguered owner, slaying the ogre and restoring order. Given, however, that DA-Desk currently only has 80 clients, it would appear that the vast majority of owners and operators do not share DA-Desk’s fairy-tale view, nor do they appear to believe that the much vaunted benefits of using its services are worth giving up effective control of their finances to a third party.

‘Nonsense’ claims
Clearly the relationship between an agent and a principal goes much deeper than just handling funds (it should be borne in mind this is the only service DA-Desk provides), but in this letter we will confine ourselves to responding to the claims made last week by [DA-Desk director] Jens Lorenz Poulsen, many of which are so asinine that they insult the intelligence of those professionals working in the maritime field.

For example, he claims that “agency typically makes up 25-28% of operating costs”. This is errant nonsense. It may well be that total port disbursements make up 25-28% of the vessel operating costs but the fee that the agent receives is significantly less, in some extreme cases as little as 1% of the port costs, and in spite of the agent being required to take on more and more work, fee levels continue to decline in real terms.

Given that the agent is responsible for managing the entire port operation, including arranging all the port services in a timely manner, handling all the reporting requirements between ship and shore, dealing with myriad husbandry and crew requirements and producing the disbursements accounts, and all in a professional and conscientious manner, the fee suddenly starts to look like very good value for the principal.

It also puts the $250 DA-Desk levies per call just to check the disbursements account into perspective. Aside from the agency fee, the entire balance of the port disbursements, as anyone with any experience in the field knows, is payable to the port authorities and other service providers, in most cases in accordance with credit terms and conditions negotiated between the agent and the port authority. Those terms are agreed between the agent and the port authority/service provider on the basis of their long-standing relationship with the result that the agent is regularly required to put his own professional reputation on the line in order to keep vessels moving.

It goes without saying, of course, that in recent months lines of credit, if they still exist at all, have been tightened considerably with the result that agents are being forced to use more and more of their own money in this regard.

Agents should be funded by principals in advance but what DA-Desk conveniently overlooks is that in many cases the amount received is rather less than the estimated disbursements or the funds do not necessarily arrive much in advance of the vessel. With some port dues being payable on or before berthing, the agent is therefore required to rely on his own resources, backed by his trust in his principal, to ensure the vessel is not delayed. Certainly it is more common for the agent to chase a principal for outstanding funds than it is for a principal to chase the agent for return of a surplus.

Perhaps the reason they fail to acknowledge these facts is that DA-Desk’s service is itself a contributing factor in reducing advances and delaying receipt of funds by the agent! DA-Desk also insinuates that owners are required to rely solely on figures provided by the agent and nothing else. The fact is, however, that agents are required to support all disbursement account items with itemised, original, invoices and so the owner has a full audit trail.

Contrasting the models
As for the cost savings suggested in the Fairplay article, it should be borne in mind that a professional agent, working in close and effective co-operation with port authorities and service providers, can save the owner significantly more – in daily operating costs, berthage and other port charges – by efficiently expediting the port call than DA-Desk can by tinkering about with the disbursements account.

Furthermore, an owner or operator’s in-house financial control team that is fully conversant with the vessels in the fleet, has many years of knowledge and experience and with direct access to the operations department will be able to talk to the agent in full knowledge of the circumstances should a query arise.

Contrast that, however, with the DA-Desk model where staff change regularly, where knowledge of ship operations or the agency industry is scant (this is a call centre, not a shipowner’s office) and where responsible contacts change regularly, all of which are the cause of regular and infuriating exchanges between agent or the principal and DA-Desk. In this industry knowledge and experience cannot be valued too highly.

A transparent and professional relationship between the owner and his agent, based on mutual respect, trust, knowledge and experience, is of paramount importance to the success of a port operation. FONASBA is dedicated to ensuring that agents will continue to promote and protect the interests of our principals, irrespective of the unfounded, uninformed and patently untrue allegations that Mr Poulsen and DA-Desk care to throw at us.

Yours etc
Tommy Dalhøej Paulsen
President, FONASBA
ASBA

Press Release – August 3, 2009
Letter to the Editor
RE: Response to DA-Desk Comments in Maritime Publications

In response to comments made by Mr. Jens Poulsen, Director of the DA-Desk, in maritime publications over the past month, the Association of Ship Brokers and Agents (ASBA) has the following response on behalf of our agency members.

Our agent members have passed the world’s first self-imposed agent quality standard for conduct which includes certification of accounting processes by an outside public accounting firm as well as several other highly valued criteria established for the protection of our Owners and their funds. Agent members have had their membership in ASBA terminated for not complying with our annual certification. Should a vessel operator be concerned about the conduct of an ASBA agent member or perceived mishandling or application of their funds, there are a myriad of avenues of relief under law and arbitration as well as with the Association directly through our Ethics and Grievance process. Vessel operators are well aware of this as it has been the case for over 75 years.

While there might be a bad apple in any basket, the fact of the matter is that ASBA agents and the overwhelming majority of the agents in the United States and Canada are dedicated, hard-working professionals. Through their expertise in the ports they serve, agents have saved their Owners significant time and money because of their proper management of a vessel’s port call. DA-Desk does not provide the same services as the agent therefore should not stand between the agent and their Principal; both are in business to serve their Principals.

Mr. Poulsen claims that undisclosed fees, expenses and discounts allegedly withheld by agents may total $600M (DA-Desk number on $30B gross). This sensationalized figure only serves to better promote the use of their services. Of greater concern is DA-Desk’s complicity in the underfunding or outright nonpayment of agents and the resulting proliferation of bad debt to all vessel vendors. Using their own figures and the less than 100% funding game that DA-Desk promotes, the free float and potential bad debt to vendors totals $6B or roughly ten times their alleged “value added”. The result of which is that port vendors will not be paid within their terms due to lack of proper funding of the agent leading to the withholding of services for future port calls. In response to Mr. Poulsen’s claim, “There is no incentive for agents to provide prompt disbursement accounts, particularly if they are sitting on a surplus”, the incentive is, was and will always be the privilege to retain the business. We resent and reject the accusations made by Mr. Poulsen.

DA-Desk performs an outsourced function of the voyage port cost bookkeeping for those operators who choose not to manage their voyage accounting relationships. They are not mentioned in any charter party nor do they perform actual vendor accounts payable work. They do nothing whatsoever to achieve an economic turnaround, minimize negative events and
regulations, get penalized by governments on behalf of their Principal, participate in rate hearings on Pilotage and port charges, investigate cargo and port conditions and protect the loyal vendor base that allows efficient port calls to be achieved in the first place. The articles highlighting their services are nothing more than self-serving marketing pieces.

Throughout Mr. Poulsen’s attack on agents, one could not help but notice their continued use of the word “transparency”. They market the fact that the owners of DA-Desk have neither agency nor ship owner ties, however, they are not identified on their website or when directly asked. Billions of dollars are run through their office in the UAE yet industry does not know who is in control. Transparency seems to apply to everyone else.

The agent members of the Association of Ship Brokers & Agents recognized the need to raise the level of professionalism in the industry. The adoption of our certification was one more step in our ongoing desire to protect our Principals and to provide them with a resource for identifying quality agency companies in the U.S. and Canada. Other national industry associations are doing likewise and indeed an international quality standard has been established. The agent members of our association welcome a discussion of quality, value and risk management. Our members prove their credentials 24/7 every time a vessel is in their care. The charterers, owners, vessel operators, maritime vending community and the regulatory authorities know and appreciate this. The trade evaluates their value every day.

Michael J. Ogle
President
Association of Ship Brokers & Agents (U.S.A.), Inc.