

Project carriers of the world unite
Members of new alliance to cooperate in global shipments
By William Armbruster

Say you're a U.S. forwarder with a contract to ship replacement parts from China, Germany, Italy, France, the United Kingdom and the U.S. for an ammonia-producing plant in Trinidad. The customer wants you to synchronize the arrival of those components to minimize the shutdown period for each of the factory's five production units.

Or say you're an Australian-based forwarder handling the shipment of oil-drilling equipment from multiple countries to Sakhalin, a remote Russian island north of Japan with vast oil and gas reserves.

These are the types of projects that can be made easier when forwarders from countries around the globe join together, according to the newly formed World Project Group.

WPG was officially constituted last month at a meeting in Cannes, France, but some of its members have been working together informally for the past two years, according to Robert J. Vermetten, the organization's founder.

The alliance partners focus primarily on projects in such sectors as oil and gas, mining, power and water treatment. The group has about 30 members with offices in approximately 50 countries, and Vermetten expects more companies to join. In most cases, WPG limits membership to one company in each country.

By dealing with trusted forwarders in other countries, the members say they will be able to provide consistently high-quality service to clients, especially those using global sourcing for their projects.

"It is not enough to just have agents, but to demonstrate a strong network that is visible to the customer," said Ronan Leray, president of Celtic Global Services, the group's member in France.

The best example is the project off the coast of Sakhalin. Exxon Mobil began pumping oil there on Oct. 1. The oil giant said the initial phase of the project will produce 50,000 barrels a day by the end of this year, and 250,000 barrels a day of oil by the end of 2006. Sales of natural gas are expected to start at about 60 million cubic feet, and ultimately are expected to increase to about 250 million cubic feet per day by the end of the decade, according to Exxon Mobil.

Much of the logistics for the long-term project is being provided by ITAC, the World Project Group's member in Australia, under a contract with Halliburton. Services provided by ITAC, which has a base on the island, include ocean and airfreight transportation, as well as customs clearance.

Altus Logistics, the network's partner in Singapore, is handling all shipments from Singapore, while Vermetten's company, Transport & Project Logistics, is managing all airfreight shipments from Belgium and the Netherlands.

On a much more modest level, Vermetten cites a case in which TPL received a contract to handle the shipment of components for a water-treatment plant in the United Arab Emirates.

TPL, based in Antwerp, Belgium, was charged with the logistics of transporting equipment from Austria, Turkey, Belgium and France for the \$4.8 million plant. The equipment included sandfilters, feeder pumps, high-pressure pumps and buffer tanks. Vermetten, managing director of TPL, said the forwarder's role involved special packing

solutions, pre-carriage planning for heavy out-of-gauge equipment, arrangements for air and ocean shipping, ground delivery to the site and mounting of the sandfilter.

Sanotec, a Belgium-based construction and engineering firm, awarded the contract to TPL last November. Sanotec's customer was the Sharjah Electricity and Water Authority. Vermetten said his company handled the project in close cooperation with current and future WPG partners in Turkey and Dubai.

Shortly after completing that project in February, TPL received another contract from Sanotec to manage the logistics of shipping water-filtration machinery to a plant operated by New Belgium Brewery in Fort Collins, Colo. The equipment is used to treat 550 cubic meters of polluted water per day. The plant has the capacity of brewing 36 million liters of specialty beers annually.

TPL is handling the logistics of the \$6.6 million project in conjunction with a Houston-based forwarder. The work began in March, with the final pieces to be airfreighted to Colorado in November.

But it is projects involving shipments to developing areas that offer the most challenges — and the most potential — for the network.

Michel Fuchs, president of Miami-based American World Cargo, cites a Trinidad project as an example. His company won the contract from PCS Nitrogen, a manufacturer of ammonia used in making fertilizer. The project, which will take two years to complete, involves the shipment of large numbers of new replacement parts for the ammonia plant, as well as the transport of other parts back to the manufacturers for refurbishing. It's especially complex because it involves "an extremely large number of suppliers" from five or six countries, he said.

"There's an extremely precise timetable" so that PCS can keep the shutdown period for each of its five production facilities to a maximum of about 20 days, Fuchs said. "The key is that the materials absolutely must be there at the time they schedule the shutdown." Teams of technicians and workers from all over the world are there to handle the repairs, he said, adding that it takes four or five months of preparation to ship the equipment into Trinidad so the construction crews have it when they need it.

As a member of the WPG network, Fuchs said he can offer global coverage with the assistance of forwarders anywhere in the world.

The project ultimately will include more members of the World Project Group, including some in the Middle East.

According to its Web site, ITAC said its capabilities in Sakhalin include global door-to-door freight-forwarding services involving standard transport modes, as well as air and sea charters with full traceability and insurance of in-time and safe cargo delivery.

ITAC said it also provides on-demand construction and maintenance of warehousing and distribution centers with full inventory-control systems, incorporating high-level security and insurance. In addition, it said it can help clients obtain entry visas and assist them with locating office space, housing and interpreter services.

ITAC also said that it can secure equipment such as cranes, trucks and forklifts, according to client requirements.

One reason for WPG's growth prospects is the dispersal of business to developing countries. Up until recently, 85 percent of projects were controlled by companies based in the U.S. and western Europe. Today, that figure is only 54 percent, with the rest distributed primarily in Asia, Central Europe and the Middle East, according to

Vermetten. “These markets have all matured and become more directly involved in what was viewed as the traditional breakbulk market,” he said.

Ramesh Gulati, managing director of Crystal Shipping, a WPG member based in Mumbai, India, stressed the opportunities for companies in South Asia. “The Indian subcontinent today represents every industrialist’s dream territory,” he said, describing it as the fastest-growing emerging market.

John Higgs, ITAC’s managing director, said it will create a database listing the skills and experience of each partner. The question for WPG is whether shippers will want to tap that expertise.

FEATURE SIDEBAR

There’s gold in project forwarding

By William Armbruster

Shipments of project cargo between remote areas in developing countries are among the most challenging tasks facing any forwarder. A good case in point is the shipment of mining equipment from Indonesia to the West African nation of Guinea, a nation reputed to have vast gold reserves.

Singapore-based Altus Logistics, a member of the World Project Group, is handling the shipment for Delta Gold Mining.

The waterborne phase of the project involves barging the equipment from central Borneo to the coast.

The first barge was loaded in early July, with the last scheduled for mid-November, according to Michael Ellsworth, managing director of Altus.

The cargo is loaded at the Port of Jelemug some 350 nautical miles up the Mahakham River, to Samarinda, a voyage that takes three to four days. The challenges along the way include passing under three bridges with limited air draft and the fluctuating water levels of the river.

“We have to run the tugs and barges light since the river can get very shallow — less than three meters,” Ellsworth said. “We also have to use a small boat to sound the river and plot the course through the high spots. The chief officer is on the small boat with one of our guys with a walkie-talkie, and radios where to turn, to ensure the tug doesn’t ground. To date, we have had no incidents, but we have seen a number of other marine craft grounded.”

The tugs guiding the barges are refueled in Samarinda and then continue on to the Malaysian Port of Tanjung Pelepas, just across the Strait of Malacca from Singapore. The cargo is then loaded on breakbulk ships for the voyage to Conakry, Guinea’s capital and largest port.

The first ocean vessel was scheduled to sail from Tanjung Pelepas in late October, carrying about five barge

loads of material. Upon arrival in Conakry, the goods will be trucked about 600 miles to the mine site and then reassembled.

Ellsworth said the biggest pieces are the generators for the power plant, each weighing more than 60 tons. Other large equipment includes ball mill shields, leaching tanks, rolling stock, laboratory equipment and conveyors.

Kelian Equitorial Mining sold the mine to Delta Gold Mining on a free-on-board basis, meaning that Delta took control of the goods there and had to make all the transportation arrangements.

Delta is a subsidiary of Canadian-based Guinor Gold Corp., which operates the LEFA Corridor Gold Project in Guinea through its 85 percent ownership of its subsidiary Société Minière de Dinguiraye. The government of Guinea owns the other 15 percent.

Crew Gold Corp. offered to buy Guinor on Oct. 17. Guinor recommended that its shareholders approve the deal.

The LEFA project is said to be one of the world's largest gold mines ever built.