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Keeping ship agents and ship brokers up to pace

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Digitalization offers opportunities for actors to be part of emerging information sharing communities that transcend the traditional structures of operations. In this transition process, ship agents and ship brokers have a role in becoming the driver for establishing new communities involving new sets of actors. Ship agents and ship brokers have been present in the maritime sector since the very beginning of commercial shipping, acting as important intermediaries ensuring the provision of the services and the capabilities required by ships to meet their port call requirements. Digitalization is now changing the environment in which ship agents and also ship brokers operate, and we will see new and adjusted services emerging as ship agents and ship brokers continue to strive to enhance service levels and provide added value to their principals.

Ship agents and ship brokers defined

A ship agent is the party representing the ship's owner and/or charterer (the Principal) in port. If so instructed, the agent is responsible to the Principal for arranging, together with the port's operators, a berth, all relevant port and husbandry services, tending to the requirements of the Master and crew, clearing the ship with the port and other authorities (including preparation and submission of appropriate documentation) along with releasing or receiving cargo on behalf of the Principal.¹ A ship broker is the party acting as an intermediary between parties (the Principals) engaged in negotiating and accomplishing the sale and purchase or hire of a ship.

¹ International Maritime Organization, Convention on Facilitation of International Maritime Traffic, 1965, as amended, 2017 edition (IMO FAL): <http://www.imo.org/en/OurWork/Facilitation/ConventionsCodesGuidelines/Pages/Default.aspx>

A business landscape at change

The traditional role of the ship agent has thus been to arrange for the provision of services to the ship before, during and after port visits. The goal has been to ensure that the turn-around process for a port visit is made as fast as possible by eliminating unnecessary delays, optimizing the use of port infrastructure, and reducing the cost of operations to a minimum. To ensure that everyone is aligned, an important part of this effort has always been to provide up-to-date information and so ship agents and ship brokers have been enthusiastic early adopters of every new means of communication from cables to email and smartphones. Digitalization will provide the means to exchange even more information, in greater detail, and in real time. The ship broker will also benefit from new business opportunities arising from digitalization, such as having more up-to-date information about, for example, the status, position, and condition of ships to be sold and/or available for charter.

Challenges and opportunities of today and tomorrow for ship agents and ship brokers

Ship agents and ship brokers constitute a substantial part of the work force in the maritime sector. Whilst exact numbers are hard to find, ship agents are present in every commercial port in the world and medium-sized ports and upwards will have many. FONASBA has more than 5,000 companies in membership in 63 countries whilst the Baltic Exchange, the international ship broking market, has over 3,000 member companies worldwide, most of which are brokers. A recent article by UNCTAD demonstrated how the role of the ship agent and the ship broker is being challenged in the emerging landscape of digitalizing maritime operations.² Many other actors now seek opportunities to undertake some of the tasks that traditionally have been handled by the ship agent. For example, tomorrow's fleet operation centre is not only expected to encompass enhanced situational awareness on what happens at sea, but also the plans and progress of port operations, while many port authorities are now aiming to provide (local) data sharing environments that connect all the actors. These two examples indicate how others are establishing situational awareness capabilities to rival those that ship agents have traditionally been providing to their clients. An urgent need therefore exists for ship agents and ship brokers to pay attention towards new opportunities and ways of doing business. They now have an opportunity of capitalizing on the unique social capital³ they possess to ensure flexible and value-creating service provision and providing enhanced quality in information services, thereby attracting new clients as well as servicing their traditional ones. Moreover, in less forward-looking maritime locations, ship agents and ship brokers are not only in a position to leverage this opportunity but also to be front runners and become leaders by driving their local shipping communities to see the potential in the new way of doing business.

The main focus for both ship agents and ship brokers are the ships themselves. Ship agents continually monitor how the port call and cargo movements (as well as passengers) are managed and progressed, whilst the ship broker needs to know where the vessel is so that they can plan its next employment. With digitalization, there is now an opportunity to also provide more enhanced and enriched information services to clients who have an interest in the status and movement of the ship and its cargo, such as carriers of on-carriage transport modes, the cargo owners and potential charterers. As has been reported within the concept of the smart

² Lind M., Croston J. C. (2020) Rethinking maritime businesses for the digital age: the evolving role of ship agents, Article No. 49 [UNCTAD Transport and Trade Facilitation Newsletter N°85 – First Quarter 2020] (<https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2306>)

³ Watson, R. T. (2019). Capital, Systems and Objects: The Foundation and Future of Organizations. Athens, GA: eGreen Press.

port,⁴ the port is conceived as a transshipment hub, and thereby not just a window to the sea, but also to several other related modes of transport. Consequently, the smart port also entails the port being a provider of data to others, and thus not just a consumer of data streams. As a result of this development, ship agents and ship brokers can continue to have a very important role and, as a driver for change, should be asking themselves:

- Are there any other services that we may want to provide to our clients beyond those that we historically have been providing?
- Are there opportunities to expand our client base due to the additional connectivity that digitalization offers?

The ship agent should continue to be the natural information source for the fleet operating centre and the clients of shipping companies by providing increased transparency and predictability in the information flow associated with the plans and progress of port operations. Similarly, the ship broker should continue to proactively support shipping companies in identifying the immediate and long-term needs of ship capabilities by working ever closer with the cargo owners. Ship brokers as well as ship agents must continue to provide added value to assist the service providers in their resource optimization.

Upgrade of guidelines for tomorrow's ship agents and brokers

In a current UN/CEFACT project, led by FONASBA General Manager Jonathan C. Williams FICS, guidelines have been developed to establish minimum international standards for ship agents and ship brokers in 2020 and onwards. These minimum standards, refining and updating those originally issued by UNCTAD in 1988, now also include ship brokers, and put special emphasis on the expected capabilities of their roles as intermediaries and enablers of maritime transport. The aim is to ensure that the expectations put upon ship agents and ship brokers by their clients can be assured through the provision of high-quality service delivered by qualified staff. Further, special emphasis is also put on the response and responsibility of ship agents and ship brokers to counteract maritime fraud. It is anticipated the new version of these standards will be published by UN/CEFACT in early to mid-2021.

Key to success

Key to the success of the maritime operations of tomorrow is that the involved actors should share situational awareness of planned and conducted operations along the maritime supply route, as part of the global transportation chain. In a digital landscape, the ship agent and the ship broker have a natural role in assuring quality in the information that they can provide and thereby also the services and capabilities that are delivered. Ship agents and ship brokers can therefore fulfil a core role in contributing reliable spatial-temporal data that will be of use for both the parties that are requiring services and capabilities and for those that provide such services and capabilities.

For small or medium-sized ship agents and ship brokers who often find access to know-how or funding challenging, national or international business associations could provide assistance through scalability, access to technical expertise and funding sources and feedback regarding experience from other users.

⁴ Becha H., Lind M., Simha A., Bottin F. (2020) Smart ports: On the move to becoming global logistics information exchange hubs, Smart Maritime Network, 20/4-2020 (<https://smartmaritimetwork.com/2020/04/20/smart-ports-on-the-move-to-become-global-logistics-information-exchange-hubs/>)

Concluding remarks

Full-blown digitalization of the maritime sector means that maritime informatics opportunities arise⁵ for every party involved. This is both challenging and at the same time brings to the table new opportunities for traditional roles. There is no doubt that a ship operator wants to acquire better situational awareness based on information provided by the port in its fleet operations. Because the ship agent cooperates and liaises with private and public actors, the ship agent is the obvious provider of such enhanced information to the ship operator. Further expansion of the actions of the ship agent and ship broker operations towards other means of transport would also be natural and in that way provide enhanced situational awareness for other means of transport and for the cargo owner.

Consequently, and building upon digitalization,⁶ ship agents and ship brokers should both be fully connected to such emerging digital communities to assure the highest possible value for their services as well as becoming the drivers for establishing some of the communities that will connect the actors. This will transcend the traditional role of the ship agent and the ship broker.

About the authors

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⁵ Lind, M., Michaelides, M. P., Ward, R., & Watson, R. T. (Eds.). (2020). *Maritime Informatics*: Springer. <https://www.springer.com/gp/book/9783030508913>

⁶ Lind M., Becha H., Simha A., Bottin F., Larsen S. E. (2020) Digital Containerisation, Smart Maritime Network, 2020-06-18 (<https://smartmaritimework.com/wp-content/uploads/2020/06/Information-transparency-through-standardized-messaging-and-interfacing.pdf>, see also the digitalization work of UN/CEFACT in transport and logistics over the past forty years (www.unece.org/cefact))