



DRIVING INNOVATION

LNG SUPPORT SERVICES



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In an era of change, one of the dominant trends in today's shipping industry is the growing importance of Liquefied Natural Gas (LNG) and its transportation from source to market. Not only is LNG playing an ever more influential role in the global energy industry and as a shipped and traded commodity, it has also emerged as a viable alternative fuel source for international shipping, prompting significant investment in LNG bunkering infrastructure and technological advances in LNG-powered vessels. But it is also placing new demands on providers of support services to the LNG shipping sectors, and highlighting the crucial role played by the ship agent in meeting the needs of LNG carriers.

CHANGE STIMULATING GROWTH

Long-term contracts continue to drive the market – they accounted for 69% of global LNG trade in 2014 – and they also advance the oil and natural gas production technology. Output continues to grow rapidly, with global demand for LNG

expected to increase by more than 50% between now and 2030.

These global energy market trends are set to transform the maritime industry, with major investments to be ploughed into new LNG terminals and huge projected growth in exports expected in the coming years. Many countries are now starting to build up their infrastructure in recognition of the new opportunities and a growing LNG market will generate. Trades that once seemed uneconomic have become attractive, new players are entering the market, and existing players are expanding.

SPECIALIST SKILLS

However, just as the handling and transportation of LNG requires specialist infrastructure and vessels, providers supporting the LNG fleet must also have the required expertise. When the production and consumption of LNG on a small scale was limited to a few countries and a relatively static pattern of trading and shipping activity, the expertise and infrastructure to support

carriers was well-established within the relevant ports, but limited to those locations. Now, with the rapid expansion of LNG shipping, specialist expertise is in greater demand than ever across a wider network of ports and trade routes.

Compliance with all the complex regulatory, technical and operational requirements takes specialist technical knowledge and training. The LNG trade has historically been dominated by large energy companies, but the recent upsurge in shale gas production has opened up the market to smaller companies. While these companies have identified the commercial opportunity to trade gas cargoes, they may not have the necessary LNG experience or support infrastructure. A growing number of smaller companies are entering the market without the network of port-based support enjoyed by larger players or the operational and commercial expertise needed to support port calls.

All companies shipping gas cargoes require the right services to meet the needs of their vessels.

RANGE OF SERVICES

Liquefaction for LNG depends on the refrigeration of natural gas to cryogenic temperatures to enable it to be stored in heavily insulated tanks or moved overseas in special cryogenic tankers. However, there is a significant cost for the special processing and containment requirements to transport gas as LNG. It is imperative to work with providers of support services with detailed local knowledge and the ability to manage budgets by monitoring time-related port costs.

Shippers also need assistance with other challenging requirements specific to the maritime LNG industry such as voyage management, cargo surveying and co-ordination as well as immediate response in case of an emergency at sea.

LOCAL KNOWHOW AND TAILORED I.T.

The LNG industry requires multiple complex support systems. It's a must to employ a ship agent who has mastered ship-shore compatibility, as they are able to confidently assess whether or not alternative trade routes will be compatible with the requirements of the vessel.

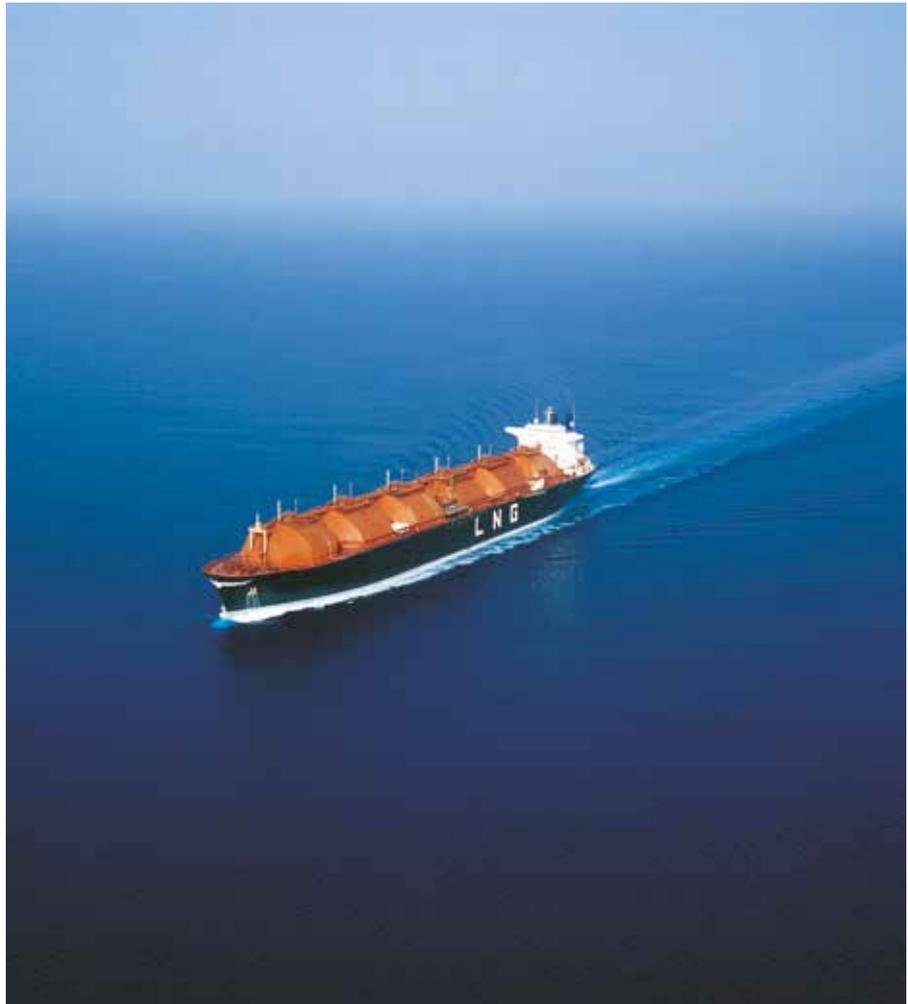
In the past, some ships were specially built to ply a single trade lane throughout its lifespan of up to 25 years. Increasingly, that is no longer the case. That's why it's crucial to check port and terminal information for LNG ships for compatibility purposes. GAC recommends the use of bespoke IT applications to assist in this process by providing the latest global port news and time-sensitive voyage and operations information.

WORKING TOGETHER

The LNG sector is one of the most dynamic sectors of the global energy and shipping markets. The agent is a vital link in the LNG supply chain, ensuring that port calls by gas carriers are conducted safely and efficiently.

Ship owners and operators should seek out agents to support their vessels with a global port network and in-house LNG expertise to provide a holistic full service solution. That's why it's important to work with agents that can use their local in-depth knowledge of LNG terminals to undertake an LNG compatibility study for required ports and manage ship-to-ship transfers.

As the shipping industry continues to get to grips with the needs of the burgeoning LNG trade, an experienced ship agent will not only ensure that your cargoes are handled safely and profitably, but can also help to build greater trust and confidence in LNG operations.



ABOUT THE AUTHOR

As GAC Executive Group Vice President, Christer Sjödooff sets the strategic direction for GAC's global commercial activities to ensure long-term financial viability and growth for the company. Based at the corporate headquarters in Dubai, he oversees sales, marketing and corporate communications as well as the Group's IT. Before his appointment in May, 2015, he served as Group Vice President-Solutions, responsible for the development of strategic alliances with specialist partners to meet the needs of the international maritime community.

Mr Sjödooff has more than 25 years of experience in the shipping, logistics and marine industries. He joined the GAC Group in 1993, and previously held management and operations posts for GAC in Qatar and Singapore.

ABOUT THE ORGANISATION

GAC is a global provider of integrated shipping, logistics and marine services. Emphasising world-class performance, a

long-term approach, innovation, ethics and a strong human touch, GAC delivers a flexible and value-adding portfolio to help customers achieve their strategic goals. Established since 1956, GAC employs over 9,000 people in more than 300 offices worldwide.

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