

Coming of age in Singapore

When Thoresen Shipping Singapore was set up in 2005, it was an experiment to see what Singapore could offer. Its managing director Ian Claxton tells **Crystal Chan** how the gamble has borne fruit.

> As a boy, Ian Claxton upset his parents by choosing a career in shipping instead of one as a banker because the industry was “about people, not just corporations”. Now the British managing director of Thoresen Shipping Singapore is presiding over the coming of age in the city-state of an enterprise that began as a mere fledgling experimental project six years ago.

In June 2006, Thoresen Shipping Singapore opened as a pilot scheme for the Thoresen Thai Agencies subsidiary to weigh up the benefits for shipping companies in the business-friendly city.

Speaking to *Fairplay* at the opening of a new Thoresen office, Claxton, who was appointed in July 2011, explained: “Singapore was pushing forward as a shipping hub and we wanted to see how it could benefit our business. When we started in Singapore, we wanted to see what it could offer. Today, Singapore has more than met our expectations.”

Quick progression

Things progressed quickly after the Singapore office opened. Five months later, the city-state’s authorities granted Thoresen Approved International Shipping Enterprise status, allowing the company to enjoy tax exemptions on income from its operated vessels.

Claxton continued: “In a lot of ways, Shanghai, Singapore, Hong Kong and London offer similar benefits but for Thoresen

Shipping, Singapore proved most attractive because of its Asian regional hub status in a number of industrial verticals such as banking, mining, trading houses and the shipping industry itself.

World-class business infrastructure, readily available talent and high educational standards, including English as a first language, convinced Thoresen Shipping that Singapore, only a short flight from Bangkok, would be the right place for the Thai bulker owner to establish strong commercial roots to be closer to customers.

Thoresen Shipping’s initial foray into Singapore saw it running technical operations for its Singapore-flagged ships and commercial operations for liner services.

The drybulk business grew with the China-fuelled super cycle from 2003-08 and high costs did not make the liner business viable for the small and mid-sized bulker specialist.

“Liner chartering services is a heavy headcount business model, given the need to coordinate and market across many load and discharge ports in an efficient and timely manner – all of

which translates into significantly higher costs than running on a bulk tramp model,” said Claxton.

At the beginning of the 2010 downturn, Thoresen Shipping decided to restructure the business to raise profits, with Singapore remaining as a commercial hub. The parent company sold off more than 10 old and inefficient bulkers and is re-flagging its 15 ships from Thailand to Singapore.

It was a well-timed move as the Baltic Dry Index plunged to a 25-year low in February.

To be close to the heart of Maritime Singapore, Thoresen also moved from the western part of the city-state to the financial district. This is not to say Maritime Singapore is perfect or that Thailand does not have its strengths.

“Singapore’s labour market is very competitive. Unfortunately, a dearth of educational focus on shipping has created the perception that shipping is not the most glamorous business in the world, unlike, for example banking, which has been extremely successful in marketing itself and thus attracting high-calibre graduate candidates,” said Claxton.

“This creates challenges for us in Singapore and at Thoresen Shipping. At the same time, however, we’ve been around for a long time and enjoy a strong reputation. A career with us typically kicks-off with in-house training, offers competitive wages and opens up opportunities for travel. As a result, we believe we will be able to overcome any disadvantages the shipping sector may have.”

Bangkok will remain the company’s home base and this is why Claxton is based there, with regular commuting to Singapore.

“We have a certain loyalty to our Thai legacy,” insisted Claxton. “And this is one of the reasons we will continue to keep the technical management of our fleet in

> In the spotlight: Ian Claxton

Age: 54

Current position:
MD, Thoresen Shipping Singapore

Career:
2010-11: CEO, Rogers Logistics. 2008-10, MD Rogers Logistics. 1996-2008, Country MD, APL. 1993-96, Country MD, Neptune Orient Lines.

Personal status:
Married with two children

Hobbies:
Golf and tennis

Bangkok along with some commercial support and support services. Bangkok itself offers benefits through the availability of well-trained talent and continues to provide a lower cost-base for 'back office' support."

Thoresen Shipping's coming of age in Singapore coincides with a depressed dry bulk market but Claxton is not discouraged.

Reflecting on becoming passionate about shipping in his youth and his parents' dismay, Claxton insisted: "Shipping is absolutely my first and only choice of career, much to the annoyance of my parents who wanted me to go into banking. At least, 35 years into my career, I don't get as many rocks thrown at me for being a shipping executive as I might as a banker.

"Charterparties continue to intrigue me and the operational support functions behind the world of shipping have always been an area of excitement for me. The fact that the fortunes of shipping companies are so intricately mixed with global macro-economics, driven by socio-political developments, means this industry will always be about people, not just corporations."

As economic power began shifting towards Asia began in the 1980s, Claxton believed he needed Asian experience to succeed in shipping.

"I was lucky enough to be offered just that in Sri Lanka, India, Singapore and other ASEAN countries where I worked in country management positions," said Claxton.

Drybulk shipping may be depressed but having worked in the industry for more than 20 years, Claxton's experience has taught him that shipping's cyclical nature means an upturn will always appear after a down cycle.

This is why Claxton intends to ride on falling asset values to prepare for the upturn.

"The drybulk industry requires a global,

long-term outlook. It may be counter-intuitive to invest in hardware during a downturn but the reality is that these investment decisions will drive the business, not just in the short term, but for the lifetime of the asset – up to 25 years," said Claxton.

"With this in mind, it is imperative to take advantage of low asset values in a depressed market. Convincing shareholders and investors to part with cash in periods of low rates will always be a tough job but my experience within the Industry can, hopefully, help drive this process smoothly."

Having been CEO of freight forwarder Rogers Logistics prior to joining Thoresen, Claxton does not see his move as a regression. "In my current role, my ability to influence the company's profits is enhanced because I get to procure assets at an advantageous level to maximise profitability," he said.

"Shipping is in my blood and Thoresen's offer enabled me to return to shipping. The success of the role is what drives me, rather than the title."

Following its fleet downsizing last year, Thoresen Shipping lost its status as Thailand's biggest bulker owner to Precious Shipping. But it is certainly unperturbed.

Claxton concluded: "While size does offer some economies of scale and allows us to approach and deal with certain industrial customers on a level they expect, we're by no means fixated on being the biggest in either the region the country or the world.

"Instead, we are very focused on creating long-term, sustainable value for our shareholders. We know our market sector and we know the critical mass needed to obtain the correct balance of size, profitability and flexibility." **F**

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