



# If you can't beat them, join them

Seatrade's chief executive Yntze Buitenwerf has overseen an unconventional switch from the conventional operator to the liner business, but he insists the company is staying true to its roots, writes *Linton Nightingale*

CONVENTIONAL reefer ships used to rule the waves in the seaborne perishables trade, yet today it is the giant container lines that dominate this market.

At the helm of the world's largest conventional reefer operator Seatrade, Yntze Buitenwerf, chief executive and partner of the Antwerp-based company, has had to sit back and watch as its liner shipping cousins encroach further and further on a patch that was once its own.

But rather than lie down and accept defeat like other conventional operators, Seatrade has stood its ground. Sticking to the mantra of "fast, dedicated and direct" services, long synonymous with Seatrade and its conventional counterparts, its network maintains customer value and has ensured it too does not follow a similar fate to its rivals by disappearing from the scene altogether.

This is not to say Seatrade, boasting an operating fleet of more than 40 vessels and a capacity of more than 22m cu ft, has ignored the carriers' emergence entirely; far from it. Unable to compete with the carriers on cost, it has had little choice but to follow

their lead and embrace containerisation as the focal point of forward business.

Seatrade is in the middle of a fleet renewal plan that aims to take on 20 reefer-heavy containerships by 2020. Nevertheless, Mr Buitenwerf insists they are not containerships as such, rather "specialised reefershops carrying reefer boxes both on deck and under deck". Either way, this is a definitive shift to the container segment, no matter how you dress it up.

Born in the Netherlands, Mr Buitenwerf, who now resides on the outskirts of Antwerp, Belgium — where Seatrade is headquartered — has overseen this transformation from the start.

This strategy is perhaps fitting for the most unconventional of chief executives in the conventional reefer shipping business. Prior to his more than 20-year stay at Seatrade, following stints at Royal Dutch Lloyd and later with Nedlloyd, he had dreams of being a 1980s pop icon.

Several European and North American tours in The Tax Free Band and The Continentals in his late teens and early twenties, unfortunately, did not materialise

into a career in the music business.

However, like Seatrade, he has not forgotten his past glories and still regularly picks up an instrument to reminisce over the good old days. On the morning of our interview he still found time to spend a couple of hours fine-tuning his bass skills.

## Transition

Seatrade's unconventional transition took a further step forward last year, when Seatrade essentially declared "if you can't beat them, join them", after signing off on a vessel-sharing agreement with French carrier CMA CGM at the tail end of 2017.

Having deployed a service from New Zealand to Europe for many years, Seatrade brought CMA CGM on board to transform the service. This saw the Marseilles-based line exposed to the hardware side, the ships — agreeing on a three-year charter to operate the string, while additional calls were added in Peru. Seatrade provides the reefer know-how.

"From a customer point of view, things have not changed as it is still the same service, just the ships are not operated

directly by us as before," Mr Buitenwerf tells Lloyd's List Containers.

While on the outside this may look defeatist by bowing to the carriers' expansionist agenda, Mr Buitenwerf says the joint venture is still very much on Seatrade's terms.

"Often their global network is far more extensive than ours, but what we have always said, and still stick to, is that we are only interested in the 'fast, dedicated and direct' principle," he says.

"If we collaborate with CMA CGM or others it can only be done at load and discharge port combinations, where we can guarantee an FDD service. We do not want to buy slots on these types of services, we want to do it jointly with the container lines. It has to be a joint company doing this activity.

### Tie-ups

There are signs that other carriers, too, are gauging an interest in similar tie-ups.

Mr Buitenwerf says this stems largely from the close contact Seatrade has with its customers, a trait that is impossible for carriers to replicate.

"A lot of carriers are now investing in that last mile because that mile is far more important than telling the customer that your container is halfway across the Atlantic Ocean," he says.

For Seatrade, working with a live product is a totally different ball game to the dry cargo field.

"If a banana does not arrive on a particular day it has an impact on the lifetime, freshness and the taste of the product, whereas if your Volkswagen car comes a day after it doesn't change anything, unless of course it turns up a year later and the model is old."

Following in the footsteps of fellow European carrier CMA CGM, Hapag-Lloyd too has seen the value of working alongside reefer specialist Seatrade in the cool cargo sector.

"Hapag-Lloyd is taking advantage of their hardware in terms of ships, services and networks, but again we have the dedicated contacts, so we do all the commercial, after sales and customer service duties," explains Mr Buitenwerf.

Seatrade's second box line foray has predominately focused on the US east coast. However, despite the agreement still being in its early stages the pair are already

looking further afield to areas such as South America and the Caribbean to expand the partnership.

### Return to the yards

The success of these dual partnerships and sustained demand for its FDD services has prompted Seatrade to return to the yards and expand its fleet beyond its 2020 renewal programme.

Mr Buitenwerf reveals that a tender has recently been issued for another six to eight dedicated reefer containerships, in keeping with its most recent fleet additions.

"These will be 100% reefer containerships both on deck and under deck. Once they are full we technically



"We'll only work with CMA CGM and other carriers on our terms"

Yntze Buitenwerf

have no room for dry cargo, as when you mix it up you have to call another port or terminals and the focus is gone from the FDD concept," he says.

Although he is unwilling to comment on the size of the vessels, he says the design configuration could differ slightly to Seatrade's recent fleet additions.

"The ships we have built recently are unique and in the market they get absolute premiums, but in the market others can build the same. So we have to be careful on size and technicalities," he says.

Seatrade expects to conclude the tender for its newbuildings in the second half of the year.

Meanwhile, the existing fleet renewal programme continues abundantly.

On its orderbook four dedicated reefer containerships are confirmed, with an option for four more units on the table.

The first of the four confirmed ships should have been delivered towards the end of last year, but delays at Chinese yards mean that Seatrade is not expecting anything to come off the ramps until the second half of 2018 at the earliest, says Mr Buitenwerf.

"We will then only push the button on the next batch once the first four are delivered and things are running."

Seatrade has also just taken delivery of a new juice carrier, which embarked on its maiden voyage at the start of the month. This will handle orange juice on behalf of Coca Cola and Minute Maid on the north-south trade for the next decade at least, replacing another tanker that has run on the same line for approaching 20 years.

Elsewhere, four specialised reefers are under construction to serve the group's burgeoning fish trade, operated alongside other conventional operators under the guise of the Green Sea pool, a vessel-sharing agreement dedicated to the fish business.

### Carrying the flag

Seatrade may be busy on the newbuilding front, but the same cannot be said about its rivals. Indeed, the orderbook among other conventional operators is almost non-existent.

"A lot of the guys that started off in this business have diversified into dry cargo, tankers and elsewhere," says Mr Buitenwerf.

Its closest competitors in terms of tonnage, Star Reefers and Baltic Reefers, have stopped ordering new ships entirely, opting to invest in either second hand tonnage or dip into the charter market.

"This is a way of doing business but it is not a commitment to the sector. If they are not investing, the outcome is very simple.

"It is one of the reasons that the container lines have a keen interest with Seatrade, which has committed to the specialised reefer industry and FDD business long-term."

The challenge from here on in will be to ensure Seatrade sticks to this business model and refrains from dancing to the carriers' tune, and — just as Mr Buitenwerf did in his early days as a front man in a band — still have a part to play centre stage.