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Tanker spot pool hotshot

"I think I have their phone numbers," Palmer quips.

Indeed he should. For Palmer has spent the past 13 months trying to build just such a pool for International Product Carriers (IPC), the partnership of OMI Corp and Osprey Maritime with which he parted ways only weeks ago.

Palmer has exchanged a posh corner office at IPC's Stamford headquarters for a desk on the trading floor of Heidmar's expansive new offices 10 miles up Interstate 95 in Darien.

He remains limited contractually in what he can say about his abrupt departure from IPC, which was occasioned by the realisation that the join-venture likely would soon lose Osprey's 13 ships under the John Fredriksen acquisition.

But to the casual observer, it appears that whatever the circumstances of the falling-out, Palmer has scarcely missed a beat.

There is also a corresponding question: if Palmer struggled to expand the pool at IPC, why should he have any more luck with Heidmar's Dorado Tankers?

Palmer and Heidmar boss Per Heidenreich took up the question recently at their Darien headquarters, Heidmar's new home after 16 years in Greenwich.

Palmer first talks about varying models for pools, and says that by now he has experienced virtually all of them. First the "dominant-owner" model at Stolt-Nielsen, where he worked for more than 15 years. Then the "owner partnership" model at IPC. And now the "management partner" pool, similar to what Heidmar already administers with the Star Tankers crude pool.

"One thing I learned is that the owner-partner model has some flaws in it," Palmer says. "If the partnership is not broadly based, it can fall apart. One partner pulls out and it's a serious blow."

"I think the Heidmar model is more resilient in the long term. Our challenge is to attract new partners. We need tonnage."

The key to that effort, Palmer says, may be the sophisticated computer software system Heidmar already uses in operating the Star pool. It allows a level of transparency that has proved attractive to panamax owners and it is only "human nature", he contends, that products owners should like the same features.

Sceptics question why owners enjoying a robust products market should take on Heidmar/Dorado's management fee and commissions. Palmer counters, however, that Dorado will be a pure spot pool. Unlike at IPC, there is no charter cover to factor into rates.

Heidenreich notes that several members of the Star pool also run products tankers and have expressed possible interest in Dorado. Panamax owners have found Star's market performance makes up for fees and commissions, and are freed from the expense of chartering and operations, Heidenreich argues.

According to Palmer, the very size of the products market makes the venture worth a try. Where there are about 250 panamax tankers in the world market, handysize products tankers number some 1,050, spread over 280 owners.

That considered, a goal of 40 to 50 vessels seems within reason. Someone must do the consolidating, Palmer reasons, and there are only a few candidates worldwide. Beyond Maersk and Torm in Europe, Heidmar stands as a logical mover.

"I am not sure they're right in equating the mentality of products tanker owners with the panamax people, but they're right that the market needs consolidation and you can hardly blame them for trying," says one operator in the market.

Dorado is working out guidelines for pool points and earnings to set the foundation for recruitment. It is also planning to transfer two of its eight vessels to the Caribbean market as a first step toward being a worldwide player.

Both Palmer and Heidenreich have sought to quash any speculation that Palmer had been "poached" from the IPC ranks. The two note that they had been competitors, especially in the Asian market, and it stands to reason that each was well aware of the other.

"I, of course, was trying to slow them down as much as I could," Palmer says. "There's no question that we were competitors."