

Shipping pools

Shipping pools are the most common form of horizontal cooperation among carriers in tramp shipping and they operate in the vast majority of fields of the market, although sometimes there is no evidence of their existence.

Not all pools are similar, nor are their functions; however, some common features can be found:

They have similar characteristics regarding tonnage, size and type of vessel.

-There is a central administration, with an appointed pool manager to follow the daily operation. The standard task of the pool manager is the commercial management (chartering) and operation of the fleet, and the negotiation of the freight rates and charter party drafting. Depending on the nature of the pool, its manager can either be a separate company or one of the members of the pool.

-Technical management of the vessels and performance are carried out individually by each member.

-The fleet is joint-marketed; this means that the group of vessels is marketed as a single entity, notwithstanding ownership.

-The freight rates are subject to the market level : the pool manager negotiates the freight rates of all vessels subject to the terms and conditions agreed in accordance with the ship owners' operating instructions.

-There is a centralized system to distribute profits and to cover expenses. The distribution of profits is carried out according to a system of "pool points". Every vessel is assigned a number of points corresponding to its earning capacity for a fixed period. The total net profits of the pool (the sum of the net revenue -all hires, freights and other earnings, less all voyage and operation expenses) will then be divided by the total number of pool points for all the pool vessels.

Finally, each shipowner receive an amount equal to this average amount of points multiplied by the number of pool points awarded to their vessels per day.

It is therefore possible to come up with a definition including all the common characteristics and provide a standard definition of shipping pool:

A standard shipping pool is a type of horizontal cooperation between carriers that brings together a number of similar vessels under different ownership and that is operated under the single administration of a pool manager who markets the pool vessels as a single cohesive fleet.