



Managing size XXXL imports

The transport and customs clearance of the enormous floating platforms that are used for offshore oil and gas production is a project logistics activity *par excellence*. In Brazil Kuehne + Nagel has provided this integrated service since the year 2000 and established itself in an excellent position in the market

The production of oil and gas in Brazil takes place mainly offshore and is dominated by the semi state-owned Petrobras, a global player among the oil companies with an annual turnover of roughly 130 billion dollars. The enterprise is one of the technological leaders in the field of offshore production, and one of the world's largest in terms of its number of production facilities.

One of the service packages successfully offered by Kuehne + Nagel in the oil and gas sector is the logistics management of the import and start-up preparations of the giant offshore production and storage platforms. These so-called FPSO (Floating Production, Storage and Offloading) units are leased to Petrobras for a number of years by their mainly foreign builders and operators. An FPSO is in

most cases a former super tanker which has been converted and equipped with installations to receive crude oil from several sub-sea pipelines, to process it and to be used as floating depots until it is loaded into oil tankers for export or local consumption onshore.

The temporary importation of an FPSO into Brazilian territorial waters for the duration of the contract is a challenging project assignment which involves many individual logistics and organisational elements. The agencies that must be contacted at an early stage include such diverse state organisations as the port and customs authorities, the civil aviation office and navy, the federal police, the Brazilian central bank and health authorities. These highly complex projects must be handled with a maximum of efficiency – for the leasing costs of a single FPSO run into hundreds of thousands of dollars per day.

Kuehne + Nagel's assignment normally begins with an inspection of the FPSO's components at the fabrication yards prior to its departure for Brazil, to ensure

that the installations comply with Brazilian import regulations. The pre-inspection, among other things, covers the helicopter deck which is essential for the transfer of the crew and supplies. Licensed Kuehne + Nagel experts also inspect prescribed safety installations such as lifeboats, fire-fighting systems and emergency plans – and check the completeness of the ship's documents and manuals and the travel documents and work permits of the crew. At the end of the pre-inspection the consultants issue a "punch list" of all items that need to be corrected before arrival in Brazil. Finally, Kuehne + Nagel prepares the inventory of the vessel, which can consist of up to 17,000 items and is required for customs clearance and import licensing. All items need to be classified in accordance with the Brazilian Customs Tariff Code and the inventory must, of course, be translated into Portuguese.

Before the arrival of an FPSO, the anchor system needs to be in place at its operating site. Its components are often imported into Brazil by Kuehne + Nagel or brought to their site from onshore locations and installed in the oilfield with the aid of special supply and installation vessels. They consist of heavy items such as polyester ropes, steel cables, anchor shackles and anchor chains. An anchor chain may weigh up to 2,000 tonnes and a suction pipe can be 25 metres long, 5 metres in diameter and weigh up to 100 tonnes.

The actual customs inspection in Brazil, which Kuehne + Nagel handles on behalf of its customers, may take up to two weeks and includes, among other things, the daily transport of personnel and officials to and from the FPSO and the temporary housing of the crew on land. Once all formalities have been completed, the operator receives the necessary import and operating licenses valid for the duration of the contract

with Petrobras. Only then can the FPSO sail to the oilfield location where it will be anchored.

The Kuehne + Nagel project team has so far handled the import procedures for a total of 15 FPSOs and thus made an important contribution to the excellent

reputation the logistics company now enjoys among international suppliers for the oil and gas industry and the world's leading platform operators and oil companies.

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Kuehne + Nagel strengthens its oil and gas capabilities

Effective April 1 of this year Kuehne + Nagel acquired J. Martens Holding AS, a company headquartered in Bergen, Norway. By taking over this leading logistics provider for the oil and gas sector, the Group has significantly strengthened its capabilities in this important industry segment. Besides providing transport and logistics services for the past 125 years in Norway, J. Martens has set up operations in other key markets such as Singapore, the United Kingdom and the Netherlands. With its 260 employees, the company achieved a turnover of approximately CHF 250 million in 2008.

"The acquisition of J. Martens significantly strengthens our capabilities and position not only in Norway but also in the international oil and gas logistics market," comments Peter Ulber, Executive Vice President Sea & Air Logistics of Kuehne + Nagel International AG. "It ideally fits our strategy to globally expand our specialised services for individual target groups who – like the oil and gas industry – demand a high level of industry-specific know-how and experience."

The first fruits of the acquisition were not long awaited. In July Kuehne + Nagel Norway already concluded a two-

year contract on logistics services to the USA, Europe and Asia with Vizada VSAT, a leading producer of satellite communications systems. This represents an extension of the services which J. Martens previously supplied to Vizada's subsidiary Marlink. Kuehne + Nagel will additionally be responsible for the management of a number of Vizada's consolidation centres and warehouses in the Netherlands, California and Dubai, the air and sea transport of the products and their delivery to the end customers. In many cases these are ships which are located in port and awaiting new satellite communications instruments.

