

# Fairplay

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**COVER STORY**

**“ My driving force is my commitment to the shipping industry ”**

# Empire builder

John Fredriksen may be the bad boy of the Norwegian press and a pariah to the Oslo government but the recently elected Commodore of the Connecticut Maritime Association (CMA) is also a delightful person



By Andrew Lansdale,  
Markets Editor

There had been a break of 30 years since the last encounter between myself and Frederiksen, who truly eclipses those icons of the shipping world – Onassis, Niarchos and Pao.

Fredriksen had set up his company Northern Shipping in Oslo in 1973, having previously worked for Wallem in Hong Kong, in Bangkok and in Singapore. He also gained experience with AO Andersen and Grieg in Oslo. His business mainly came from the Middle East, with the trading and transportation of Saudi and other Middle East crude oils through an office in Athens and another in Beirut.

Until then, oil companies had control over much of their crude oil reserves. But a big commercial revolution occurred and many of the oil producing countries took control of their own destinies. In the 1960s oil majors had huge fleets. In 1968 BP had more than 600 tankers on charter; Shell, close to 1,000. And they all owned large fleets in their own right.

But in the early 1970s it was all change. Tanker owners were forced to serve other masters, such as the Opec countries and the emerging oil traders. Fredriksen's life took a new turn.

Now the largest tanker owner in the world; over the intervening years, he has also increased his interests in LNG, in the offshore exploration and support market, in the dry bulk market and even

in the container trades. In the tanker sector his companies have interests in 44 VLCCs and 27 Suezmaxes, plus control over 13 LNG carriers, most of 125,000m<sup>3</sup> and larger.

A similar picture exists in the bulk carrier sector, with control of 66 bulkers trading or on order. And so it goes on.

In fish farming, Marine Harvest produces more than one-third of the world's salmon and the market is growing by more than 10% per annum.

He keeps his investors happy. He has more than half a dozen huge institutional investors such as Capital and Fidelity. Keeping people happy includes putting his own capital into projects. He will say to his investors "here is my plan. I am putting up 50% of the money and I want you to cover the rest." They like to see entrepreneurs betting on themselves.

But outside the shipping business, Fredriksen likes to maintain a low personal profile. His ideal lifestyle is to be able to walk into a local restaurant or supermarket and not be recognised.

He hates this current world of celebrities. He drips neither with gold nor Gucci. He is well known in Norway but normally avoids its press.

He feels that they are always looking to print the wrong type of news. He has appeared on a couple of recent television shows in Oslo. These mainly explored his views on current Norwegian government fiscal strategy.

He detests these policies. "It is the politics of envy," he complained.

But occasionally, serious accidents send the media into a frenzy. Such an incident happened in west Wales in 1996. Before then, Fredriksen's hair

**NAME:** John Fredriksen

**DATE OF BIRTH:** May 1944

**PLACE OF BIRTH:** Eidsvoll, east of Oslo

**NATIONALITY:** Norwegian until 2006, now Cypriot

**FAMILY:** Twin daughters Cecilie and Kathrine, aged 24, both of whom work for Fredriksen-controlled companies

**RETIREMENT DATE:** "I will work until I drop."

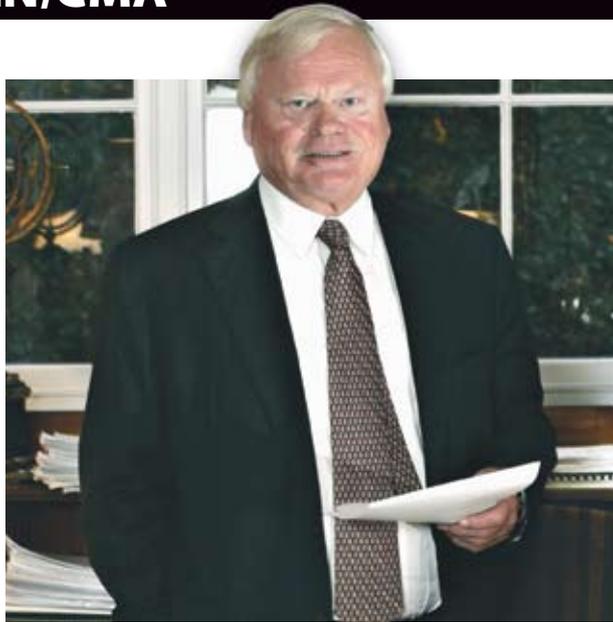
**HOBBIES:** Fly-fishing in Scotland, Norway, Russia or anywhere. "You cast a fly into the river and your whole mind refreshes itself." Field sports. Watching football. Former majority owner in Vålerenga IF (Norway's Premier League winners 2005)

**DOMICILE:** Three months of the year in London and balance spread between Cyprus, Spain, US and Norway

**TYPICAL DEAL:** Four Golden Ocean Kamsarmax bulkers, 10 years t/c from 2010 and 2011 at \$24,500 daily; vessels written down to zero over charter period



Photoscanpix



Photos: Scaphix

used to be blonde but now it is not. “It turned white almost overnight,” he confided, “after *Sea Empress* ran aground in Milford Haven.”

The call came through at 8pm as he was sitting down for dinner. No one got much sleep for a long time after that.

The Milford Haven Port Authority was full of praise for the work that Frontline and Acomarit carried out.

Some three months earlier, towards the end of October 1995, the double-bottom tanker *Borga* had grounded in Milford Haven, despite having bow and stern thrusters and a controllable pitch propeller. So Milford is not the easiest of ports to enter.

In this case, the owners of the *Borga* were almost completely invisible. In contrast, the owners of the *Sea Empress*, and especially Peter Cooney of the shipmanager, went more than the extra mile in assisting to solve this most difficult of problems.

And lessons have been learnt on both sides. Milford Haven is set in the only coastal National Park in the UK. This means it has a lot to protect and extra tugs, extra pilots and extra training have all been introduced.

In the tanker sector, double-hull units are much the preferred method of transporting crude oil.

And most of Fredriksen’s vessels are double-hull, with the singles being withdrawn and either sold or converted. But he has one or two doubts.

“If the *Sea Empress* had been double-

hull, perhaps some of the steel internals rubbing together might have caused sparks during the accident. A huge fire or explosion may have caused many casualties,” he pondered. But he concedes that this is just speculation.

Asked about his greatest concerns for the shipping industry, he mentioned that the shortage of trained seafarers may become a real issue in the future.

North European seagoing staff are being drawn to the ‘two week on and four week off regime’ in the Norwegian sector of the North Sea. And the ‘three week on three week off’ UK sector is almost as attractive.

“It costs \$50,000 per day more to run a deepwater platform in the Norwegian sector of the North Sea than in other areas of the world,” he stated.

Asked about the biggest disappoint-

ment in his years in shipping, he is quite adamant. “I never look backwards,” he says. “I adopt the Warren Buffett approach. When the ‘Sage of Omaha’ was questioned about any bad investments, he replied, ‘I never look at investments that I have made, I look at investments I wish I had made.’”

In his early years, Fredriksen admits to being rather autocratic. “I had an idea and I pushed it through,” he told me. “But now we have board meetings and we discuss it and we are very democratic. That is why Frontline only has four VLCCs on order.” He looks wistful. “If I had had my way, we would have ordered a lot more.”

## Pride in achievement

But this democratic way of life has softened him in the last 30 years. He has a band of trusty lieutenants with whom he discusses projects.

They debate and argue a lot, but underneath all these discussions lie the futures not only of numerous investors but also the employees. Fredriksen-related companies employ over 25,000 people. And that excludes their sea-going staff.

Asked of the achievement of which he is most proud and without hesitation, it is Frontline. Its 79 tankers can lift more than 120M barrels of crude oil if they were all loaded at the same time – enough to keep the whole of Central and South America in oil for a month.

Its avowed intention was to build credibility in public markets. Another was to define where the world was in the tanker cycle, and this it has done most accurately. No wonder Fredriksen is proud of it.

And talking of pride, the CMA should be proud of its achievement in attracting John Fredriksen into its fold as the new Commodore. The CMA presents a navy blue 18th century naval hat to the new man. And Fredriksen has all the right credentials to wear it. He may have trodden on a few toes on the way, but many squashed toes deserve it anyway.

And what the CMA deserves, is an interesting and widely known shipping giant as its Commodore.

That he is such an agreeable person is an added bonus. **F**

Frontline’s 79 tankers can lift more than 120M barrels of crude oil if they were all loaded at the same time

## The Seatankers/Greenwich Group

