



A Global Dolphin Smile

A number of marine and protective coatings manufacturers has teamed up under the helm of "Transocean Coatings". This Rotterdam-based alliance has a global stretch, encompassing membership and production facilities around the world. While the outlook for their markets is positive, raw material prices are a challenge. Collaborative purchasing, via the Association, is an option for them.

► The past year has been a challenging environment for paint manufacturers.

The marine market has been positive as market conditions for vessel operators were good leading to queues at new construction yards and an increase in maintenance projects too. Regarding vessel dry-dockings, Chinese yards remain very popular although East-European yards are coming up quite strong.

An interesting development was the news that Norwegian shipowner Wilh. Wilhelmsen has acquired the Unitor group as a step in their strategy to develop their maritime services division to become a leading global player in the maritime services sector. A clear example of backward integration in the supply

chain but where will it end? Like the architectural market, would we have a home-brand marine paint from big ship owners? At present it does not seem very likely as the selection and application of marine paint systems is too complex but who knows what the future may have in store.

The offshore and protective coatings market has been dominated by the quest for energy sources by many countries. Due to the current level of high oil prices, oil and gas exploration projects that were not economically viable in the past are now in full development

Energy and raw material prices

However, the positive sentiment in the protective market section had a down side for paint makers as various raw materials such as solvents and resins are derived from oil products and as such, price increases of 30% for resins were no exception. Paint makers are face two factors, as the demand for metals by growing economies such as China have resulted in an increase in metal prices, too. For instance, shortage of steel supplies caused an increase in paint can cost of approximately 20%.

Prices for zinc metal have increased 200% over the last 3 years from 800 to 1,600 USD/MT on the Lon-

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► Customers are willing to pay a premium
for coatings that can substantially lower their
overall maintenance cost ◀

don metal exchange. Zinc dust is an anticorrosive pigment widely used in epoxy primers as well as silicate primers. The effect on raw material cost for a standard zinc-epoxy primer can be easily imagined if one realises that typically 85% of the dried paint film is zinc.

However, the increase in copper metal prices tops all as over the last 3 years, copper metal has raised on the London metal exchange from 1,500 USD/MT to approximately 4,500 USD/MT, which is an increase of 300%.

This dramatic raise has had its effect on the prices for cuprous oxide, the biocide of choice for all paint makers when formulating tinfree antifoulings. Typical usage levels in antifoulings for ocean going vessels are 40% by weight.

The marine and protective coatings market is competitive to such an extent that paint makers may not always be in a position to completely pass on increased raw material cost to their final customers.

Pressure on margins is the obvious result but it also prompted paint companies to have a critical look on cost structure and R&D strategy.

Addressing a challenge

Within the Association, member companies have realised that on the purchase of raw materials, cost reductions can be achieved if the collaboration on this matter is intensified. It will be one of the more important challenges the Association has to face in the coming year(s) and may not be an easy task to accomplish as all these independent manufacturers active in the Association perhaps may have to adept their current practices towards purchasing.

On R&D strategy it is clear for Transocean members that at some point, on a formulation basis, cost cannot be reduced without compromising on quality, which is something that is simply not an option for the Association. What definitely is an option is to introduce and to develop products that add value to

Finally, since 1959 Transocean has kept the dolphin smiling and so it will be in the future.

Transocean Coatings: Profile of an association

Since 1959, Transocean Coatings has been a worldwide association of independent paint producers. The Association develops, manufactures and sells coatings for ships, offshore installations, industrial facilities and yachts under the recognised 'smiling dolphin' trademark.

Each member has the exclusive right to manufacture and market Transocean paints in a designated geographical area. Currently, Transocean Coatings are produced in more than 40 countries and subsequently distributed to some 60 countries.

Transocean is a unique organisation and offers its members the opportunity to compete on equal terms with the majors in the paint industry. The map shows the seat of membership and the respective logos of all member companies. (Note: Apco Coatings is the business name comprising all south-pacific Asian Paints operations including Fiji and various pacific islands and Australia.)

A comment from Argentina: Platamar

Pinturas Platamar is an Argentinian company, with more than 40 years of permanence and continuity in the marine market, producing and supplying paints for different kinds of vessels. Since 1997, when we became a Transocean member, Pinturas Platamar has been growing together with Transocean Coatings, representing the brand name in the marine, industrial, containers and yachting markets quite successfully.

Today, certified under ISO 9001, Transocean Coatings is very well known in Argentina not only for the excellent quality of its products, but also for the pro-

fessional technical service. This was proved in dry-dock services, which increased significantly, by 17%, in comparison with the year before. Take as an example that in 1997 we painted only a few ships, and by the year 2005 we have painted well over hundred ships in Argentinian dry-docks.

This is the result of an excellent technical assistance service commencing right at the arrival of the ship, up to its refloating.

The combination of good quality and accessible prices provided with an excellent technical service has also resulted in market leadership in the container repair market where we have become permanent suppliers of very important companies.

Looking back on a successful year, and keeping the leadership position, Transocean Coatings Argentina has consolidated its top position in the marine market. A remarkable development was the strong demand for our products, by different shipowners. Without any doubts, 2005 has been the most successful year for Transocean Coatings in Argentina, since Pinturas Platamar became member.

*Javier Pinasco and Pablo Pinasco,
Directors Pinturas Platamar*

A comment from India: Asian Paints

Asian paints association with Transocean Coatings goes back by two decades when Transocean was successfully launched in the South Pacific in 1985. The range of products, the entire offer including the marketing and the technical package has stood us in good stead ever since we introduced Transocean in the south pacific as we have crossed interesting milestones in the journey of the last few years.

We have used Transocean Coatings on big vessels, small boats, for off shore applications and even indoors. We have used Transocean on big storage tanks, on small planes, on yachts, and on potable wa-



ter storage tanks. We have used Transocean coatings extensively. We call ourselves coatings experts in no small measure due to what Transocean has to offer.

Our experience with Transocean has prompted us to expand our association with Transocean to more territories and geographies in the last few years.

I have no hesitation in recommending Transocean to companies which want to make a mark on the marine segment and sell coatings solutions.

Jagdish Acharya , Regional Vice President China and South-Pacific operations , Asian Paints.

Transocean Coatings: The membership

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