

CANEGA GROUP: A FAMILY OF OFFSHORE PIONEERS

The history behind Ciudad del Carmen usually starts with quaint and whimsical phrases such as “What was once a sleepy little village by the sea...” However, it has been a long time since such words could be used to adequately describe this Mexican boomtown. Today, its nature as an ever-changing yet perpetual nerve center of frantic economic progress has meant that its population is mostly temporal and mobile. This begs the question: Who were the true pioneers of the town’s explosion, who witnessed the start of all these movements to become an essential part of the growth of Ciudad del Carmen? CANEGA Group believes it knows the answer to that.

While Ciudad del Carmen can seem an exceedingly modern locality that differs from the usual Mexican colonial template, small signs of its history can still be seen in the red tiles that cover the roofs of its oldest downtown buildings. Those tiles were once used as ballast by vessels that came into the city from Europe in the 1920s to be filled with fine woods and chewing gum. Some of the resourceful citizens of Ciudad del Carmen then used these discarded materials to build their roofs. One of these citizens was Alfonso Esteban Negroe García. He was the first to realize that all this shipping activity was still missing the presence of a qualified and certified shipping agent and customs broker. This need led him to establish Casa Negroe García (CANEGA) in 1923. However, what soon started as an innovative provider of shipping agency services grew to become the all-encompassing offshore services giant that CANEGA Group is today.



“We want to and will continue to be involved in the development of the Mexican offshore industry to honor what our father started with his same determination and courage”

Alfonso Esteban Negroe Cervera, President of CANEGA Offshore Services

Almost a century later, Alfonso Negroe’s great-grandson is the President of CANEGA Offshore Services, a member of CANEGA Group. Alfonso Esteban Negroe Cervera reflects on CANEGA’s success as a privately-owned Mexican company that has expanded beyond Mexico’s borders to reach the American side of the Gulf, the Caribbean, Central & South America, West Africa and the Middle East. “Our family has very strong core values that we do not deviate from, such as hard work, quality service, honesty, integrity and discipline. These core values have played a key role in our success; if you want to be in business for more than 90 years, you have to start by adhering to your values.”

Alfonso’s brother and Director General of CANEGA S.A. de C.V. and Canega Internacional S.A. de C.V., Benjamin Gabriel Negroe Cervera describes how the family company and Ciudad del Carmen entered the oil industry together. “After the fine woods and the chewing gum business, the shrimp industry became central to Ciudad del Carmen. For many years, our family owned and operated a company that owned a fleet of more than 80 shrimp-fishing boats. We had our own shipyard, our own shrimp-packing facilities and we also owned refrigerated warehouses in Brownsville, Texas to export our product to the United States.” Many know the story of one of these shrimp fishermen, Rudesindo Cantarell, who one day in 1961 spotted a puddle of oil floating in the Gulf of Mexico. Fewer know what happened after that, how one of the world’s largest supergiant oil fields helped to birth the modern oil industry, and the role CANEGA played in that development. Benjamin Gabriel is quick to set the stage: “My father took over the business from my grandfather, and we got involved in the oil business because we were the only licensed agents and custom brokers in Carmen.” This initial involvement as agents would evolve to include the supply of more offshore services such as bunker brokering, ship brokering, vessel operation and vessel ownership.

Alfonso is proud of his family’s involvement in the beginning of this industry. “Originally, the only ones involved in the oil and gas operations were my father and three captains sent here by PEMEX: Captain Ricoi, Captain Jorge Morales Domínguez, and Captain Armando Villa Valenzuela. They were sent here with a mandate to

develop the offshore industry. They were the trailblazers, there was no precedent, no previous course to walk, so they had to make their own. When the Ixtoc oil well blew up in 1979, our father, along with the Mexican authorities, lived for more than nine months at the airport to make sure that every single plane arriving to assist PEMEX in putting out the fire was quickly cleared with government formalities, offloaded promptly and cleared out.” Over time, the relationship between PEMEX and CANEGA became more comprehensive. As the only firm with a custom broker license, everything that came in or out of the port had to go through CANEGA first. This gave the

company an intimate knowledge of offshore operations, allowing CANEGA to put together the first oil exports of Cantarell production through floating storage tankers in the early 1980s. As PEMEX's exports grew, the leaders of CANEGA understood the need to expand their extensive offshore services portfolio beyond Mexico's borders. Alfonso explains the pragmatic origins of what became the establishment of CANEGA Shipping Services in the US in 1983. "Back then, we had few to no English speakers among our personnel. As a result, certain things had to be rerouted through other areas. I suggested that we open up an office in the US to serve as a logistical coordinator for all operations in Mexico. That way, our clients were not dependent on the Mexican office, we could centralize our operations and make things easier for everybody."

Soon after CANEGA's office was opened in the US, Amoco Oil Company (now working under the BP banner), became the first company to utilize CANEGA's new logistical and operational framework, followed by Hunt Refining. In 1984, Abel Rosette, Chartering Manager of Hunt Refining, was impressed with CANEGA's new structure. This led him to ask the firm to replicate its success in other areas where Hunt Refining was involved, such as Venezuela, Aruba, Bonaire, and the Bahamas. This sparked CANEGA's expansion in Latin America, Caribbean, South America and the Gulf of Mexico. Its portfolio grew to include Shell Oil, Marathon Oil, Tenneco, Chevron Shipping, American Petrofina, Maritime Overseas Corporation and Saudi Petroleum and totaled over 2,000 oil companies and ship owners in over 36 countries worldwide.

Through the 1980s and 1990s, as Benjamin Gabriel assumed control of CANEGA'S operations in Ciudad del Carmen, its presence and offshore operations continued to strengthen and expand, including the chartering department. In the 1980s, CANEGA set up its Bunker Brokering Division and became the first company to start marketing and selling bunkers to foreign flag vessels in Mexico. Later, in 1995, CANEGA became the first shipping agency and bunker broker to be ISO 9002 certified in the United States, Mexico, the Caribbean, Central and South America.

Alfonso underlines a fundamental concept of CANEGA's operations, which is to concentrate on quality instead of an excessive emphasis on price. He describes the negative impact such an emphasis has had on Mexican shipping companies. "CANEGA offers value, but what does that mean? It means you cannot provide top quality and service if you do not have the resources to produce it. Today in Mexico, an agent earns 60% less than what they did 25 years ago, without accounting for inflation." It is Alfonso himself who has raised this last issue in front of audiences such as AMANAC (Mexican Association of Shipping Agents) and Intertanko (International Association of Independent Tanker Owners). Benjamin Gabriel points out another problem caused by

the lack of government oversight: the process necessary to become a shipping agent has been excessively oversimplified, resulting in the rise of informal and inexperienced agencies. "These people can go ahead and copy our logo, put it on their letterhead, and say that we nominated them as an agent. Fifteen days later, they have their permit, and nobody calls us to verify that the information is true." Regardless of these negative developments, CANEGA continues to look for new horizons to sail to. Its project portfolio's diversity includes work for drilling companies such as Oro Negro, offshore construction companies such as Heerema Group and exploration companies such as CGG Veritas. CANEGA is committed to offering a complete portfolio of integrated offshore services across a large array of sub-sectors within the Mexican oil and gas industry.

Although CANEGA tends to mostly be recognized by the wider oil and gas industry for their work as shipping agents and custom brokers, the brothers say that CANEGA Group's offshore capabilities and services allow it to cover a wider array of markets and necessities. Many of these services were developed as an attempt to gain much more efficient control over their activities. Alfonso elaborates on this idea: "When you are dealing with vessels, agency requirements, channeling requirements, custom-brokering requirements and other ancillary services, it is easier for an agent to coordinate everything within its own offices rather than depending and dealing with five, six or seven different companies. Nobody wants all of their eggs in one basket, but when you are running ships this is the best logistical set-up available to avoid delays, reduce cost and expedite the operation of the vessel."

While it has continued its expansion into the Middle East and West Africa, CANEGA does not forget the importance of its roots in Ciudad Del Carmen. Today, CANEGA Group has grown from being a small port agent in Ciudad Del Carmen to a group of companies operating in over 36 countries, providing services from port agency to bunker brokering, ship brokering, vessel chartering, vessel ownership, topside, and subsea services. As Alfonso puts it. "We wanted to tell the true story of the industry as a tribute to our late father Benjamin R. Negroe Pawling, who died on November 10, 2013. He was not only a true pioneer and a leader but also an honest and hardworking man. CANEGA is an intricate and essential component of the development of the Mexican offshore industry. We want to and will continue to be involved in the development of the Mexican offshore industry to honor what our father started with his same determination and courage." CANEGA is and remains the only Mexican Shipping & Offshore Services Company with over 30 years of international operations in the oil and gas offshore industry. They are "The Pioneers of the Offshore Industry in the Bay of Campeche since 1979", a very important fact that no other company in Mexico can ever claim.