on line

with ivaran

No. 1/85

Publisher: Ivaran Lines

Editor: Olav G. Henriksen

Heading for a life of service in the IVARAN Lines network, the SAVANNAH made her entry into New York City in 1984. Already an efficient and trusted 'workhorse' on the Ivaran team, she is paving the way for newer and bigger units.

Editor's note

Some time ago my old friend Erik Holter-Sørensen, chairman of Ivaran Lines, asked me whether I would be interested in taking on the editorship of a new publication aimed at keeping the company in better touch with its friends in the trade.

I accepted the offer with pleasure and enthusiasm. In addition to representing a challenge in itself, it will give me the opportunity once more to get in close contact with this particular trade which has always stayed close to my heart and my mind.

To some of the readers I may still be vaguely familiar. For about thirty postwar years I was closely connected with the trade while I was part of the NOPAL Line organisation, going through the grades to the presidency. When a major reshuffle took place in 1976, I opted for early retirement.

Since that time I have kept shipping at arm's length, concentrating instead on literary and civic duty tasks. Yet, articles have steadily trickled from my pen, appearing in newspapers and shipping journals. Some on those articles may appear in this journal as well from time to time, in whole or in part.

However, in order to try to create a forward looking publication, one is dependent on more than an enthusiastic editor. Relevant material shall have to be gathered, weighed and presented. In that connection management, agents as well as interested readers form natural parts of the team to make ONE LINE with IVARAN a worthwhile and engaging enterprise.

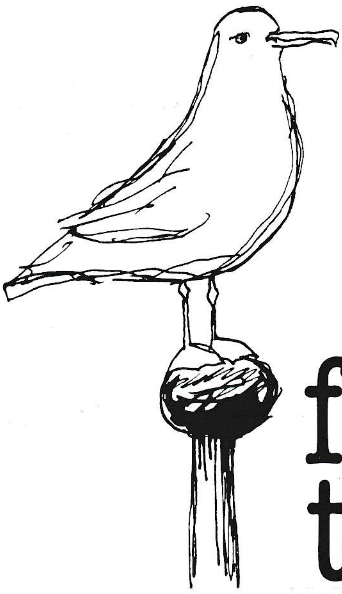
Your cooperation and contributions will be much appreciated.

Cordially yours,

Olav G. Henriksen,

Editor.

Engers Boktrykkeri A/S, Otta



from the masthead

The Spreading Sickness of Shipping

Most people who have dealt with shipping and its problems during the last decade, have long since realized that something is drastically wrong in the state of Shipping. Beyond that, diagnosticians vary wildly in their opinions as to the cause of the evil. And each one tends to blame everyone else. As a result, no one has been delegated the task to work constructively with the real causes of the problem.

Having presented the subject with a sweeping statement, one does hardly escape the subsequent question: And who should logically be burdened with such a herculean task?

Actually, every shipowner, shipowners' association, government involved with shipping, and international shipping body should give top priority to the pressing need to find a suitable cure. But instead, countless millions of dollars, or what have you, are being squandered on subjects like Open Registries, the comatose Unctad Code, East/West squabbles, Open or Closed Conferences, regulation on Bulk Trades. While such comfortably futile fights are fueled, the shipping industry as such is about to founder.

Banks are somberly reconsidering their future engagements in the field of shipping. Traditional shipping companies are seeking alternative, often land-based legs to stand on. Governments are getting tired of bailing out bankrupt shipping lines.

Nobody seems to agree whether shipping is in need of drastic surgery, nor what the cause or causes of the illness might be. And if random groups should get to consider themselves medical teams and feel authorized to swing the scalpel, the patient would soon be cut into fragments. Yet, one or two, maybe three key international organisations should be given the authority to dedicate all of their energies to the task of saving world shipping from disaster before it is too late.

Let us try to draw a little closer to the problem. One possible approach seemed to open up recently as former president of the General Council of British Shipowners, Edmund Vestey, decided to make a speech. He is the head of Blue Star Line and was in Belfast to take delivery of a reefer-ship which had been built there. Present at the luncheon which was set up to feed the visiting dignitaries, were several British Cabinet Ministers. Vestey saw fit to announce that as long as her Majesty's Government is not prepared to render sufficient economic support to British Shipping/Shipbuilding, his company may not take the risk of ordering additional ships in the UK. And he has always been reluctant to build liners abroad. Vestey no doubt knew full well that the current British Government will not be moved by such a statement. Nevertheless, he managed to put his problem squarely on the table. And there he apparently left it.

Let us suppose that the British Government should after all decide to give some injections of undiluted cash to British Shipbuilders. As a result, those would become so-called competitive on prices with Japanese and South Korean yards. A number of orders for ships would come their way, placed by owners tempted to take advantage of the opportunity to build new, efficient ships at low cost. As a result, the yards presently in a dominating position would lose work and face heavy lay-offs. Their management would therefore proceed to use whatever means available to wring out additional governmental support in order to offset such British efforts. After a few months a new, precarious and artificial balance would have been established. Another round of subsidies would have to be injected to bring desired, yet short-lived effects.

Every time a new string of tempting opportunities does occur, those who know how to reap the advantages will rush in to get in line for the new bargains. Ships that would never have been built at true cost levels are thus steadily being ordered in appalling numbers.

Today, the shipping sectors made up by tankers, bulk carriers, line ships, reefers, heavy-lift vessels, supply ships, fairly soon also cruise ships, are disastrously overtonnaged. Many ships are in lay-up, but even those trading are in many cases losing money each and every day as freights rates are badly depressed. Only a few lucky or extremely well positioned companies are still making money, but storm clouds are gathering on most sectors. Next year will be worse.

Would the twelve giant containerships, ordered by US Lines, now coming off the ways in Korea in a steady stream, have been built at true cost and going market banking terms? Certainly not. The shipping world, in addition to US Lines' own boss Malcolm McLean, held the breath while the financial scheme for the heavily subsidized deal was being nursed over hurdle after hurdle. And would the Evergreen fleet have materialized at anywhere near the speed its owners have been able to maintain, had building costs and financial terms been as harsh as they have been and still are for present day British and other traditional owners? Certainly not.

This serves to indicate that it is generally neither the owners of fledgling fleets of Developing Nations nor the traditional, cautiously struggling owners who are benefitting from such windfall situations. Rather, it is the big-time operators who possess the necessary resources to put together the fabulous deals. We have no reason to begrudge those operators their ability to take maximum advantage of lush schemes, but we deeply deplore the existence of such artificial subsidies. They should never be permitted to exist. *They* represent some of the roots of the shipping evil.

But there are others as well. Every time a fancy scheme is devised and launched in order to create artificial support for shipping ambitions in the field of international ocean transport, or in the building of ships which would not otherwise have come to ply the oceans, a nail in the coffin of traditional shipping is driven home. Every time a major transport contract is concluded by means

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maritime policy bin

After decades with government decrees and resolutions in favor of ships flying their own flag, Brazil and Argentina now seem to register second thoughts about the advantages to be derived from extensive flag protection.

First out was again traditional South American market leader Brazil. In a tersely worded Resolution no 8364 of July 30, 1984, Brazil's National Superintendency of Merchant Marine — SUNAMAM — decided 'to cancel Resolutions 3023, 3956 and 4046' effective upon publication.

Those resolutions had remained in effect from 1967, 1971 and 1972, respectively. They had restricted the movement of liner cargoes between Brazil and USA as well as Europe to liner conferences where Brazilian National lines were members.

With the rigid monopoly broken, the trade flow could again become normal.

This rather remarkable reversal of policy did not cause as much of a stir as might have been expected. Yet, International Transport Journal in its issue no 3/85 noted —

> About fifteen years ago Brazil went to legislative defense of liner conferences. It was decreed that only members of conferences in major trades on Brazil could qualify for the privilege of carrying liner cargoes. As a result, competition weas soon thwarted, new technology was never introduced, inefficient ships in those trades just grew older and more inefficient. Cost of transportation skyrocketed. Inevitably, liner freight rates had to soar to keep the privileged lines alive. Trade stagnated. However, due to its difficult financial situation, Brazil finally had to give priority to trade over transport. Just recently Brazil lifted the conference-conserving sanctions against outsiders. It is a safe bet that liner freight rates to and from Brazil will gradually find their new levels, low enough to stimulate much needed exports and also serve to bring in necessary imports at lower costs. Increased competition and reduced freights rates will in turn contribute to export growth. In dropping the sanctions, Brazil is about to solve its trade problems.

Many were still reluctant to build up faith in such a policy reversal, a policy which had remained rigid for 20—30 years. And with the change of government in Brazil on March 15 this year, signals to the effect of reconfirmation of the new trend were awaited. They came, and came quickly. Within two weeks of his taking of office, the new Transport Minister, Alfonso Camargo, held a press conference. The contents of his message ran as follows —

> The period of paternalism to shipping is finished. Paternalism is the father of inefficiency. The fundamental mistake of the program adopted by former governments was the excess of protection given. A country like Brazil cannot forego its own merchant marine and naval construction, but within the rules of any normal economic activity which demands efficiency. What we cannot do is to support entrepreneurs eventually incompetent to administer their companies.

Minister Camargo held that month by month such activities shall have to adapt themselves to the new rules of the game in order to achieve ever increasing efficiency, economizing public resources.

In the past Argentina has followed the lead of Brazil in setting up flag restrictions in favor of own flag. In such a context, Ivaran Lines were time and time again put under severe pressure to enter conference pooling agreements at grossly reduced cargo shares.

In 1984 negotiations for a new, unfair pooling agreement were broken off, and Ivaran proceeded to lodge a complaint before USA's Federal Maritime Commission, charging unduly discriminatory and unfair practices in the USA/Argentina trades.

Following investigations along regulatory as well as diplomatic challes, representatives of the Argentine government declared that Argentina does not intend to use its resolution no 619, a measure by which a line might be the subject of exclusion from liner trades on Argentina, against Ivaran.

That assurance led mr. Erik Holter-Sorensen, chairman of Ivaran to issue the following press release —

> The FMC order discontinuing Docket 84-34 fully satisfies the desires or our company. It has always been our intention to serve the USA/Argentina trade without government initiated restrictions which would have prevented us from serving our customers as we have done for sixty years.
>
> We fully appreciate the efforts of the Argentine and US government authorities who took their time and effort to examine all factors of the case. We also appreciate the assurances received directly and indirectly (via the US government) from Argentine officials that we will be free to load in the northbound trade without restriction.

The amicable resolution of this matter, I believe, demonstrates Argentina's desire to accelerate and enhace its trade relationship with the United States for the benefit of importers and exporters in both countries . . . and we look forward to assisting in the facilitation of the trade . . . we had requested the Commission to discontinue . . . since under the Commission's procedures the governments of the United States and Argentina as well as the private parties involved, were able successfully to resolve what could have become a very difficult situation, without resorting to more serious steps.

In the meantime, Ivaran remains far from alone in this fight for freedom. We quote from an article in New York's Journal of Commerce, datelined Jacksonville, Fla., April 14, 1985 —

> To reserve cargo for National-flag vessels under bilateral agreements or not to reserve — that was the question addressed Wednesday at Jacksonville's third annual International Trade Conference.
>
> Not surprisingly, those speakers representing US ocean Carriers and shippers came out strongly against bilateralism, claiming it is a path to high-cost inefficiency, while an official of a Brazilian steamship line defended such agreements to achieve a principle higher that mere profitmaking.
>
> The past 20 years have seen 'a rising trend of government interventions' in shipping that have produced such arrangements as bilateral accords and the United Nations Conference on Trade and Development Code of Liner Conduct, according to Peter J. Finnerty, vice presi-

dent-public affairs for Sea-Land Corp.

At the heart of such agreements is the concept of reserving the bulk of a trade's tonnage for the national-flag vessels of the country involved, which mr. Finnerty described as a serious threat to US cross traders — a segment of the business that has been increasing its share of revenue production for U.S. carriers.

Overseas, Mr. Finnerty said, U.S. carriers have no legal remedies to protest discriminatory practices in the crosstrades, but they now do in this country under Section 13b5 of the 1984 Shipping Act, which empowers the Federal Maritime Commission to take action against foreign carriers or governments that 'unduly impair access' of a U.S. vessel in trade between foreign ports.

However, that provision will prove effective only if the FMC enforces it aggressively, the Sea-Land executive said. Without such protection, he continued, the investment needed to maintain the competitive posture for the U.S. carriers will evaporate.

Richard K. Bank, a partner in the law firm of Graham & James and councel for Ivaran Line, went even further, saying that such barriers to free trade adversely affect not only the carriers, but also shippers, consumers, exporters, ports, national economies and, over the long run, the world economy.

Frank L. Merwin, shipper-observer of Shippers for Competitive Ocean Transportation and a retired international transportation executive for ASARCO Inc., said with the Shipping Act implemented and with the various innovations under way in the industry, 'I 've never seen such a bright future for the U.S. merchant marine.'

Before that bright future is reached, however, 'I foresee several trying years ahead for U.S. exporters and importers.' he said.

The reason is that the shipping industry is only about a quarter of the way through a transition period that began at the start of the decade when it became apparent that the UNCTAD Code would be implemented, Mr. Merwin said.

'That code has been a disaster,' he asserted, adding that 'no agreement is better than a bad one.'

Currently, Shippers for Competitive Ocean Transportation is sitting in on negotiations between the United States and European countries aimed at bringing more freedom to the trade routes.

What SCOT would like to see the talks produce, Mr. Merwin said, is an agreement establishing a pro-competitive stance that rejects cargo reservation, implementing a mechanism to resist cargo reservation, scheduling of additional discussions on other shipping issues, protecting the rights of U.S. carriers in crosstrades and recognizing that there is no satisfactory alternative to reaching such a free-trade agreement, 'certainly not bilateralism.'

At the same Conference the U.S. delegate of Brazil's Lloyd Brasileiro took issue with the views expressed in favor of a free trade flow. He defended the system of bilateralism. His views went along the following lines —

> International shipping is too important to be viewed as merely a profit-making operation as shipping supports a nation's foreign trade and builds its merchant marine.
>
> Those involved in ocean cargo transport 'face a higher purpose than making money' and bilateral agreements are necessary to achieve a nation's trade and merchant marine goals.
>
> The carriers of the nations involved in direct trade 'have more right (to the trade's cargo) than carriers just after profits.'

It is apparent that two basically different and completely incompatible views here came into collision. What is even more clear is the fact that the U.S. representative of Lloyd Brasileiro had not yet been brought into step with the views expressed a few days earlier by his own Transport Minister.

Brazil Reviewing Relaxation of Import Restrictions

Brazil's official publication GAZETA MERCANTIL ran on July 22nd, 1985 an article which may prove to be of great significance in connection with future imports. We present below a free translation —

Next August, the Government will start a review of some restrictions on imports with the purpose to ease them, provided the pressure on the economy does not increase too much, and the commercial balance continues favourable. It was the Director of CACEX, Marcos Vianna, who last Friday so told this newspaper. He further commented that 'surprisingly, imports have recently fallen a great deal without the aid of restrictions or artificial controls.'

He is further fortified in his views by the fact that the commercial balance performance now points to a US$ 12 billion surplus for this current year. Vianna considers it about time to release more imports. Specifically, he believes it possible to reduce the list of products with restricted imports, presently including some two thousand items. Regional branches of CACEX should also be given more authority, limiting the number of products subject to central government control.

Vianna's optimism is not only buoyed by reduced imports. It is also affected by excellent prospects of significantly increased exports which could yield several billions of dollars during the next couple of years. This deals with commercial exports of alcohol due to the decision by the US Government to substitute leaded gasoline with alcohol. Thus, exports of alcohol to USA could grow to about 4 or 5 billion litres per annum, resulting in exchange earnings of some US$ 1 billion depending on availability of supply.

Vianna said that world interest in alcohol is so great that only the day before he and Willes Banks, Director of IAA, had entered an agreement to change a contract with France from 400.000 tons of sugar into an equivalent quantity of alcohol. That switch will also have the effect of withdrawal from the market of such a quantity of sugar, which will take the pressure off the prices to some extent.

Prospects for increased exports to Japan are also excellent following the decision by that country to reduce the trade surplus balance from US$ 55 to US$ 40 billion. That should make it possible to increase Japan's imports from Brazil to some US$ 3.5 to 4 billion from the current level of about US$ 1.5 billion. The

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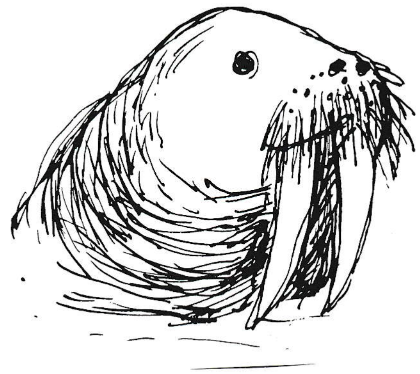

# of SHOES and SHIPS

BRAZIL: THE WORLD'S SECOND BEEF PRODUCER

It was a bold leap forward. In 1980 Brazil exported 190 thousand tons of beef. Three years later it reached the 500 thousand-ton level, ranking second in the world. Competence, courage and a revolution in cattle raising methods were the basis of this jump.

by Murilo Carvalho

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Until a dew years ago Brazilian meat producers showed little interest in the challenge of exporting fresh or even industrilized meat. The strict international legislation, the lack of a consistent production system, little government support and a chronic difficulty in obtaining improved productivity in the pastures, all appeared to present unsurmountable barriers; so much so that Tiao Maia, on of the principal and most dynamic ranchers in Brazil, was obliged to pack up his entire operation and install his ranches and meat-packing plants in Australia, the world's major exporter of beef.

However, things have changed as of 1982. Almost 10 years after having left Brazil, Riao Maia himself must be reconsidering the possibilities of raising cattle meat in this country where strong growth has permitted it to become a serious competitor to traditional international exporters. In 1980 Brazil exported only 190 thousand tons of meat, almost all of which was industrialized. In 1982 the first great advance occurred with export sales reaching 414 thousand tons, which later in 1982 further increased to 500 thousand tons, placing Brazil in second position worldwide.

Many factors contributed for this result. In the first place, the two major international producers and competitors for Brazil, i.e. Australia and Argentina, faced serious problems that resulted in a reduction of their herds. Australia suffered a relentless drought during several years which destroyed the best pastures, forcing an accelerated slaughter of the basic reproduction herds which were rapidly losing weight due to the shortage of grazing. As a result, its breeding herds were reduced, thus also limiting their offer of meat for the international market. In the case of Argentina, the war over the Malvinas/Falkland Islands consumed much of the country's resources, interfering with its productive systems on a large s cale, weakening the cattle raising sector and drastically cutting into Argentina's capacity to export.

At the same time that new opportunities were appearing on the international market, cattle raising in Brazil was enjoying considerable advances both in quality and productivity. This was due principally to the technical maturing of the Brazilian cattle raisers who have sought to improve their herds through modern techniques for genetic improvement and cattle raising. Artificial insemination gradually gained acceptance in the field. Breeding cattle auctions became common, which greatly contributed to the beginning of an interchange of both breeding stock and know-how among cattle raisers. In addition, research in those areas of agriculture and livestock were obtaining significant advanced techniques for fattening and breeding cattle, while introducing new varieties of seeds for improved pastures.

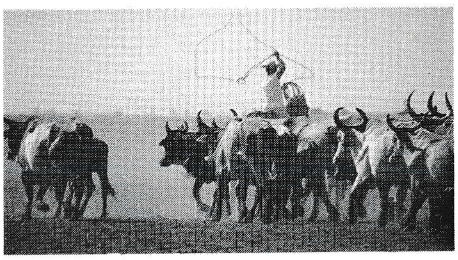
The situation, therefore, is highly favorable to the export of meat; even more so since the internal consumption has been decreasing as a result of the severe economic crisis that Brazil has been experiencing. Seeing the opportunity, business and government joined in an effort to fill the voids left by the two major exporters. Tax exemptions and special credits served to encourage the Brazilian produceres who were able to make rapid advances in the traditional markets due both to the high quality and much lower prices they offered.

The force of lower prices — The new level of export for Brazilian meat has every possibility of being maintained or even amplified since, even after the re-activation of its principal competetors, the climate and soil in Brazil permit a much lower cost for cattle raising: it is up to three times less expensive to raise meat cattle in Brazil than it is in Europe or in the United States.

In Brazil cattle are raised in the open pasture and feeds on grazing; all that is required is a good control of the pastures to obtain a year-round production of meat. The winter season is never severe and even in the short dry periods all that is needed is a slight effort to reforce the natural food supply in order to maintain the herd in constant condition for slaughtering.

And now the possibilities seem to be improving even more with the conquest of new cattle raising areas in western Brazil. This bushland region is proving to be an ideal option, consisting of low cost land, excellent for the planting of pastures using improved grazing such as *coloniao* (paspalum grass), *braquiária* (a signal grass) and *andropogon* (a bluestem grass).

'The European Economic Community beef, for example, is a high cost meat from cattle raised in stables and grain fed, which is unable to compete with the beef produced in Brazil's immense pastures, green during at least 8 months of the year', says Antonio Magalhes de Almeida Prado, president of *Centrais de Estocagem Frigorificadas.*



and SEALING WAX...

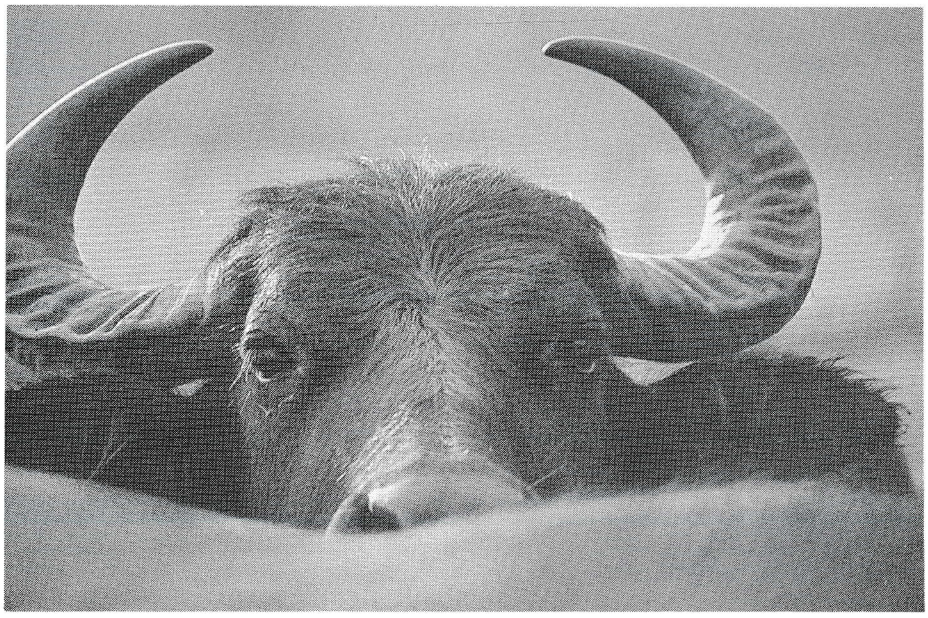
Beef produced in Brazil can be commercialized, with a good profit margin for the cattle raisers and the meat-packing plants, for a price on the order of US$ 1,500 per ton. Adding to this amount about US$ 300 transportation cost and we obtain a final price (cost and freight) at the European ports of US$ 1,800 per ton, a value well bellow the current US$ 2,500 per ton charged for the European and American produced meat. Over the last few months the EC has been offering cheap meat (on the basis of US$ 800 per ton) to Third World countries, causing a series of protests from raisers and packers. With regard to this fact, however, two points should be borne in mind: the meat in question is highly subsidized and is taken from very old stocks at the end of their shelf-life, i.e., without any guarantee of quality and destined to industrial applications. Certainly, it should not be difficult to compete with this type of competitor over the medium run, for no one can truly expand the supply of such an expensive product based solely on heavy subsidies.

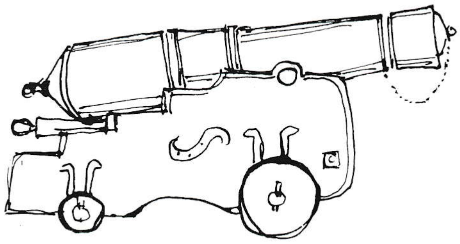
'We must prove to the European consumers, through a strong marketing effort involving the Ministry of Foreign Affairs, that we can supply inexpensive, high quality meat without subsidies, thereby forcing an opening for our offer', reflects Almeida Prado.

For this sales force to have a lasting effect, establishing Brazil as a permanent supplier, it will be necessary for the Brazilian producers to accelerate their modernization process so that there will be a sufficient supply to permit exporting without sacrificing the supply of the domestic market. Until now a good portion of the surplus available for export has been due solely to the decrease in internal consumption provoked by the reduction in real income of Brazilian labor over the last few years. However, as Brazil re-initiates its normal growth — which economic indexes indicate is already under way —, salaries will tend to increase as will, most certainly, the demand for meat, thus restricting the amount of the product available for export. For this reason it is so important that attention be given to the modernization of the sector so that there will indeed be an increase in productivity and growth in the rate of benefits obtained from the Brazilian cattle herds.

Research centers — The basing of export activities on increased production and productivity, and not on reduced internal consumption, is the only intelligent course of action open to Brazilian agriculture and cattle raising. Fortunately, this has been the position adopted, not only by most part of producers, but also particularly by those technicians and researchers who are developing solutions for the problem. EMBRAPA — the Brazilian Corporation for Research on Farming and Cattle Raising, subordinated to the Ministry of Agriculture, has maintained centers for bovine research for the last 10 years and has already accumulated studies and research results that constitute technological packages well suited for cattle raising in the various regions of Brazil. New varieties of grass were developed, specific for each phase of the life-cycle of cattle: raising, breeding, fattening, termination. The study on the use of native leguminous plants in consortium with gramineous or indeed in 'protein banks' increased considerably the capacity of pastures in scrub-brush type land. More sophisticated handling techniques permitted better feeding for the animals in reduced areas, thus lowering the costs and reducing the growth period. To have, an idea, a steer raised in native pastures, without the care of modern handling, will take up to 4 years to reach an ideal point for slaughter in 28 months, which undoubtedly increases the profitability of the herd. And, there is very little additional cost involved since all that requires is the distribution of new technology which the research centers already detain. It is also necessary that the cattle raisers have an adequate guarantee for the prices of their products so that they will not be reluctant to invest in their properties and in the improvement of their herds.

The overall situation currently favors Brazilian cattle raising and could result in new advances for the sector depending on certain changes, especially of a political-fiscal nature, in the short run. 'All that our cattle raising sector needs is a long-term policy capable of resolving our chronic problem of the prolonged mid-season and permitting an increase in production and productivity', affirmed the president of the Brazilian Rural Society, Flávio Telles de Menezes. This organization, together with other associations of producers, have been engaged in a long political battle so that the sector — in this very decisive moment — will be able to perform the changes in the tributary system. A reduction in taxes will permit the producers to have the liberty of investing in their herds, making them healthier and more productive. Thus, according to Menezes, Brazilian exports constitute a very important trump for the country and must be treated with great care so that it be not only one more possibility, but a reality capable and reduce Brazil's economic problems.





management will not be shut out

Sixty years of service to the trade between USA and South America may not seem overly much. Yet, in the context of overseas ocean transport, sixty years is a long period indeed. Few are the lines now active in the trade which may boast a similar record of longevity.

Age in itself is, however, no true measure of quality or ability to meet the challenges of the future. But it represents one of the criteria by which to judge the merits of a common carrier by sea.

In addition to being one of the real old-timers of the trade, Ivaran Line has been put in the category of CROSS TRADER or THIRD FLAG CARRIER by those which label themselves NATIONAL LINES.

Furthermore, those National Lines have sought to downgrade Cross Traders by putting such additional labels as 'fly-by-nights', 'pirates of the sea', 'opportunists' and 'mere profit-seekers', which enter and leave trades as they see fit.

Ivaran is a living evidence that such claims are false, even as it comes to profits. Over the years profits have most often been both low and elusive, generally poorer than acceptable to most unsubsidised operators, Yet, through the dark period of cargo reservation, forced pool participation, etc., Ivaran has stubbornly refused to yield to pressures aimed at forced withdrawal. Reasons for such refusal have been a combination of a natural resistance to intimidation, a dogged struggle to counteract the effects of slow strangulation, a hope for a brighter tomorrow. Important has also been a deep-felt loyalty towards shipper friends and supporters, who would otherwise have been left to the whims of the politically privileged ones.

The twenty lean, dark years are now about to evolve into a period of transition, maybe extreme competition, maybe storms and turmoil, maybe some smooth sailing. For all such situations Ivaran is a fit and versatile operator, seasoned, yet agile, ready to continue our offer of high technology service one a sound basis of human concern and attention. — The needs of the shippers have always been foremost in the minds of generations of Ivaran people. So they will continue to be in the future.

The continued life of Ivaran is contingent upon shipper support alone. If the shippers do not wish to support Ivaran, our days are numbered.

To us, the future seems reasonably promising. Problems and adversities will no doubt turn up. But we are used to problem solving and the struggle for survival. We feel confident that we shall be able to serve the needs of the trade for years, decades to come.

It is not easy to stay in personal touch with all of our friends all the time. In an effort to keep in better touch, to make our supporters a little more familiar with how we think and try to do our job a little better, we feel that 'the time has come' to publish a bi-monthly news-letter or a small magazine, focusing on the activities of Ivaran, on trading conditions, on subjects related to liner activities, on maritime policy, on relevant technological developments, and 'to talk of many things'.

If our ON LINE could also come to serve as a forum for views, suggestions, and fruitful exchanges of ideas, we should welcome such opportunities as well.

We shall round off this message by saying a heartfelt THANK YOU for past and current support and look forward to the pursuit of future opportunities together.

IVARAN newbuilding launched in Lubeck

Containers will keep moving in increasing numbers in the trade linking USA with East Coast of South America. Ships of proper size to serve that need are required.

As a part of our programme to render adequate service to the trade, Ivaran has recently seen another ship, the SAN MARTIN, hit the ways in Lubeck, Germany.

Capable of lifting 1.200 TEUs, of course in a mix of 40' and 20' containers, and moving them along at a speed of 19 knots, this new ship will take her place in the coverage of the IVARAN berth from September onwards.

By that time another ship, this time of a 1.600 TEU capacity, will be launched from the same yard for end year service entry.

Spill-Over

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The Spreading Sickness of Shipping

of improper steps, another nail goes in. Why? Because the losers will invariably get wise and take steps to retaliate, setting the stage for another rate war or countervailing schemes. In the end everybody is the loser.

Those who favour pat solutions may advocate the end of all competition and tight governmental control. But that cure is worse than the ailment. Drawing the line between fair and improper competition is most difficult, but that effort should be pursued with all vigor and diligence.

UNCTAD would do well to set out to tackle such problems, but give instead priority to futile discussions on Open Registries and cargo sharing for bulk cargoes.

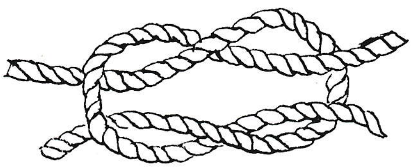
European governments would do well in going to the core of the matter, but keep instead on discussing regulation of dying Conferences and the ratification of the drifting, rudderless UNCTAD Code which even UNCTAD itself has all but abandoned.

Americans and Europeans could for once fight for a common cause, but instead they keep on bickering over Open or Closed Conferences.

Leading bankers and financial institutions have a golden opportunity to become instrumental in stamping out the causes that cripple world shipping, but instead they stick their heads together in review of their lending policies vis-a-vis harassed shipping companies.

If all or most of the parties mentioned above team up in an effort to pull the shipping industry out of its crisis, they would render the world of transport, and, in turn, world trade, a lasting service.

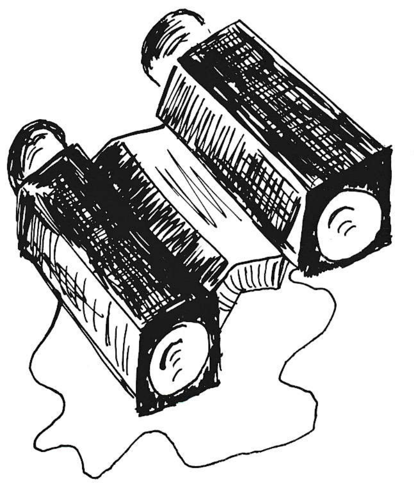
It may take a lot of time to gain tangible results in the task to solve a problem complex of such a magnitude. But the real turning point lies in the realisation that a spreading sickness has indeed set in, and that all good forces should be concentrated towards the common goal to bring the patient back to good health.



Cont. from page 5
Brazil Reviewing Relaxation of Import Restrictions

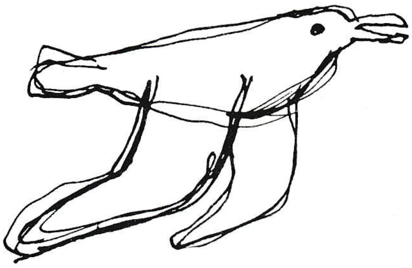
list of commodities affected will not only include raw materials, but also consumer products. Among those may well be tobacco, as the Japanese government intends to reduce the state monopoly on the manufacture of cigarettes and to open tobacco commercialiazation to private companies.

Such steps away from severe restrictions and central control with normal commercial activities will no doubt benefit Brazil's overall economy and lead to a strenghtening of its position in world foreign trade.

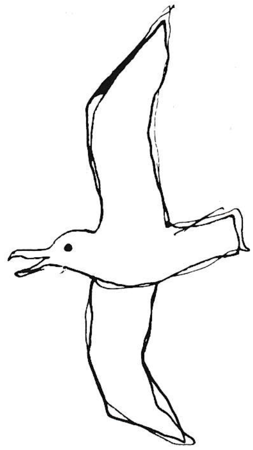


New Heads of Transport Ministry and Sunamam

Chosen by Tancredo Neves and confirmed in his position by José Sarney the 55 years old Civil Engineer and ex Senator Affonso Alves de Camargo Neto took over as the new Minister of Transport. Mr. Affonso Camargo who was born in Curitiba (Paraná) was one of the early supporters of the late President elect Tancredo Neves. As to Sunamam, rocked by the recent shipbuilding scandal, the choice fell on the 53 years old Commander Murilo Habema de Maia, ex Docenave and Lloyd Brasileiro and until recently holding an important position in the Ministry of Transport. The new Superintendent of Sunamam will have a number of hard nuts to break in the coming months, such as the fight between the private Brazilian Owners and Docenave over the sharing of the inbound bulk cargoes (Docenave having the upper hand at the moment), the pressure of national and foreign bankers for payment of the shipbuilding loans and the Brazilian liner Owners objection to resolution no. 8364, which opened up the trades to North America and Europe to non-conference carriers. It shall be very interesting to see how Commander Murilo Habema de Maia will go about these tasks. On leaving public service after more than 17 years (15 years as President of Lloyd Brasileiro and 2 years as head of Sunamam) Admiral Jonas Correa sharply criticized the lack of co-operation between the Owners and the exaggerated ambition of some of the shipyards, which has lead to the present crisis. There still remains the appointment of a new President for Lloyd Brasileiro. The original candidate, Captain Henrique Otavio Botafogo Neves (a nephew to the late President Tancredo Neves) seems to have lost the chance. However, no other specific name has been mentioned during the last two weeks.



bulletin board



Ivaran appointed outstanding ECA Distribution Service Supplier Marine Ocean (package) 1984.

In competition with all shipping lines trading to and from the US Gulf and South America Ivaran was selected by Exxon Chemical Americas as best shipping line in 1984. The criteria were service, promptness, equipment suitability, costs, response to unusual ECA needs, administrative compliance, ethics, regulatory compliance, safety and emergency response.

The award 'Outstanding ECA Distribution Service Supplier' was accepted on behalf of Ivaran by Stig N. Foss during a dinner at the Exxon Center at Woodland Country Club in Houston.

The pictures is taken during the award dinner and is from right to left Jose Bocatto, Sales Manager — Riise Shipping Inc. (our agents in US Gulf), Mr. Paul P. Ochoa, Section Head, Latin America Order Center and Mr. Stig N. Foss.

Trade Surplus

Compared to 1984, the trade figures this year are running well behind. After poor showings in January and February the result in March, where the surplus reached US$ 830 million, showed a marked improvement. However, the surplus at the end of the quarter remains about US$ 250 million below the target set at the beginning of the year. The new director of Cacex, Marcus Vianna, is expecting for 1985 that exports will reach around US$ 26,5 billion and imports about US$ 14,9 billion. This would then leave a trade surplus around US$ 11,6 billion (compared to US$ 13 billion in 1984). However, Brazil would still need this year US$ 2,5 billion in new loans in order to close its balance of current transactions, according to the President of the Banco Central, Antonio Carlos Lemgruber.

Inflation

Finally a piece of good news on this front. The April inflation rate was 7,2%, the lowest monthly total in 20 months. However, there is still a long way to go before the inflation is brought under control and even in the best of cases the inflation for the entire 1985 is unlikely to go below 150%.

Fresh Oranges From Santos

This season we shall probably only see one exporter of fresh oranges from Brazil, Citricula Brasileira Ltda (Cutrale). All shipments have been sold F.O.B. and between 1,0 and 1,3 million boxes will be moving to the Middle East on N.Y.K. reefer vessels and another approximately 2 million boxes will go to Rotterdam, mainly on Cool Carriers' vessels, for which Swedish reefer Operators our agents have the honour to act as General Agents in Brazil. Apart from reduced volumes to Europe in containers in March and April the large shipments of fresh oranges to Rotterdam and the Middle East will only start in May.

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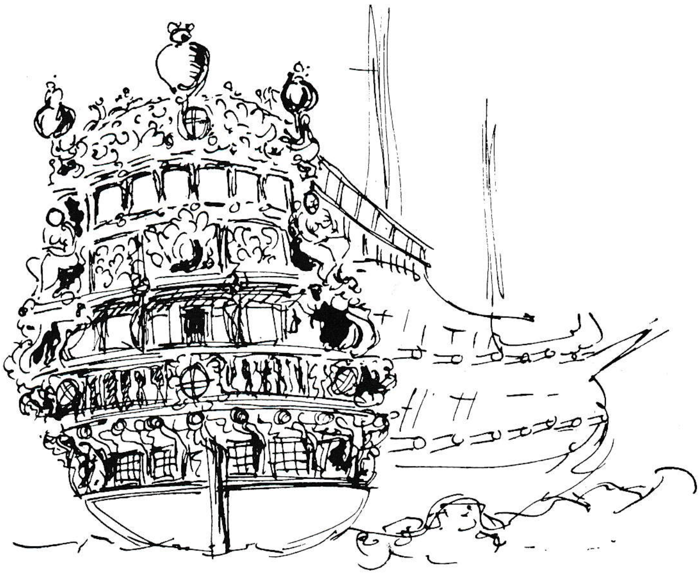

stern gallery

IVARAN'S SANTA FE leaving Miami with a fair container-load for South American destinations. In addition, twelve cruise passengers are about to experience the joys of an alternative type of cruise — in a peaceful, relaxing atmosphere.