

on line

with ivaran

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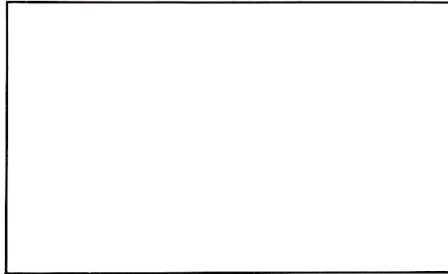
Ivaran's SAN MARTIN I reported launched in Lubeck in the last issue, already made her way into and out of New York mid September.

Still somewhat big for the trade, she is eager to carry more of the highly valued cargo controlled by shipper friends.

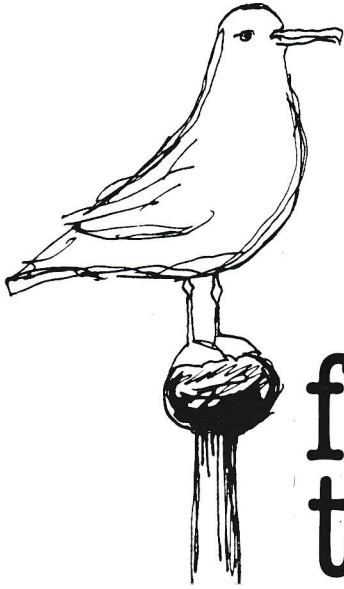
The Ivaran liner fleet is the youngest, most modern one in the trade with an average age per ship of less than three years.

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from the masthead

Facing the Gathering Storm

As liner operators and watchers are of the fairly unanimous opinion that storm clouds are gathering around major trade routes, it may be of interest to note how the combatants are lining up their defences.

An important point in such a situation will be the relative financial strength of each of the major operators involved. Obviously, it will take a strong back — or backing — to survive a lengthy period of depressed freight rates.

While most lines enjoyed fair profits in 1984, they have so far not been able to sustain those good results in 1985. Furthermore, a number of the major lines ran up severe losses in the years prior to 1984, leaving them short of reserves, some even with nearly depleted equity capital. Certain lines were rescued merely through solid government-backed capital infusion.

Another question will also come up in such a context: How much blood-letting will be acceptable to the parties involved in defence of old berth privileges and in the hope of future success?

Of course, none of them will openly admit to more than a warning of tough times ahead. And they are fairly unison in expressing the hope of return to fair trading and strengthened conferences in due time.

Let us then take a rather summary view of the major lines who are destined to be trend-setters.

First, the globe-circlers:

US Lines

enjoyed good results in 1984, but 1985 has already brought out the red figures. US imports, which ran hot and heavy in 1984, are drastically down in volume so far in 1985, importers having decided to run down inventories. The South American sector has also been rather poor for some time with the economies of Brazil and Argentina in disarray.

Most of the company's new giant ships are now trading, the last ones will be entering service during the balance of 1985.

US Lines will not be in a position to scale down the size of operations, and will therefore seek to fill their ships even at reduced rates. Strong efforts are being made in the

Transpacific trades to hold the lines together in some kind of a conference structure. Chances of success are small.

Availability of flag preference cargoes will, however, keep US Lines afloat while other lines will have to throw in the towel.

Evergreen

is already in full weekly operation in both directions. Their feeder and regional services are also fully operative. Typical of Evergreen is an amazing ability to make quick adjustments in ports of call, rotation, and other service adjustments. Also, their base of service contracts appears to be substantial, and may help Evergreen through the storm. With low capital costs per container slot, also low overhead and ship operating costs, they will stay in the black longer than most lines. The matter of financial reserves and banker backing is unbeknown to us, but we should be much surprised if those elements are not properly guarded.

Orient Overseas Container Line

in cooperation with NEPTUNE OVERSEAS LINE and one/two major Japanese lines will be in much the same situation as Evergreen, but may lack the quick mobility and low overhead advantages. Their cash flow situation is strained and a financial restructuring seems certain.

Zim Israel Line

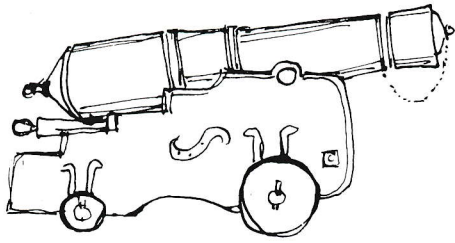
has for some time been teetering on the brink of bankruptcy, but has now reportedly been able to stem the tide. Zim now both need and hope for stable trading conditions to make possible a recovery. Such a valiant revamping and streamlining of operations deserves a better fate than a world wide liner crisis.

Barber Blue Sea Line

has now shed some more light on the new trade sectors which have become a result of their reshuffling of services and integration of the SCANCARRIER operations. The six supercarriers proceeding from US East Coast to Northern Europe at twenty-day intervals will take over the traffic of Open Bulk Carriers, a 50/50 joint venture between Wilh. Wilhelmsen and Upper Lake Shipping of Toronto. Linking South Atlantic and Eastern Canadian ports with Northern Europe in the transport mainly of forest products, this must be viewed as a 'soft' approach to the highly volatile transatlantic market.

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management will not be shut out



Erik Holter-Sørensen, Chief Executive Officer of IVARAN LINES spends part of his time in New York, even more so after the establishment of their own general agency there.

He made it a special point to be there when their newest liner ship SAN MARTIN I was presented to the trade and the port of New York mid September. In that connection Journal of Commerce sought an interview which we shall quote in extenso. Mike Magner wrote it.

Ivaran Braces for Adverse Times

New York. Ivaran took delivery of a new ship Monday with all of the ceremony befitting a maiden voyage.

Water displays and tugboat greetings marked the New York arrival of the San Martin, a West German-built vessel with a capacity of 1,190 20-foot containers.

After the noise and celebration, however, Ivaran must return to real life. And like most shipping companies in today's market, the Oslo-based carrier is confronting a number of serious problems.

"We see a lot more competition in the trade and much more difficulty ahead," Erik Holter-Sorensen, president of A/S Ivarans Rederi, the parent company of Ivaran Lines, said in an interview in New York. The Latin American trades are overtonnaged, cargo volume is down and Ivaran remains the only unsubsidized line on the trade.

In spite of the glum outlook, however, Mr. Holter-Sorensen said Ivaran is in a strong position to face adversity. It has a modern fleet, a lean and efficient operation and a lot of experience.

Through Ivaran Lines, Ivarans Rederi operates a bimonthly service between U.S. East and Gulf Coast ports and the Caribbean, Brazil, Argentina and Uruguay with a fleet of seven vessels. It also operates 10 oil-support vessels in the North Sea and a gas carrier in Norway.

In 1984, it had revenues of \$65



Erik Holter-Sørensen (right) gets an important point over to an attentive audience.

million. It broke even after paying interest, expenses and a small dividend to its few public shareholders, according to Mr. Holter-Sorensen.

Things in the Latin American trades look bad now, the company president said, and are likely to get worse. But the line has been in the Latin America trade for 60 years and is accustomed to the ups and downs of the market.

"We're sitting on a carousel," he said. "The cycle goes round and round. We see the same problems return about every 10 years."

In the 1930s, he said, the routes faced greater overtonnaging than today. During World War II, Ivaran had terrible problems trying to maintain a service under German occupation. In the post-war period, overtonnaging returned in force.

This is not to belittle present difficulties, however. Both major countries on the trade lane, Argentina and Brazil, are now staggering under huge debts, and trade has dropped substantially since 1980—81.

Both countries are also trying to halt imports, which has reduced southbound

traffic. Northbound traffic has increased somewhat, Mr. Holter-Sorensen said, but now Brazilian exports appear to be slackening again.

"It's a pretty depressed trade lane," Stig Foss, vice president of Ivaran Lines, said. "It's smaller than a lot of people think it is."

The trade is even smaller than Ivaran thought it would be, which explains the delivery of the San Martin amidst widespread overtonnaging. The ship order was placed in early 1984 when the outlook was brighter.

"It looked like Brazil would continue to improve its exports," Mr. Holter-Sorensen said.

The company will employ the ship on its East Coast to Latin America route and wait for trade to pick up, which the company admits could take years. In the meantime, the extra capacity should ease repositioning problems, Mr. Holter-Sorensen said.

Another vessel ordered by Ivaran at the same time will be time-chartered after delivery in December. The Santa Catarina, with a 1,631 20-foot equivalent unit capacity, was an extremely

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The trend towards an easing up of old, rigid flag restrictions is not yet very strong, but we have noticed a few cases of late which may point in that direction.

This time we have chosen a somewhat unusual angle in our approach to the subject. Your editor recently spent a month in Iceland. On his return he duly submitted his reports to SHIP-PING NEWS International for his monthly contribution to the October issue. Since few of the ON LINE readers also read SHIPPING NEWS, we shall run the reports here as well.

Garthering news in Iceland

My life as a shippingman has led me to many strange and interesting places. In retirement — albeit early — I thought I should henceforward mentally feed on old memories and nostalgic chats with other 'have-beens'. Not so.

This summer I went to Iceland in pursuit of early settlements and saga-settings. Half in jest I told my Editor-in-Chief friend that may be I could also dig out some good chunks of shipping news while I was there. Anyway, I fully intended to visit with the fine group of shipping people in Reykjavik to learn about their views on current shipping problems. But before business the pleasure of prospecting for historical nuggets.

After having been beating about the countryside for a long and bumpy week, we opted one evening for a tenting night way out northwest where Iceland juts its head into the Arctic. If a hotel had been located nearby, we would surely have chickened out of camping. Yet, the scenery was breathtaking and the sun still shining as we settled for Keldudalur in Dyrafjord. A quick bite of bacon and eggs, our camp standby, led into a couple of even quicker shots of Scotch.

The valley before us was no longer inhabited on a year round basis. Old houses kept falling apart where in earlier times a number of families had eked out a living from the sea and from grazing sheep.

Then, along the road-track at a slow crawl came a modern four-wheel drive

Toyota, driven by an Icelander. He viewed the new element in the landscape, our camp, halted his car and said something like hello. Soon he had joined the party. It turned out that he and his family had a summer house near by. His wife hailed from the area. They had just come north from Reykjavik for a few days of recreation.

Our local source filled us in on the recent past of the valley and dipped further into the past to the Saga of Gisli Sursson who had lived in the neighbouring valley before he had become an outlaw more than a millennium ago.

Somewhere along the line of our rambling sort of conversation we also touched on shipping matters and my specific interest in how the current hassle between Iceland and USA on military transports was developing. Our thoughts and views on the subject of shipping policy are never easily contained.

In those barren surroundings we were then in detail told that the dispute had already to all intents and purposes been resolved. Thus, from 1986 onwards the lowest bidder will become the chosen carrier, irrespective of flag involved.

We were all ears. What would the consequences be, for Icelanders, for others who for decades have knocked their heads against a stone wall of flag protection? And, was the story correct? How did he know something which newspapers had not yet caught the wind of? — He told us, but we have, as diligent newsmen, to protect our sources.

As the night ground on, sleep came hard, very hard. It was not only because of the ground, uneven and much too close to our backs. Thoughts kept spinning. We were twisting and turning. Even if it was only in the middle of August, it got downright cold. In the morning the tent was frozen stiff, and a pail of water standing next to it had developed a heavy crust of ice.

Hot news and cold climate, Iceland has got it all.

As we pulled into Reykjavik some ten days later, we tested the shipping people on the news we had gathered in

the northwest. They all brushed it aside, indicating that we had been fed a fancy yarn of local wool.

Not until the September issue of News from Iceland hit the stands did the confirmation come that our story had in fact been most accurate.

Where there is a will, there is a way

Way back in 1904 USA decided to grant priority to American shipping lines in connection with the servicing of US military bases overseas. During the ensuing decades operating costs for ships flying the American flag have been soaring. As a consequence, this priority has cost USA dearly.

Efforts on the part of non-American transporters to participate in the movement of US military equipment have seldom led to success, even if freight rates offered have been highly attractive. One exception: Supplies to the American base at Keflavik, Iceland, have been carried by Icelandic ships. For a long while no US flag lines found it worth their while to make regular, frequent stops there. After all, there are but some 250 000 inhabitants of Iceland, and the overall cargo flow is rather modest. Since World War I Icelandic ships have covered the home berth, using small ships and offering good service with adequate sailing frequency.

Then, suddenly, a couple of years ago a group of Americans deemed it of interest to start serving the trade. Being bearers of the right flag, they claimed the right to carry all US military supplies for Iceland. Under the name of Rainbow Navigation they chartered in a US flag ship. RAINBOW HOPE, at low cost, proceeded to corner the flag restricted cargo. For the year of 1984 that equalled about US dollars 7 million in freight money, an important segment for any line, and vital to the Icelandic lines. The loss of the military cargo plunged them all into the red.

To make matters even worse from the Icelanders' point of view, Rainbow has recently resorted to dumping practices when it comes to outbound com-



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mercial cargo from Iceland. At the time when they started up their service, Rainbow solemnly declared that they would not interfere with the flow of regular commercial cargo. Lately, they have succumbed to temptation, cutting rates badly in a bid for such cargoes.

Needless to say, the politicians got into the act quickly. US/Icelandic relations have in the past been generally good — even if at times somewhat complicated, which is to be expected where one party is big and powerful and the other is tiny and opposed to being bullied. But difficulties have always been cordially solved. The Keflavik base is obviously important to USA. For the Icelanders USA is a most important market, and US protection under the NATO pact is vital. Furthermore, the current Icelandic government, more US-friendly than the average, enjoys a particularly friendly ear in Washington, DC.

When Rainbow Navigation started to throw its weight around, waving the flag, politicians in USA must have been wincing. Serious talks between Foreign Ministers Shultz and Hallgrímsson took place. Experts went into action. The Will to work out a solution was obviously there, wise men pondered their law books, and, lo and behold, found the Way. Unheeded for more than eighty years an obscure special clause had existed, a clause that probably had been worked into the law by diligent and frugal politicians of the old, turn of the century school. That clause is reported simply to state that in the event that the freight rates charged by the preferred American carrier are to be considered excessive, the priority may be set aside.

Now, the wise men of AD 1985 have concluded that the freight rates charged by Rainbow Navigation are just that — excessive. Therefore, the job to carry the military cargo for Keflavik will become subject to commercial bidding. Lowest bidder will be awarded the contract, irrespective of flag. The Icelandic lines, EIMSKIP, SAMBAND and HAFSKIP, are preparing their bids. On the basis of their normal and regular cargo base, they figure that they, one or more, will be low

bidders. Theoretically, Rainbow may turn out to be low bidder, but the chances for that seem remote.

Rainbow Navigation's move into what constitutes a rate war for cargo out of Iceland may indicate that the group has not hit the expected 'Pot-of-Gold' at Keflavik. If that should prove to be correct, not even what is termed as excessive rates suffice to keep Rainbow operations viable.

We, on our part, do hope that the Icelandic lines will from now on be able to compete freely for the Keflavik cargo — for their own good as well as for the American military budget.

Henceforth it may appear that the quest for US military cargoes even for other destinations than Iceland may deal more with what is to be considered excessive freight rates than over the flag alone.

Thus, the Keflavik case may turn out to become significant on a world wide basis.

American shippers rebel against maritime agreement with Brazil

An article on this subject which appeared in New York's Journal of Commerce on August 9th, 1985, has since that time reappeared in several other newspapers. We have selected a free translation of the version which appeared in Brazil's O GLOBO on August 15th

U.S.A. may suspend the maritime agreement with Brazil

Brazil may prepare itself for new commercial difficulties with the U.S.A. This time it is not about export of products but how they are transported. A group of exporters is trying to block the renewal of the maritime freight agreement between the two countries, which is considered unfair to North America.

The agreement, which expires at the end of the year, is considered unacceptable according to an article in JOURNAL OF COMMERCE, the

most influential newspaper on shipping matters. And since State Department is in principle opposed to this kind of bilateral agreements — the only exceptions being the ones with Brazil and Argentina — the industrial sectors are considered to stand a good chance at least to have the terms altered.

The agreement has been in force for 15 years and reserves the major part of the cargo flow between the countries involved in favor of own flags. But the group 'Shippers for Competitive Ocean Transportation' (SCOT) argues that the situation of bilateral commerce has changed completely. Between 1980 and 1984 American exports to Brazil have dropped 39% while Brazilian sales to USA increased 107%.

To make matters even worse, Brazil levels a surcharge of fifty per cent on all cargo except for petroleum which enter the country (on top of ordinary freight money). Such a surcharge is not levelled against cargo leaving the country. Brazil's decree 666 requires that all government controlled cargo be transported in Brazilian ships, of which up to fifty per cent may be made available for authorized US flag ships. SCOT estimates that 80 per cent of all North to South bound cargo fall into the category Government controlled cargo. The decree denies access to such cargoes for third flag ships, but exceptions may be made for cargoes destined to U.S.A.

As a result, the lack of choice for southbound cargo has cost American exporters millions of dollars in freight money alone. They say that it is sometimes cheaper to export to Brazil via Europe. George Miller, President of SCOT states that this is a totally monopolistic situation as competition simply does not exist. On the other hand, the Brazilian exporters, who have the choice of third flag carriers, may be able to offer lower prices and gain advantages when competing in the American markets.

It should be noted that the American shipping companies, which are guaranteed half of the government controlled cargoes, favor the extension of the bilateral agreement.

While stating that a fair and just

agreement with Brazil is not to ask for too much, JOURNAL OF COMMERCE however recognizes the pressure of Brazil's foreign debt, but also points out that the agreement is most damaging to the American exporter. 'If the Brazilians refuse to negotiate' the newspaper states, 'commercial sanctions are a possibility and will result in lack of sales for a certain period. But the SCOT officials feel inclined to pay such a price.'

Last June Brazilians and Americans held a meeting in Rio with the aim to renew the agreement, when the first problems turned up. Brazil wished to continue the cargo reservation system, and Brazil's shipowners had the support of their own exporters and government. But in the American camp the position is different. U.S. shipowners accept the cargo reservation system and the resulting freight rates, but the exporters protest, alleging that, for other parts of the world they enjoy much lower freight rates.

Another meeting will be held in New York in September to study the possible renewal of the agreement in question.

At press time we are still without news on what happened in that New York meeting, but we shall report on developments in due time.

In the meantime exporters in Brazil who are also importers are finally starting to wake up to the injustice of rigid regulation. Lloyd's List of October 17th reports from the current SEATRADER Conference — EXPOSHIP RIOMAR 85 — on a plea by a leader of a major industrial manufacturer in Brazil. That plea is both timely and highly relevant. It seems that in the past Brazilian firms were more concerned with obtaining governmental favours, and consequently feared to express views even slightly contrary to those of the government. Do we finally see the beginning of a new trend?

Fiat plea on Brazil shipping policies

A plea for the removal of shipping restrictions which hamper Brazil's trade in manufactured goods was made

at the Seatrade Conference by Mr. Silvano Valentino, superintendent-director of Fiat Automoveis.

As the nation's largest exporter of manufactured goods, Mr. Valentino stressed the importance of efficient and cost-effective ocean shipping to his company.

Although Fiat Automoveis' transportation costs as a part of the whole had been cut significantly by — for example — increased use of roll-on, roll-off vessels, the company continued to seek further savings.

With this in mind, Mr. Valentino said: "We fail to understand, for instance, why we cannot — in the system we adopt — as a result of government restrictions utilise our chartered Brazilian vessels, generally returning to Brazil in ballast, for the transportation of our own imports.

"By so doing we would not only achieve savings in freight on imports but would also benefit Brazil itself, from the government point of view, inasmuch as the freight would remain here, and there would be no remittance of foreign exchange in payment."

Mr. Valentino noted that any vessel flying a foreign flag was able to load exports from Brazil, whereas this was not applicable even to Brazilian flag vessels themselves which are limited by their areas of operation and types of cargo handled.

He said an appeal had already been lodged about this problem by the association of Brazilian Exporters with the Minister of Transport.

Mr. Valentino is hopeful that the solution will be provided. "Hence I feel the factor of transportation ought in all cases to be viewed with the utmost mutual co-ordination on the part of all sectors involved, government, ship operators and exporters alike. It behoves us that the national merchant marine policy be adapted to the attaining of the best conditions in the selection of alternatives in both operational and commercial terms, so as to make Brazilian sales abroad feasible, as diversified as possible, and increasingly substantial.

"What I am saying therefore is that the laws of the market place be made

applicable in the field of transportation as well."

After years of pioneering activity Fiat Automoveis had attained a higher operational logistic performance in terms of international levels by using ro-ro vessels. Mr. Valentino said the goal now was to reduce — also to international levels — the rate of damage to vehicles in stowage.

"Our sales to the emerging countries — our future major markets — are constantly jeopardised by the lack of availability of freighters, leading us to resort to Brazilian/Mediterranean port shipment for subsequent transshipment to the ultimate destinations."

U.S. Maritime policy — a study in contradiction

My remarks are intended to apply only to the liner segment of the merchant marine. That is the only business our company is in. The liner fleet, of course, makes up the overwhelming majority of the U.S. Merchant Marine engaged in foreign commerce, and employs the lion's share of the United States merchant seamen in those trades.

As the world's strongest commercial nation and its most powerful force for improved trade and good will among nations, we need a merchant fleet that can carry our goods to the shores of other nations and, in that process, contribute to a number of important national interests.

It seems clear to me that if the United States is to have a strong liner industry, one that is competitive among the fleets of the world, and one that can carry its fair share of American trade while turning a profit, we need to completely revamp the government-sponsored promotional policies currently impacting the liner industry.

The present subsidized system simply is not working. In fact, there is every reason to believe that operating differential subsidy actually is weakening the American-flag liner industry by distorting the marketplace in which it operates.

Subsidy has not increased the



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number of efficient and profitable liner companies. To the contrary, over the last five years, the United States liner shipping industry has seen the number of its major carriers reduced by half, with a resulting loss in shipboard employment of nearly 8,000 jobs. There is at least some evidence here that subsidy and efficient competitive operation do not go hand-in-hand.

This becomes clear when we examine the financial results of the United States-flag liner companies, before adding government operating subsidy to their revenues.

Looked at this way, we find only one United States-flag liner carrier that has earned a profit every year since the advent of containerization. As you know, that Company has never taken one cent of operating differential subsidy. Instead, it has concentrated *in trades that offer an adequate supply of cargo*, and has invested to the fullest in the parallel land-based infrastructures required to offer the best available service to the shipping customer.

Therefore, it will not surprise you to hear me say that subsidy is not only not required to be successful in our business, but in some very real ways, it is counterproductive.

I think that part of the problem lies in a misconception that many people have about our industry. Even those of us in the transportation business tend to think of liner companies as shipping companies. In fact, we are service companies.

Serving the needs of our customers is the business we are in. That service is measured by the speed and reliability with which we gather freight at an inland origin point in one country, and lay it down at an inland destination in another country, thousands of miles away.

The customer really does not care whether we use a ship, a truck, a railroad or, as is more probable in our industry today, a combination of all three of these transportation modes. As Walter Wriston once reminded me . . . "The ship is incidental to the freight."

In the real world of today's service competition, ships alone are not what

differentiate the competing carriers. The world's premier carriers all have modern, low-cost diesel-powered ships, reasonably well matched in size and speed to the trades in which they operate. What differentiates one carrier's service from another's is the ability to manage effectively a system of many elements, including ships, terminal facilities, intermodal operations, containers and other equipment, information systems and human resources.

It is this overall approach to the business, in which ships are fully integrated into the distribution network, that guarantees the shipping customer faster and more reliable service. And it is this faster and more reliable service that allows the successful carrier to attract the higher rated freight.

As you know, the high priced freight usually brings at least twice the revenue of the lower rated commodities. It only stands to reason that those who develop the fully integrated transportation networks necessary to attract this sector of the market will be more profitable, and will be in a position to reinvest in their businesses.

Here it is worth remembering that, for the efficient company, vessel operating costs (including depreciation) represent only 25 percent of the total cost of the service provided. Therefore, to be cost competitive — an absolute requirement in our business — it is three times as important to be the low-cost operator on land as it is on the water. Hence the importance of investing in dedicated terminal and intermodal facilities, and all of the system enhancements required to make these more productive and more responsive to customer needs.

My conclusion here is that the present subsidy system, with its emphasis on vessels, focuses the taxpayers' money on just one part of the entire system required to be successful. Put another way, absent a demonstration by a carrier that it possesses the full spectrum of competitive armor required to be successful in today's highly competitive world marketplace. Government investment in that carrier's business — which is what a subsidy really is — may prove only to be waste-

ful at the end of the day.

Furthermore, where subsidy serves to attract or maintain competitively weak or inefficient operators, it undercuts the entire United States maritime effort.

The statutory foundation of present maritime promotional policy is embedded in the Merchant Marine Act of 1936. Under the Act, Congress determined that operating differential subsidy would be provided to carriers who agreed to undertake three obligations deemed to be in the national interest. In return of the subsidy they received, companies were required to:

Build their vessels in domestic shipyards:

Fly the United States flag exclusively, thereby providing livelihood for American merchant mariners; and

Ply trade routes determined to be essential to the trade and strategic interests of the nation.

Both those who enacted the law and the recipients of the subsidy understood that these obligations were reciprocal. It also was understood that those carriers who chose not to receive subsidy were not limited by government restrictions and were free to build, sail and flag at will.

It was further understood that the Maritime Administration, as arbiter of the subsidy system, was obliged to fairly observe the interests of the non-subsidized operators, while providing subsidy support to its clients.

In 1970, when undertaking a major revision of the Merchant Marine Act of 1936, both the House and Senate declared one of the prime objectives to be ". . . lessening dependence on operating differential subsidy for liner vessels."

Since 1981 the Administration's policy, repeatedly expressed to the public and to the Congress by the Secretary of Transportation and by the Maritime Administrator, has also been to reduce carrier reliance upon operating differential subsidy and to induce liner carriers to operate without it.

This week the Secretary wrote "The Reagan Administration is committed to providing a framework and stimulus for competitiveness . . . We have

sought to rely to the greatest extent possible on free market forces to ensure that the industry's gains are sustained over the long term."

Last month, the Maritime Administrator was quite specific in his criticism of subsidy programs. He said, "The operating differential subsidy and construction differential subsidy programs are disasters that encourage complacency, high cost and inefficiencies in the United States fleet..."

In light of this stated policy, decisions and actions taken by the Maritime Administration over the last couple of years are difficult if not impossible to understand. Total ODS outlays have continued to flow in about the same amount each year, although the number of U.S. flag liner companies and ships has dwindled.

Using 1970 as a reference point, both the number of companies and ships have declined by more than half. But the ODS liner outlay of \$322 million in 1984 was some 160 percent higher, in current dollars, than it was in 1970, despite the decline in vessels and companies. In fact, the average annual amount of ODS per liner vessel has risen from \$656,000 to about \$3.5 million over the same time span.

And while the subsidies continue, the Maritime Administration, both rulemaking and individual decision, is systematically dismantling the 1936 Act.

Waivers for selected subsidized carriers have been readily forthcoming, for foreign flag affiliation; foreign vessel construction, acquisition or conversion; and nonperformance of minimum sailing requirements on contractual trade routes. In this process, the interests of all of the other elements of the maritime community have been virtually ignored.

Under the guise of deregulation, the Maritime Administration would eliminate essential trade route requirements, and apparently intends to permit subsidized carriers unlimited use of foreign-flag feeder ships using foreign crews. All of these actions are being undertaken against the backdrop of the Maritime Administration's stout-hearted defense of continued payment of operating differential subsidy to the

chosen carriers. In the face of the stated goal of both the Congress and the Administration to reduce or eliminate dependence on subsidy, this posture is bizarre.

One would think, at the very least, that the Maritime Administration would negotiate a proportionate reduction in subsidy in return for granting relief from contractual and statutory obligations.

Despite the stated policy to reduce or eliminate dependence on subsidy, the Maritime Administration since 1982 has persistently advocated new legislation to permit its subsidized liner carriers to build vessels in foreign shipyards, and keep their operating differential subsidy.

Most of these foreign buildings would be accomplished in Japanese shipyards. For one agency of our Governments to advocate incentives to support a competing Japanese industry, while the Administration at large complains of the growing trade deficit with that same country, is the ultimate in incongruity.

I also note with great interest that the Maritime Administration asserts that it has the power to sweep aside by administrative fiat the essential trade route system which has been in effect for 50 years. By contrast, it says it needs fresh legislation in order to comply with the reasonable request of its own Administration that the Government should only have to subsidize its own cargo once — this despite the clear delegation of authority over the subsidy computation to the Maritime Administration in the 1936 and succeeding Acts.

Let me now cite just two examples of the distortive effect of subsidy in the marketplace.

A little more than two years from now, the largest single United States foreign commerce trade lane will have four American-flag liner carriers in competition with more than 30 foreign-flag carriers, and with each other. By that time, three of the American carriers will be completely non-subsidized in that trade, but it is presently contemplated that the fourth will be one hundred percent subsidized. All

four United States-flag carriers will have efficient diesel-powered vessels deployed, with world competitive crew sizes. Recent actions taken by the Maritime Administration suggest that it would permit the one subsidized carrier to further increase its subsidy.

The current subsidy paid in this trade amounts to about \$200 per containerload. The all-in profit margin to the non-subsidized carrier is considerably less than \$200 per container. So the competitive pricing advantage bestowed by the subsidy is apparent. *It is reasonable to expect that privately financed companies will continue to invest in this trade?*

American-flag liner companies have become accustomed to competing with foreign governments who subsidize their own fleets for economic advantage. That competition is in itself unfair, but it has proven to be manageable through increased efficiency and by offering better service to the customer.

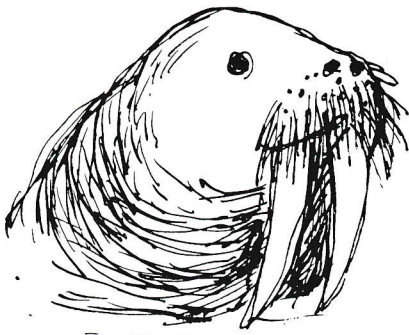
But if the privately financed unsubsidized United States-flag companies are now to be asked to compete in a deregulated trade against the very government to which they render their taxes, the unfairness is manifest.

I am reminded here of the economic principle attributed to the 16th century English financier Sir Thomas Gresham, who said that . . . "Bad money drives out the good." The modern day corollary might well be . . . "Public money drives out private money."

In another significant United States foreign commerce trade lane, the market is divided by means of a bilateral agreement that splits the trade between the carriers of the other country and the United States. At this time, only one United States-flag carrier is involved and is, therefore, assured of about half of the cargo — an enviable position. Nevertheless, the carrier continues to receive operating differential subsidy for all of its United States-flag sailings in the trade lane.

This reminds me of another economic law, one that is attributed to the 20th century American financier, Willie Sutton. When asked why he robbed banks, his laconic answer was, "Because that's where the money is."

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of SHOES and SHIPS

So far Brazil has been our leading provider of material for our young magazine. We challenge agents and friends in the other countries along the line to match in particular agent TRANSCAR in Brazil.

In the meantime we are happily quoting from the monthly TRANSCAR newsletters — starting out with news on shoes, of course.

Reagan's not to put restrictions on shoe imports from Brazil

After weeks of worrying, Brazilian shoe manufacturers were relieved and pleased that President Reagan rejected the recommendation of the U.S. International Trade Commission to reduce the foreign share of the U.S. footwear market from 76% to 60% by imposing import quotas or special tariffs. Brazil earned Us\$ 853 million on shoe exports to the United States in 1984 and should do equally well in 1985. President Reagan's support of the principles of free and open trade was well received here by industrial leaders and Government officials alike.

On the other hand "the shoe is on the other foot" when it comes to allowing U.S. and other foreign computer makers to enter the Brazilian market. Here the Brazilian Government has officially embarked on a market reserve policy in order to protect the local computer industry against foreign competition. Free trade is a two way street and nobody can expect in the long run that the Americans should allow Brazilian products to compete freely with their local industries if the Brazilian Government at the same time try to close the door for imports of U.S. electronic technology. Hopefully a reasonable compromise will be found through negotiations.

Cacex export figures January/July 1985

From the official statistics we have picked up from Cacex it is interesting to see that despite the positive trade balance of Us\$ 5,507 billion for the above period, the export is down on 1984. The total exports for January/

July 1985 amounted to Us\$ 11,618 billion and imports to Us\$ 6,111 billion which compared to same period last year shows a reduction of 7,34% (0,921 billion) for exports and 6,86% (Us\$ 0,451 billion) for imports. For the first six months of 1985 the United States of America still occupy the first place as the largest buyers (or Us\$ 0,353 billion) down in relation to 1984. In second place comes Japan with 5,62% or Us\$ 0,653 billion (also down 15,30% on 1984), West Germany 5,28% or Us\$ 0,614 billion and Benelux 5,07% or Us\$ 0,589 billion. Nigeria is one of the pleasant surprises this year having taken a share of Brazilian exports of 4,45%, worth Us\$ 0,517 billion, up 106,5% from the same period last year. Our Statistical Department at São Paulo is at your disposal with more details upon request.

The twelve largest exporters

The ranking for the first six months of 1985 with the respective market share: 1. Petrobras (6,97%), 2. Cia. Vale do Rio Doce (3,36%), 3. Interbras (2,63%), 4. Fiat Automoveis S/A (1,63%), 5. I.A.A. (1,56%), 6. Cia. Siderurgica de Tubarão (1,23%), 7. Citrosuco Paulista S/A (1,15%), 8. Ceval Agro-Industrial S/A (1,10%), 9. Inter-Continental de Café S/A (1,10%), 10. Sucocitricio Cutrale S/A (1,03%), 11. Tristão Companhia de Comercio Exterior (0,99%) and 12. Volkswagen do Brasil S/A (0,97%).

Brazil will reduce export of Mahogany by 30% this year

Due to low prices abroad for mahogany and the increasing distance (and cost of rail transportation) between the area

in the hinterland where the mahogany trees are being felled and the wood sawn and bundled and the ports of shipment on the coast the exportation of this lumber in 1985 is expected to fall by 30% to only 210.000 cubic metres which is worth about Us\$ 70 million. Specially Germany, France and Belgium have cut back on their imports of mahogany due to high prices caused by the strong Dollar (Brazilian exports are quoted in U.S. currency) compared to European currencies. Brazil is competing with Bolivia, Peru, Africa and Honduras in its exports of mahogany to the United Kingdom, the Continent, the United States and to certain Caribbean islands.

"All quiet on the western front"

The title of the World-famous book describes also fairly accurately the lack of news and action of the Ministry of Transport five months into the "New Republic." The problem of the 30 unpaid bulk-carriers (eight of Frota Oceanica, eight of CBTG, five of Alianca, four of Lloyd Brasileiro, four of Netumar and one of Mercantil), running up a total debt of Us\$ 353 million with Sunamam is still by and large unsolved; the fight between the private Brazilian Owners and Docenave for the sharing of inbound flag bound cargoes of coal, wheat and fertilizers is still going on (with Docenave continuing to carry the cargoes and the private Owners still complaining); the continuous pressure of national Ro-Ro operators like Comodal, Kommar and Transroll for a slice of the Conference cargoes to the Mediterranean and/or to the United States, in addition to the vehicles, and last but not least the crisis in the shipbuilding industry which seems to go on with little chance of any solution. Without money to invest and showing little interest in the shipping industry as a whole, which has anyhow caused only trouble lately, the Minister of Transport, Affonso Camargo, is occupied with other things.

and SEALING WAX...

New oil-field

Petrobras announced the discovery of a gigantic new oil-field at the Campos basin which according to the latest forecast might reach over 14,000 barrels per day. Daily production of oil hit an average of 521,900 barrels-a-day during the 12 month's period ending June 30th, 1985. Petrobras advise that their technicians expect that domestic oil production will reach 570,000 barrels-a-day by December, 1985. Brazil consumes approximately 950,000 barrels-a-day at the moment so now more than 50% is already covered by domestic production, compared to only 10—15% some ten years ago.

Trade surplus

It is now expected that Brazil's trade surplus for 1985 will reach Us\$ 12 billion against a previous forecast of only Us\$ 11,6 billion (in 1984 Brazil's surplus was Us\$ 13,1 billion). However, this positive result has mainly been achieved by keeping imports down, well assisted by the declining prices of the petroleum products, whereas exports this year have been rather disappointing. Some figures recently released by Cacex illustrate quite well this decline in export earnings for some of our main commodities:
(All figures in millions Us\$)

	1984	(estimated) 1985
Coffee	2,850	2,335
Soya	2,569	2,129
Orange Juice	1,425	1,360
Cocoa	658	506
Sugar	597	533

The Sunamam scandal

Last week the special committee which investigated the irregularities in Sunamam with regard to the financing of newbuildings concluded its work and submitted its conclusions to the Minister of Transport, Affonso Camargo, in form of 40 volumes with more than eight thousand pages. As expected only four small "fishes" and a slightly larger one, Captain Luiz Rodolpho de Castro,

the former Finace Director of Sunamam, was "caught" by the committee. Only these five Sunamam employees will be subject to administrative punishment. However, nobody seems to answer the question how a succession of Superintendents of Sunamam could have failed to see that Sunamam was being "milked" for hundred of millions of Dollars. No wonder that Sunamam today is only a shadow of its former self.

Brazil to establish commercial and diplomatic links with Cuba

Funny enough but Brazil has always found it easy to trade with the Soviet Union, China or the Eastern block in general. But commercial and diplomatic relations with Cuba, which were cut off shortly after the 1964 revolution have still to be re-established. However, according to the latest indications from Itamaraty (the Brazilian foreign office) these problems may be resolved by the beginning of 1986. The more cynical of the observers claim that the Government of José Sarney will prefer first to settle their problems with the IMF (the International Monetary Fund) before displeasing the Americans by re-establishing diplomatic relations with Cuba.

Inflation figures

June showed 7,8% inflation and July jumped to 8,9%, the highest monthly figure since March. The accumulated figure for 12 months ending July 31st showed 217,3% which is far still too high for this country.

Record breaking inflation in August

14% was the official inflation rate last month. This was simply the worst monthly figure in the history of Brazil.

It constitutes a serious blow to the policy of President Sarney to bring the inflation which has been described as the nation's public enemy number one, under control. Furthermore it pushes the yearly rate of inflation to 227% and makes a mockery of repeated promises to bring the inflation rate for 1985 well under 200% per annum. The newly appointed Minister of Finance, Dilson Funaro, claimed that the August figure was quite exceptional due to sudden loosening of controls (which has kept the inflation rate low in the preceding months) and will not set a trend for the balance of the year.

Sharp increase in trade with China

As any broker can tell you the volume of business with the Peoples Republic of China is growing fast. Cargoes of steel products, palletized resins, tobacco, cocoa beans, trucks, automobiles and paper are appearing on the market in full or part ships' loads. Checking with Cacex we found that for the period January/April 1985 the Brazilian exports to China had increased by 184% (now worth Us\$ 212.5 million) compared to the same period last year. China's export to Brazil, mainly consisting of oil, also rose by 71% to Us\$ 158 million.

Brazil's finance minister and the head of Central Bank resign

When drafting this newsletter we were surprised by the sudden resignation yesterday of Finance Minister, Francisco Dornelles, the President of the Central Bank (Banco Central) Carlos Lemgruber and a number of other highly placed economical officials including the head of Cacex, Marcos Vianna. As it is well known, Francisco Dornelles was the personal choice of the President-elect Tancredo Neves, who died last April, with whom he had close family and political ties. When José Sarney took over as President of the Republic he maintained Francisco

SPILL-OVER

Dornelles and other Ministers in their original positions. However gradually the President and Dornelles seemed to drift apart with the former leaning towards the policies of the Minister of Planning, João Sayad, who favoured increased social spending and a harder line on talks with IMF. Apparently these differences reached the point of "no return" when president Sarney last week fired the General Secretary of the Ministry of Finance, Sebastião Vital, for criticizing the Government's economic policy during a private meeting with bankers in Brasília, whilst Francisco Dornelles was away to meet European bankers in Paris. President Sarney has promptly accepted the resignation of Francisco Dornelles and appointed in his place the former President of the National Economic Development Bank (BNDES) Dilson Funaro. The consequence of all this could be more difficulties with IMF and foreign bankers in re-negotiating the overseas debt and new credit lines.

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BBS partners are most cautious not to bring that market into a turmoil. With Swedish Transatlantic a partner both in BBS and ACL (Atlantic Container Line), it will take some real fancy footwork to preserve the peace and avoid a conflict of interest situation. But there can be no doubt that, one way or the other, BBS will be obliged to find a commercially viable solution for this eastbound transatlantic leg.

The other 'empty leg', from Australia to Singapore, will at the outset be used to carry empty containers out of Australia into Far Eastern markets. Obviously, the ferrying of empties does not yield sufficient revenue, but may be another soft approach. As a speculation, in return for SCANCARRIER northbound traffic to Europe which will have to be space chartered out since the BBS-ships continue round the world, the chosen carrier consortium may be able to assist BBS in gaining traffic rights in the direction of Far Eastern ports. Reciprocity is an old concept.

How will BBS fare in the on-coming storm? Their results were not good in 1983/84. But the restructuring we have been witnessing will go a long way to take the pressure off the most exposed legs of their globe-circling pattern. Besides, the ro/ro feature, which is a BBS specialty, will add strength as well. Wilhelmsen, East Asiatic and Ocean are all financially strong, able to make further service adjustments according to needs. The recent cooperation with Nedlloyd on the US East Coast to the Middle East leg is also significant, an extension of the SCANDUTCH concept.

Maersk Line

is in the same league as the globe-circlers. They have managed to earn a profit while most other lines in the past have operated in the red, and have vast capital resources for operational back up in a bad series of rate wars. We certainly do not expect Maersk to disappear as a major world wide liner operator. They are able to adjust quickly to changing conditions just as Evergreen can. That is a distinct advantage of being without partners in consortia constellations. What they lack in the level of operating costs, they make up for in high technology advantages and the synergy effects of being both big and well structured.

Sea — Land

as well as *AMERICAN PRESIDENT LINE* have both strength and ability to survive the situation, we anticipate. The Japanese lines will also survive, but some far-reaching restructuring seems likely in the process.

Hapag-Lloyd

is not a globe-circler, but their sum total of services nevertheless embraces most of the globe. Having been through transfusions, Hapag-Lloyd finally reported profits for 1984 to the tune of DM 60 mill. Forty of those will go into the reserves. Losses over the previous five years had totalled some DM 400 mill. Chairman Kruse has nothing good

to say about the big globecirclers. But however unpleasant, they are and will most probably remain a fact of life. Limited in their moves by a reduced capital base, Hapag-Lloyd is likely to be forced on the defensive in major trades. The consortia they are part of will probably make further consolidating moves as the storm rages on.

We do not share the views of Kruse that the conferences will emerge from the debacle stronger and more versatile than ever.

What we foresee is a falling by the way-side of weaker liner services in major trades, an increased grouping into fewer consortia of medium strength lines, and, on top, a group of lean, strong individual services which will retain a degree of dominance in rate-making and service coverage. The question of the existence of liner conferences will be decided by the latter category, but that decision will not come till enough lines have opted out or gone bankrupt to enable viable operations for the big lines.

And what will be the impact of this gathering and raging storm on services in minor trades?

The general downward rate pressure will surely affect the rate structure in those trades as well. Already, containers may move from USA to South America via Europe at substantial savings, even compensating for extra time in transit. Rigid and protected agreements will be forced out as counterproductive to overall trade development. Bigger ships will be introduced, the less efficient lines will go bankrupt.

In the wake of the forecasted liner Ragnarok will come a period of relative calm, of 'green pastures' and a fattening up period — to be followed by new struggles, storms and havoc.

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good deal, Mr. Holter-Sorensen said, and the charter fee will cover all costs.

The company has also devoted valuable time and energy to a dispute with the Argentine and Brazilian governments. The two nations tried to limit Ivaran's share of pooled cargo. Ivaran protested to both governments

and got nowhere, he said, before asking the U.S. Federal Maritime Commission to investigate.

In mid-1985 a settlement was reached with both governments. "Argentina promised not to use their laws against us," he said, and Brazil no longer requires lines to be conference and cargo pool members.

Mr. Holter-Sorensen attributed the breakthrough to the influence of the U.S. government and to Argentina's change from military rule to democracy.

In spite of the liberalization, however, Ivaran has chosen to remain in the Brazilian pool. "There's always a danger to getting out of the pool because you don't know when they'll slam it back in," he said. The line's 10 percent share is less than it would like, but Mr. Holter-Sorensen said Ivaran can live with it.

The easing of Brazilian laws has also opened the trades to other lines, he said. Increased competition and lower rates are likely for the future.

But Ivaran is fit to handle the challenges it faces, Mr. Holter-Sorensen said. Decades of wrestling with governments and government-controlled companies has made it lean, mean and crappy.

"We have to fight for everything to survive," he said.

The organization is also very suited to the trade. It is small, well-organized and knowledgeable in Latin America, Mr. Holter-Sorensen said.

Ivaran's efficient fleet also makes it the lowest-cost operator on the trade, he said. The ships are specialized and average less than two years old, and the line is already planning for the next generation of ships.

Finally, shippers have been supportive of Ivaran Line, he said. He explains this with an analogy to politics. "We say, if Russia takes Europe they will always leave Switzerland to see what the prices really are."

Because Ivaran is not subsidized or supported by any government, Mr. Holter-Sorensen said, it must operate under real market conditions. Shippers have a big interest in preserving this barometer of actual rates, he said.

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Now where does all this leave us and *what should be done?*

First, let me make clear that I am not opposed to subsidy in every case, and certainly I am not suggesting that all presently active subsidy contracts should be terminated tomorrow morning. However, for the record, let me state that I am absolutely opposed to extending operating subsidy to modern, efficient tonnage built in foreign shipyards. The record is clear. These vessels can and should operate on their own competitive merit, and should not be allowed to distort the marketplace or to injure private capital with the taxpayers' support.

As a corollary, as the subsidized operators replace their fleets with foreign-built vessels, there should be a corresponding and equitable reduction in their subsidy contracts. Secondly, as the 1936 Act and all subsequent provided for obligations on the part of both the government and the subsidized operators, any relief from the subsidized operators' obligations should be accompanied by a corresponding and equitable reduction in subsidy.

This is entirely consistent with the expressed will of both the Congress and the administration. And it's fair.

And the government should not pay ransom for the deregulation of the liner industry. There is no more reason for the Government to pay an operator for a reduction in its subsidy.

Let me also make it clear that I am not opposed to deregulation as such, so long as it takes place within the framework of a comprehensive and equitable reform of maritime policy. In fact, I am a proponent of deregulation. But as I said earlier, it is destructive to the economic interests of the nation and just plain unfair when subsidy is dispensed arbitrarily. The Government should withdraw its patronage at the same time it withdraws its regulation.

Said another way, a thoughtful policy for the gradual but timely deregulation of the liner shipping industry, accompanied by the freedom to build ships wherever economic choice dictates, should enable the accomplishment

of the objectives of both the Congress and the administration.

Thus, I would call upon the Secretary of Transportation or the Congress to stay the regulatory hand at the Maritime Administration, until such time as a new policy recommendation for equitable deregulation can be brought forward to both the Secretary and the Congress. As always, our company will support such a course, and will contribute in any way that will be helpful.

Having said all of this, I have not yet said enough. Earlier in my remarks, I said that it is service that attracts freight, and it is freight that drives our business. In this context, I find the present debate in Washington over the continuation of the reservation of United States government-impelled preference cargo for United States-flag carriers difficult to understand. If indeed there is a national interest in the promotion of the United States Merchant Marine, and I believe there is, I am of the firm opinion that one effective means to this end is continued assurance of this cargo.

Finally, while the Administration's tax simplification package has not yet reached the hill, what I have heard to date concerns me from the standpoint of maritime interests.

You know better than I that ours is an industry that consumes capital steadily and in large amounts, in order to remain competitive and to grow. Accordingly, any weakening of the investment tax credit presently available, or the provision for accelerated depreciation, inevitably will depress investment in our industry, and further erode the number of seafaring and land-based jobs. Since these tax provisions are applicable to all United States-flag carriers on an equal basis, they neither discriminate nor distort.

We need to remember here that many of the Foreign-flag ships with which the United States Merchant Fleet competes are not taxed at all. Perhaps a wiser policy would be to increase tax incentives to invest, and eliminate the counterproductive subsidy.



agents corner

We have all been in deep sympathy with the Mexicans of Mexico City on the losses from the tragic earthquake. When we heard that our local agents there, TRANSPAC, might have been close to disaster, we inquired how they felt about the situation.

Just in time to stop the press, we received the following telex message from our old friend Raoul Echeverria of Transpac.

'Just as things are quieting down and the City is recovering its normal rythm after the earthquake of September 19, it is perhaps the right moment to look back and see how lucky we were in spite of all the fears and difficult experiences that our staff had to go through.

Only few weeks before the earthquake, we moved to an area away from the disaster region (about 9 km.) where our former premises were located — in the nice and charming 'pink zone'. Now it looks quite different. In some parts it resembles more the remains of a shelled city. And getting even closer to downtown things look even worse. It is clear that the reconstruction will take years. In retrospect and knowing that the area is one of the most dangerous ones, we feel relieved having moved out in time.

Most of the problems which immediately arose, like communication failure (which can be very frustrating, knowing that we had to inform all our friends about the situation and also continue our normal work), water supply, electricity and others are now being solved.

All we can now hope for is that the ones that suffered the most may find comfort and that the city may be rebuilt even stronger and nicer.'

So do we.

Yet, amidst all tragedy and troubles, life has also its more humorous sides, and we leave it to the Brazilians to provide them.

In a pamphlet soliciting agency work for new principals we picked up the following morsels.

Shipowner's liability

It is much to be regretted
That your goods are slightly wetted,
But our lack of liability is plain,
For our latest Bill of Lading,
Which is proof against evading,
Bears exceptions for sea water,
rust and rain.

Also sweat contamination,
Fire and all depreciation,
That we've ever seen or heard of
on a ship.
And our-due examination,
Which we made at destination,
Shows your cargo much improved
by the trip.

Furthermore the protest shows
That the Master blew his nose,
And the hatches were demolished
by the gale.
Oh, we'll all stick together,
To prove it's heavy weather,
For we've got the cargo owner
by the tail.
So reserving all defences,
Alibis and false pretences,
We suggest that your
Underwriter man
Is the guy that's out of luck,
We always pass the buck,
Yes — we always duck the issue
if we can.

This a cause of grief sincere,
And we almost weep to hear
You are claiming for your cargo
wet by rain.
It really is a crime
That you're wasting all your time.
For our Bill of Lading clauses
make it plain
That from ullage, rust or seepage,
Water, sweat or just plain leakage,
Act of God, restraint of princes,
theft or war,
Lockout, strike or circumvention.
Blockage, interdict or lost twixt
ship and shore.
Quarantine, or heavy weather,
Fog or rain or both together,
We're protected from all these
and many more,
And it's very plain to see
That our liability,
As regards your claim
is absolutely nil.

So try your Underwriter,
He's a friendly sort of blighter
And he's pretty sure to grin and
foot the bill.

Call the agent:

If your vessel enters port,
call the agent,
If your berth appears too short,
call the agent,
If your ship wrecks on a mole,
If she's drifting towards a shoal,
Or your tug runs out of coal,
CALL THE AGENT.

If the doctor is too late,
call the agent,
If your gangs all have to wait,
call the agent,
If "Immigration" doesn't appear,
And delay is what you fear,
If this costs you too much bear,
CALL THE AGENT.

If the "Customs" need more paper,
call the agent,
And your patience starts to vapour,
call the agent,
If they keep you from the letter,
From your wife or even better,
(Those from principals do not matter)
CALL THE AGENT.

If the Stevedore ruins your space,
call the agent,
If you have your nerves to brace,
call the agent,
If you have to stop for rain,
To wait for cargo all in vain,
And all your gangs idle again,
CALL THE AGENT.

If you want to go ashore,
call the agent,
To have some fun and maybe more,
call the agent,
If the crew's been in a fight,
Or more water to be supplied,
Urgent calls all through the night,
CALL THE AGENT.

Yea, that's who's the fall-guy,
it's the agent,
All the petty grievances are his,
damn the agent,
And at that, the bloody old fool
Remains to you a useless tool,
Thank Heaven, you are always cool,
AND NOT THE AGENT.



Glimpses from the Ivaran Story

Once Upon a Time

It all started when Ivar An. Christensen, age 34 and aspiring shippingman from Haugesund, Norway, and some of his friends in the year 1902 pooled their resources to buy the ten years old freighter s/s MODESTA.

A truly modest steamer of some 600 dwt., she was still of the type of ship to set sails to augment the speed when winds were favourable — and to save some costly bunkers. Austerity and superb seamanship were key labels describing Norwegian shipping activities at the turn of the century. Superb seamanship remains a key factor, but austerity has during the last couple of decades been replaced by high technology.

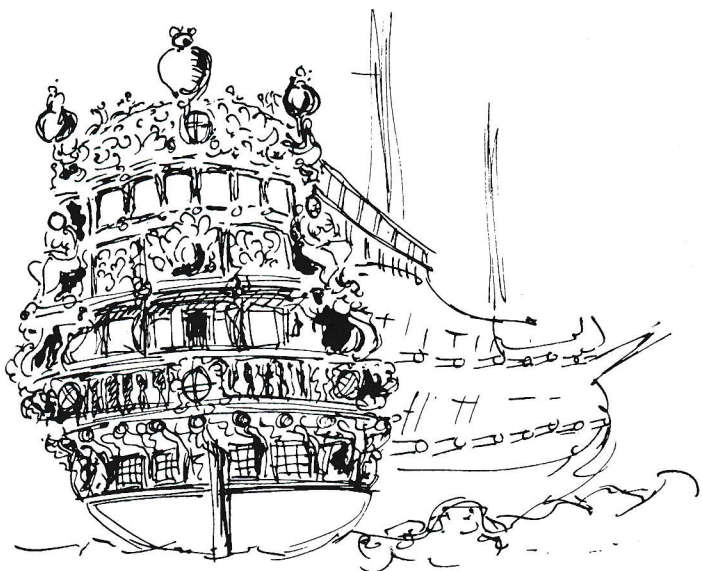
But back to the beginning. — Built by Bergen mek. Verksted in 1892 for local shipowner Carl Konow, she plied the short sea trades until she in February of 1902 stranded off Iceland. Not surprisingly, she was declared a total loss.

However, in October the same year her insurers sold her at an auction in an 'as is, where is' condition. To us, and apparently to most others even at that time, it appeared to be a long-shot gamble to put money on that kind of a horse. But Ivar An. and his friends obviously must have assessed the situation correctly. They came out high bidders at Nkr. 48.500,—, equal to about US\$ 6.000,—.

In due turn MODESTA was refloated, repaired and resumed trading, spearheading the growing Ivaran fleet. All went well even for a full year and more of World War I. But on November 20, 1915, she was enroute from Gothenburg, Sweden, to Tyne, England, with a cargo of pitprops. At that point a German Naval ship intercepted the brave little ship from neutral Norway. She was brought into Swinemunde and declared a prize. Thus, ownership passed from Ivaran to Deutsche Reich, and she was renamed WESER.

The end of her career only came in 1931 when she was struck from the Ship Register and was scrapped.

In the meantime Ivar An. Christensen did well as a shipowner. In 1913, while MODESTA was still part of his fleet, he moved his headquarters from Haugesund to the capital of Norway, Oslo, or Kristiania as the name was at that time. Now, his fleet totalled eleven ships, and he personally held a controlling ownership interest in each of those ships.



stern gallery



By the time SAN MARTIN hit port in Miami on September 23rd, she had had a good fill of containers, even if a few of them were empties heading for Brazil to meet the demand for more containers to carry Brazil's growing exports. It is interesting to note the tremendous growth of the facilities in the port of Miami. It is about ten years since your editor was last there. The changes are startling. Going back yet another ten years, till 1965, and the port of Miami was not much to brag about. It was just beginning to rear its head and to show teeth. With passenger terminals, ro/ro trailer and container facilities, the Port of Miami has scored masterfully. Our congratulations!