

on line

with ivaran

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Paranagua in Southern Brazil is an important port for the exports of agricultural products. Coffee is a major commodity handled there.



from the masthead

What's next at halfway mark of a helter-skelter year?

The wheels of development are once more turning faster in a year which already has been called turbulent. So, what's next?

In a nutshell: consolidation, crisis, creativity!

While the transpacific lines are desperately trying and reaching for better freight rates, it is the transatlantic theatre which is now attracting the attention. With more lines seeking the greener pastures of transatlantic trades, fears of a spreading rate war are increasing.

In the last issue, we reported on Nedlloyd coming into the trade with four ro/ros for a weekly outsider service. That fear is now subsiding as frantic meeting activity has resulted in reports that Nedlloyd will join the Conferences.

A traditional conference carrier, Nedlloyd was obviously jockeying for position by starting out with a threat, but ending up as a 'nice guy'. It will draw almost as much cargo as a conference carrier as it would have as an outsider. And competition for available cargo has sharpened drastically.

The consolidation move came as Atlantic Container Lines (ACL), the Swedish/British/Dutch/French combine, came to terms with Hapag-Lloyd both for the US East Coast and US Gulf to/from northern Europe trades. The joint fleet will be cut from 18 to 14 ships but, there again, transport capacity will increase. The five newest ACL ships will be jumboized. Transport cost per container will be reduced, but competition will not.

It is being pointed out that the two groups will maintain separate marketing efforts. Sooner or later, a closer type of co-operation may be found.

Speaking of consolidation, we would not be surprised to see Nedlloyd join one of the transatlantic groupings as well.

Crisis still abounds! One example is US Lines, with staggering losses for the first period of 1986 and a need for a moratorium on loans. We still fail to see how they will be able to ride out the storm with their weak ships in a market of falling bunker prices. Their main leg, as with BBS, runs from the Far East to the US East Coast.

With a mere 16kt at sea, and up against the speedy land-bridge operation across the US, valuable, good-paying cargo will be almost impossible to attract. They will have to lower rates on the lowest-paying segment of the cargoes moving in that trade in order to fill their ships. The economic yield would seem insufficient to pay for the new ships.

McLean's three mistakes were:

- Ignoring the advantages of a 'horseshoe' pattern.
- Too-slow ships.
- Too-rapid expansion.

Now let us look at the creativity angle.

One trade where US Lines is heavily engaged is between the US and the East Coast of South America. While US Lines has tried to forge the US Gulf and East Coast segments into one – without success – Norway's Ivaran has come up with a new twist on an old theme, and it looks most attractive.

Ivaran's old trade between the US East Coast and Brazil/Uruguay/Argentina has become containerised over the past decade. Despite political complications, Ivaran has managed to put to use ships of 1,200TEU. After the withdrawal of fellow Norwegian Nopal Line from the US Gulf-East Coast of South America trade nine years ago, Ivaran has gradually moved in to cover that as well.

In those trades, ships have in the past also carried passengers. Air travel and rising costs killed passenger traffic. Ivaran has maintained 12-passenger-per-ship traffic, which has proven extremely active though having little economic significance.

Ivaran management has long pondered the possibility of combining cargo and passengers on a larger scale. The cruise market in the western hemisphere has been growing by leaps and bounds. Retired people are better off than before, and love to travel. Container operations in port are quick and clean.

Hitting the headlines gently last month was a press release to the effect that Ivaran has contracted one cruise liner with options for a total of three, having accommodation for 110 passengers and about 1,200TEU. The first ship will be built quickly by Hyundai in South Korea, and will offer a Christmas cruise in 1987. By 1990, three sisters offering fortnightly sailings may be plying a route between North and South America.

With favourable prices for their ships, and a speed of 21kt, they will be most attractive for shippers of good-paying cargo as well as for passengers who can afford to spend five or six weeks on a lovely cruise.

As soon as news of the plans leaked out, the telephone started to ring at the office of the agents in the US.

Evidently it is still possible to come up with novel combinations which may help struggling lines straddle problematic periods of operation. Survival is most often keyed to the ability to work out new combinations, new ways to fit together a complex economic puzzle.



maritime policy bin

The Brazilian «Shipping act» of 1986

Not wanting to be left behind by the Americans, the Minister of Transport, José Reinaldo Tavares, has, in his 57 pages paper which contains 71 different articles, elaborated what amounts to the basic outlining of the Brazilian shipping policy of 1986. Whilst the document favours the maintenance of Freight Conferences and division of revenues on a 40/40/20 basis, it also provides for a considerable number of changes. Briefly the main points of the document may be summed up as follows:

- all Freight Conferences from and to Brazil will be maintained on a 40/40/20 basis;
- the 20 % share allowed to third flag carriers within these Conferences will be negotiated with countries of flags who are willing to give full reciprocity to Brazilian flag carriers when trading to and/or from these countries as cross traders;
- bulk and neo-bulk cargoes (latter including iron and steel products, automobiles, paper, cellulose and other homogeneous cargoes) will be excluded from the Conferences;
- 'outsiders', including Brazilian flag non Conference lines (principally ro-ro Operators) will be allowed to participate freely in all trades and carry any cargo, except those prescribed by law. However, all 'outsiders' or independent lines must register their freight tariffs with Sunamam up to 10 days before commencing their service;
- River and coastal trades to be free of present traffic restrictions by Sunamam (but continues to be reserved for Brazilian flag only);
- Chartering of vessels for prescribed cargoes will comply with following priorities: 1. tonnage actually flying Brazilian flag, 2. foreign flag vessels built in Brazil and 3. others;
- Participation of state owned companies to be restricted to one only in each sector (i.e. liquid bulk,

solid bulk, general cargo, etc) which will oblige for instance Lloyd Brasileiro to withdraw from the solid bulk market, leaving Docenave as the only Brazilian carrier in this sector.

The document mentioned above will be discussed at a seminar to be held in Brasilia towards the end of August with the presence of representatives from the various sectors of the Brazilian shipping industries, who are supposed to offer comments or propose alterations to the Minister's plans. Then the revised document will be put before the National Congress to become law. This will probably only happen some time in 1987.

Brazil establishes relations with Cuba

After 22 years of rupture (Brazil broke diplomatic relations with Cuba back in May 1964) Brasilia and Havana are back on speaking terms. This event has been expected for more than one year after the establishment of the 'new republic' in Brazil. However, a number of problems, both smaller and larger ones, had to be ironed out first and the timing had to be properly chosen so as to upset the 'big brother' up North as little as possible. That the United States were not exactly delighted with this development was well known to all but as practically all the other South American countries had long ago resumed diplomatic relations with Cuba (and a few ones like Mexico never actually broke with Fidel Castro) Washington had in the end to resign itself to the inevitable. Leaving the political aspect aside, Cuba will probably be interested in buying vehicles, manufactured products, coffee and soyabeans in Brazil. However, it is difficult to see what Cuba has to offer Brazil, as their traditional exports like sugar

and tobacco have no markets here. The Cuban flag shipping company, Mambisa, has announced that it will establish a regular service to and from Brazil and both Lloyd Brasileiro and Libra are anxious to obtain a share in this new traffic.

The meat that disappeared

With the freezing of all prices specially on foodstuffs, as part of the Government's economical package, shortages started to appear in the super-markets and shops. First milk and then meat vanished from the counters as the farmers refused to supply milk or slaughter cattle at the prices fixed by the Government. Then followed the counter-action ordered by Brasilia. A ban on all exports of fresh, frozen and industrialized bovine meat (of which more than 400,00 tons are usually shipped per year from Brazil) until the domestic demands had been met. Then imports from the United States and elsewhere of more than 20,000 tons of powered milk and 3,000 tons of oil/butter. And finally, when the domestic shortage of meat continued, came the decision of the Government to import approximately 250,000 tons of bovine meat from the United States, the European Common Market, Argentina and Uruguay at prices ranging from Us\$ 635 to Us\$ 655 per metric ton F.O.B. It was left mainly to Messrs. Interbras, Rio de Janeiro, to handle the purchases and to co-ordinate the shipments in close cooperation with the Brazilian Ship-Owners. In fact, whilst writing these lines, the first vessel with imported meat from France, LB's M.V. «Lloyd Bage», is discharging 2,800 metric tons of bovine meat at Santos. The next vessel to arrive will be the «Magellan Rex» next week with 3,400 tons meat for Rio de Janeiro. The plan is to import approximately 60,000 tons per month through the ports of Santos, Rio de Janeiro, Recife and Itajaí.

It is getting crowded over here

In our latest 'news-letter' (May 22 nd) we were dealing with the large number of new lines that were invading the Brazilian trades this year. Some as members of the respective Freight Conferences, but the majority as independent lines. Well, the list has been growing further the last two months. Most important, no doubt, is the return of SEA-LAND to the Inter-American Freight Conference (IAFC), of which it has once been a member some 10 years ago, without, however, getting its service off the ground at that time, mainly due to Sunamam's refusal to allow it to operate with 35 feet containers in Brazil. However, this time the 'Yankees' seems to mean business, probably hoping to step into the shoes of U.S.Lines, who are reported to be in deep financial trouble and likely to apply for chapter 11 any day now.

But it is not only the American Lines who fight between themselves over the spoils. Angered by what is apparently deemed an unfair competition by Hamburg-Sued in its traditional South East Asia trade, Hapag-Lloyd, a fellow German of equal size and reputation, has aimed the counterblow at Brazil from where Hapag-Lloyd will start an independent service in September to North Europe in direct competition with Hamburg-Sued and the other Conference line. The other Conference members are probably less than happy about being drawn into this fight in the 'German family'. And from Africa arrives on the scene the Nigerian National Shipping Line (NNSL), Lagos-Apapa, who as a member of the Brazil/Nigerian Freight Conference has appointed us as its General Agents in Brazil. Also the South American Owners are getting into the act. From Chile comes the oldest shipping line on this Continent (little more than 100 years old), Cia. Sudamericana de Vapores, to try its luck in the Chile/Brazil/

Chile trade, starting with the M.V. «MALLECO» at the end of August. But there has been a few departures, as well, since last. Torm Line of Copenhagen, which reportedly took a walloping on its first sailing from Brazil to the U.S. Gulf in April, apparently lost the taste for the trade and wisely called it a day. And Forward Marine Line, who in addition to its regular non-Conference services between the East Coast of South America and the U.S. Gulf respectively the U.S. Atlantic, had also for some months been trying to build-up a regular service to North-Europe, dropped the latter project and put its money on the two American services. There is certainly more news in this sector in the months to come.

Presidente Sarney's «Mini-Package» of Economic Measures

Wednesday night, July 23rd, Presidente José Sarney announced a series of economic measures, including several compulsory deposits to cool down the over-heated consumer spendings and stimulate investments. This «mini-package» which is supposed to be a complementary measure to the original «economic revolution» launched on February 28th, 1986, has by no means been met with the same wide-spread acceptance inside Brazil as the original plan was. The new measures include a 28% compulsory deposit on purchase of gasoline or alcohol fuel to be returned after three years with interest, a 30% compulsory deposit on purchase of new cars or used cars upto 4 years old, which will also be returned with interest, a 25% non-refundable tax on exchange of Cruzados for Usdollars to travel overseas and finally another 25% compulsory deposit on purchase of airline tickets in Brazil, refundable after three years with interest.

Agreement to agree

Towards a Common Market

On July 29, Presidents Alfonsin and Sarney signed ten protocols, or statements of intentions about matters to be included in some future treaty involving closer commercial links that may or may not evolve into a common market that will include Uruguay. The first protocol is regarded as the most important and sets the tone for the rest. Within 60 days lists of capital goods to be bought and sold will be drawn up, and by 1990 this market should be completely free, starting with 300 million dollars in 1987 and rising to 750 million in 1990, a total of 2000 million dollars in four years. Trade will be balanced, to within 10 per cent, and if any imbalance reaches 20 per cent there will be investments from a special fund in the sector that is failing. The two countries will ensure that their manufacturers receive the same credit and interest rate terms, and also, somehow, a guaranteed exchange rate.

The second protocol deals exclusively with wheat and stipulates Argentine sales to Brazil of 1,375,000 tons in the first year, rising to 2 million by 1991. Argentina proposes to supply Brazil regardless of commitments to other markets, such as Russia and Japan, and in return, Brazil will give preference to Argentine wheat, even though E.E.C. grain is cheaper, and U.S. grain is available on better financial terms. Protocol three extends conditions to other food products and four to commence on something old (and failed) ALADI terms. Five covers details of financial conditions for credits in the capital goods trade and six, the creation of an "investment fund" for bi-national undertakings. Seven goes into legal detail about the form and statutes of bi-national companies and eight deals with energy. The seemingly discarded gas pipeline comes back into the picture - despite a recent Brazilian decision to buy from Algeria, rather than Bolivia or Argentina, and possible national

electricity grid connexions. Petrobras and YPF will work closer together in (according to one report) 'the spirit of Houston.' Nine covers biotechnology with a special fund for research and ten creates an economic studies institute to monitor the way the agreement is working.

This summarises the work that will have to be done between now and 1987, and there is a massive amount of it. Indeed, so much, that the fears of local industrialists about being swamped by massive Brazilian enterprise, seem to have been set to rest. There are worries, but it is dawning on some people that the experience of the Martinez de Hoz years, when Argentine industry suffered some real competition, will stand them in good stead now. Protected Brazilian industry knows nothing about such conditions and may therefore start off with fewer advantages than it is generally supposed to possess. Even so, a country that is a major arms exporter in highly competitive markets, must still be a formidable partner.

The signing of the protocols could lead to something of enormous importance. Much depends upon the detailed regulations that give them form, and much more, on the spirit in which they are interpreted. On the great scale there is a litter of paper left behind by ALALC or LAFTA, the Latin American Free Trade Area, less by its successor ALADI, but not much less by the Andes Pact. If there were really a political will to drive towards economic integration, these vast and ingenious efforts at promoting trade whilst at the same time hindering it, would not have been necessary. One has lost count of the number of wheat agreements that have been made with Brazil and never fully implemented. Either Brazil bought what was needed and left it at that, or Argentina found that available grain was better placed in countries, that could pay in hard currencies and failed to deliver the goods. These events occurred before there was a world surplus of grain – except in famine-stricken countries

too poor to buy it and unable or unwilling to distribute such gifts as arrived – so that this time round, Argentina seems to have gained a real advantage.

This worries people, Brazil does not usually give away bargains, and fears have been expressed that this country is to be reduced to the status of a primary producer whilst Brazilian heavy industry surges ahead. This seems to be unnecessary. The intensely complicated nature of the negotiations that will arise out of the protocols are a guarantee of this. Indeed, a bit more emphasis on Argentine beef, mutton, wool and fruit as well as wheat, might have been in order. Perhaps they will be included in the detailed lists now being drawn up in the Ministry of Economy, although this seems sadly unlikely.

Trade surplus with Japan

Brazil is one of the few countries in the world which enjoys a trade surplus with Japan. In 1985, this surplus came to 786 million dollars, and, in the first third of the current year it is 316 million. Iron ore is at the top of the list of Brazilian exports to Japan – 41 percent of the total – followed by coffee, steel products, office equipment and paper pulp. Brazil accounts for 1.4 percent of all Japanese imports.

More cellulose

The Aracruz company, the leading producer of cellulose in Brazil, has set out to double its production over the next three years, going from 475 thousand tons a year to one million tons by the end of 1989. To reach this goal, the company expects to invest 600 million dollars. This year, the company looks forward to exporting approximately 420 thousand tons of cellulose, which is close to 75 percent of its present overall output.

Frozen foods

Brazil has moved into second place as a leading world producer of frozen foods, behind the United States. Last year, exports of frozen food products came to 1.5 million tons – mostly frozen orange juice concentrate, beef and chicken. The domestic market for frozen foods is also growing. The increasing sale of home freezers and the appearance of a large number of specialized firms has caused a significant rise in the consumption of frozen foods among Brazilians, with a growth rate of 30 percent annually.

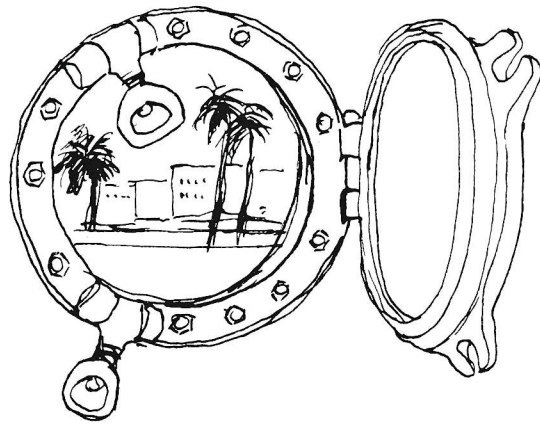
An automotive power

A recent issue of 'The Economist', a British publication, affirms that Brazil is rapidly becoming one of the most important countries for the exporting of cars, utility vehicles and trucks, throughout the world. The magazine went on to point out that Brazil is now in direct competition with the countries of Southeast Asia, especially South Korea and Formosa. Brazilian exports of vehicles have gone from 370 million dollars in 1975 to 3.2 billion last year. Listed among the factors that have brought Brazil to this leading position in the automotive industry are: the low cost of labor, the availability of raw materials, such as iron and aluminum, and the country's modernized metallurgy and mechanics industries.

Beyond expectations

The growth of the automotive industry in Brazil is surpassing all forecasts. Anfavea, an association of automakers, estimated in January that the domestic market would grow by some 8 to 10 percent in 1986. Now, the estimates are different. Anfavea is now forecasting a 20 percent growth, with auto and truck sales reaching 900 thousand. From January to April, 366,384 vehicles

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US Lines in Deep Crisis

In the current issue of SHIPPING NEWS INTERNATIONAL is carried an article on Liner Trades. Your Editor is responsible for it, and believes some of ON LINE's readers may also find it of interest.

The Investment Trap or Did McLean forget?

Total transport is an old term. One of the first ones to bring it into being was a trucker who turned shipping man some thirty years ago. He was the father of containerisation. SEA-LAND was his vehicle to success. The name was and still is Malcolm McLean.

McLean sold SEA-LAND for a sizable bundle of cash. But like so many others who start tinkering with shipping, he got bitten by the bug, and he ended up by buying ailing US Lines, which he went on to build into a leading line.

His new concept was a round-the-world service based on giant, so-called Econliners. From the viewpoint of an ocean transporter it looked very tempting in the beginning. Bunkerprices were still high, the ships were as big as you could squeeze them through the Panama Canal. And the cost per container slot was among the lowest in the world, yet the advantages of a US flag had not been given up.

McLean's global concept was, however, slow in getting off the ground. The financial scheme was complicated, negotiations took much more time than anticipated. By the time the package was tied up, and the contract for twelve superships finally concluded, almost a year more than originally foreseen had elapsed. But finally, 4200 TEU, 16 knot containerships were circling the globe, ever eastbound, at weekly intervals.

However, from McLean's point of no return developments had been

rapid, and some of those developments were unfavourable. Intermodalism had caught the wind, and the double-stack rail service became a factor whereby containers could move overland in USA at much reduced costs. Also, bunkerprices went tumbling, eliminating the price advantage of the Econliners. Yes, even more, they could no longer compete for well paying cargo from the Far East to US Atlantic destinations. Owners of such cargo preferred the intermodal route by ship to a US Pacific port, and then overland by double stack rail service to the Middle West, and even all the way to the Eastern seaboard.

By the time McLean realized what had happened, his hands were tied. Not only did he own a fleet of slow moving dinosaurs, in addition he was losing money hand over fist.

One solution could have been to do as we suggested more than a year ago: To switch into a so-called Horseshoe pattern, cutting out the US intercoastal leg of the globe-circling run, ending up by serving the world in both directions in a pendulum turning around at New York in the East and San Francisco in the West. The service would in that case run as follows: New York - Rotterdam - Suez - Arab Gulf - Far East - San Francisco - Far East - Suez - Rotterdam - New York. Cargo to/from all other US destinations would move by double stack trains, not by ship.

But such a switch would require at least another eight ships, an investment US Lines in its present financial condition can ill afford.

Yet, something has to be done before the bankruptcy is a fact. There appears to be no way of climbing back into the black for US Lines under the current service system, even if the transpacific trade in general has been picking up somewhat of late. Why? Because it is mainly the westbound leg which is improving. With a reduced dollar value it is the exports from USA which benefit while imports are down. For US Lines to benefit in the transpacific

trade, a westbound global service is needed.

In order to get back on the road to recovery, US lines now need to line up with someone else who has both strength and a good intermodal system already working. The best candidate for a merger, may even be for a takeover, could be no less than American President Lines. For quite some time APL has been looking around for possibilities to expand out of its role as an all-transpacific carrier. By coming to an agreement with USL, they could gain the status of a global operator. One complicating factor would be the slow speed of the USL Econliners, but that problem might be worked out by the speedier APL ships calling more ports and the USL ships taking on more transshipment cargo for transfer at key ports.

It is, in retrospect, surprising that a trucker opted for an all water operation. The reason may be that total transport, or intermodalism, had been slow in developing.

It is also amazing that McLean could fall into the trap of opting for ships of maximum 16.5 knots. With a full, or near full, deckcargo the speed will drop to 16 knots or less, and that gives him a distinct competitive disadvantage, irrespective of bunker prices.

An explanation may be his lack of shipping experience at that point.

One of the biggest problems connected with ships is the fact that they are not easily changed once contracted for, yet they have a natural lifespan of some twenty years. Consequently, most experienced shipowners are very careful about avoiding ships of extremes, being extremely fast or slow, big or small. A typical exponent of such a cautious approach is EVERGREEN Lines, with excellent results.

We are now watching developments closely to see whether McLean is capable of making a drastic switch before it gets too late, and the banks take over. A half year loss of close to \$ 150 million can not bear repetition without grave consequences.

Since we wrote that article we have seen the text of a briefing on the part of US Line president William B. Bru to his employees, outlining the seriousness of the situation which we have already indicated. Mr. Bru's text:

First, let me confirm what you must already suspect. U.S. Lines cannot continue to exist with the results that we have recently experienced. In order to reverse that trend, we are going to have to make difficult decisions which will cause dramatic change in the way we operate our business. The management of U.S. lines fully recognizes this need and the processes which will lead to these decisions are well underway.

Our three major Lenders also recognize the need for substantial realignment of our basic business and our relationship with them. They are fully aware of every aspect of our business and they are being very supportive of our efforts to make the changes necessary to return the company to profitability. We are working very closely with them on a day-to-day basis in order to construct a plan that will prove satisfactory to them and us. It is a tribute to each of you that our lenders have confidence enough in the U.S. Lines team to work with us to pursue our future.

Although I would very much like to provide you with more details and to answer all of your questions, I am prohibited from doing so. As you can imagine, these processes which I referred to include sensitive negotiations and decisions. Breaching the confidentiality at this point would only frustrate the process and possibly undermine the efforts. Additionally, since we are a public company, we are prohibited from divulging certain information internally that we are not prepared to divulge to the public. I will attempt to inform you of our progress in the most timely manner.

As has always been the case at U.S. Lines, each of you is the key to our future, no matter what decisions are reached. I'm asking that you con-

tinue to do your utmost to satisfy our customers and eliminate expenses. I urge you to draw upon your creativity to reduce our cost of doing business no matter how insignificant an expense it might seem.

We feel genuinely sorry for the management of US Lines, having to face a situation as the one they are outlining. It is obvious that severe changes are in store for employees as well as for customers.



The following is an article which recently appeared in the Paraguayan Newspaper 'HOY ECONOMICO':

According to technicians' diagnosis: The Foreign Situation is the Weakest

Paraguayan foreign situation appears to be far from healthy due to fall of exports and increase of foreign debt and interests. The above can be stated taking into account the analysis issued by Government technicians who were requested to make a diagnosis of country's situation in search for a solution. The conclusion is that the foreign sector is one of the weakest of our economy.)

Exports, an economic variable producing foreign currency, are going through a difficult situation. According to estimates made by technicians, the declination of 1985 will be followed by a further decrease which will be one of the strongest in the last years.

The analysis of the foreign situation made by Government technicians states that on the subject of foreign trade, for many years the country had a persistent unfavour-

able balance but, that in those years the deficit was principally compensated by large entries of foreign currency from Itaipú Binational as well as by the loans from abroad. The trade deficit reached its maximum level of USD/251.7 millions in 1982, decreasing the following years due to restrictions placed on imports by the Central Bank of Paraguay in order to level the difference in the balance of payments.

The unfavourable trade balance dropped to USD 138.4 millions in 1985. As stated in the document issued by the special Government Committee, although in recent years the annual deficit has reduced remarkably, this unfavourable balance of trade continues affecting the country's capacity to perform its foreign payments.

Exports

It is stated that between 1980 and 1985, exports suffered ups and downs of around USD 300 millions per year.

Forecasts indicate that in 1986 an important reduction will occur and further damaged by the strong declination of minimum prices of exports. This reduction will be implemented in order to give a higher average for exchange rate against the USD, to cover the increase of domestic expenses as well as the drop of international prices.

Since February 1985, the basic export exchange rate was maintained without variations at G 320 per dollar but during 1986, the exchange rate for different types of exports has rapidly increased, reaching between G 350 and G 700 per dollar in April 1986.

«For each commodity there is a different rate of exchange as on one hand foreign currency is officially exchanged at G 320 per dollar and on the other the free exchange rate at G 760 per dollar.» In 1986, the entries of foreign currency at the bank exchange rate of G 320 per dollar were reduced to their lowest annual level of USD 173.4 millions, compared with the USD 285.6 mil-

lions in 1985. The low entries from exports seriously affect not only the trade balance situation but also the lack of foreign currency reserves.

Trade balance

The diagnosis on the trade balance shows that from 1970 until 1981, the annual trade balance was favourable. In 1982 the deficit started with USD 71.5 millions and in the following years, said deficit continued to increase until in 1985 it reached USD 88.7 millions.

Foreign debt

In accordance with the above mentioned analysis, the foreign debt is gradually growing and our possibilities for payment of same are conversely decreasing in the same proportion.

In 1985, the foreign debt went up to USD 1.772.6 millions with an increase of 7% over the 1.653.9 millions of 1984.

According to CEPAL figures, on 31st December last our foreign debt amounted to USD 1.850 millions; 92% of this foreign debt, equivalent to USD 1.627 millions, corresponds to the State and 8% (USD 145.0 millions) to the private sector.

In 1985, new loans were contracted amounting to USD 273.6 millions and loans thus totalized USD 3.070.8 millions. 18% of the loans contracted in 1985 (USD 49 millions) was supplied by international financial entities (BIRF, BID, FIDA) with payment terms that went from 17 to 20 years and 82% (USD 224.6 millions) was supplied by private banks jointly with other suppliers, with payment terms of less than 10 years, except the USD 48.3 millions provided by the Japanese Chamber for Economic Cooperation, with a 25 years term.

The Payments

In 1985, the payments on capital and interests of the foreign debt amounted to USD 175.5 millions, showing an increase of 23% compared with the USD 142.5 millions paid out in 1984.

The payments of capital totalized

USD 95.3 millions and the payments of interests, USD 80.2 millions.

During the last years the payments on interests have substantially increased due to higher interest rates, shorter terms and periods of grace. The payments on capital also suffered increases every year.

In 1985, the payments of the foreign debt amounted to USD 175.5 millions representing 61.4% of entries due to exports (USD 285.6 millions). Within the present monetary and exchange conditions, the projections for 1986 indicate a strong declination of exports which will be of approx. USD 173.3 millions.

... and Garments

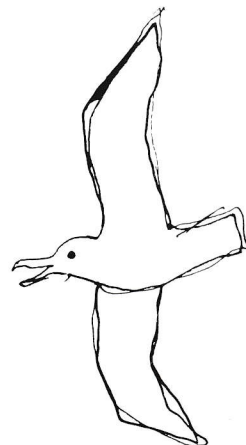
Uruguay, with a population of approximately 3.000.000, having Brazil and Argentina as neighbours to the north and west, lies on the River Plate and the Atlantic Coast, providing 300 Kms of golden sandy beaches. The main income derives from agriculture, meat and wool exports. The main exporting port is Montevideo, the capital city of the country, with a population of one million and a half, an exceptionally well situated city leaning out over the beach on the River Plate, with excellent communication facilities within the territory and with other countries. You may recall that Ivaran is bringing containers all the way from Canada to Asunción via Montevideo. These boxes are unloaded from the Ivaran vessels at Montevideo and placed into railcars for their transport to Asunción, Paraguay. We are speaking now about Uruguayan export commodities, at the moment one of the main exports is woolen garments. These are being either shipped in cartons stuffed in Ivaran containers or sent in prepared «garmentainers» which are boxes made especially for these type of «hanging cargoes». Containers are either prepared in Brazil, Ivaran Depot, or in Montevideo by placing 11 bars crosswise against the container ceiling secured to the con-

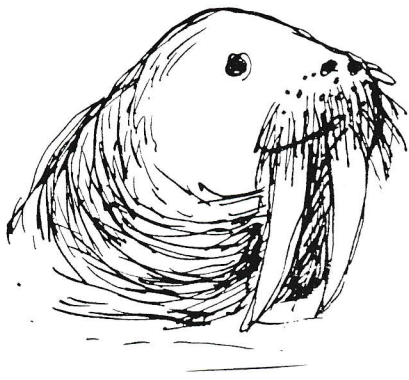
tainer walls by a special support with nuts and bolts. From these bars, hang 17 nylon ropes each with knots every 18 inches approximately which allow the coathanges to be placed.

Depending on the customers's request, and on the type of garments to be shipped, either more ropes per bar are placed, or more knots are made on each rope. The shipper provides us with the necessary information in order for us to prepare the container according to what type of garments are going to be shipped. Each container can carry between 1.000 and 3.000 garments depending if they are jackets, overcoats, ladies skirts, etc.

The shipments of garments to U.S.A. have increased considerably in the last two years. In 1984, 73.67% of the exports of garments were destined to U. States, whilst in 1985, this figure increased to 87.35% for 1986 U. States have increased the corresponding quota to Uruguay. This proves that the U.S. interest for these Uruguayan products is increasing.

In matters of interest, it might be important to mention that hanging garments in containers is very high paying cargo, US\$ 3.465 p/box all in. Due to the importance of this product, during the Santa Catarina call at Montevideo on July 14th, members of the Uruguayan Garment Chamber were invited on board to a cocktail party in order to discuss Ivaran participation on this cargo.





of SHOES and SHIPS

A Tale of Two Ships and Their Master

Captain Jorgen Alfred Jacobsen of IVARAN LINES was 90 years old last year and still going strong. In his retirement he lives in USA with his American wife. The sea still holds attraction, and not so long ago they took an Alaskan cruise with Cunard Lines.

The following war-time tale from World War II was dictated by capt. Jacobsen to his wife and published in the last issue of the Norwegian Seamaster's Publication. With their permission we pass it on to our readers.

M/S SØRHOLT was built in Malmö, Sweden. After her trial trip on March 3, 1939, we went directly to New York where she joined the De la Rama Line in the Far East service to the Philippines.

When Norway was invaded on April 9, 1940, we were in the Pacific Ocean bound for Los Angeles (San Pedro). The news of the invasion deeply affected everyone on board. After leaving San Pedro, we proceeded to San Francisco and completed loading cargo for the Philippines and China without any delay.

We made several trips to the Far East, and when Japan entered the war on December 7, 1941 we happened to be discharging cargo in East Coast ports of the USA. We sailed to Baltimore where some repairs were made and the ship was fitted out with guns and other necessary war equipment, including electric cables against magnetic mines.

After these preparations were completed, the ship entered the Ivaran Line in the South American trade. After loading general cargo, we left New York in March 1942 for South American ports. Upon discharging our cargo there and loading for various U.S. East Coast ports, we arrived in New York the middle of June 1942. After unloading our cargo, we again loaded for South American

ports, leaving New York early in July.

Because the SØRHOLT was a fast ship (15-16 knots), we had always sailed alone, not in a convoy. After Japan entered the war we heard numerous reports of ships being torpedoed along the coast of Guiana, through the Caribbean, and along the East Coast of the United States. On the trip from New York in July all was well, but we heard radio reports of torpedoings in these waters.

After discharging our cargo and loading again in Buenos Aires, we were routed back to New York via the East Coast. I know very well that this was a dangerous route, so I sent a cablegram to The Norwegian Shipping and Trade Mission in New York, urgently requesting that we proceed via the Straits of Magellan. The answer to this cablegram, giving me the permission I wanted, arrived in Buenos Aires two days after we had sailed; it had been held back by the Port Director's office in New York.

At noon on September 14, 1942, we were about 250 miles from Trinidad. The whole crew had been informed of the seriousness of our situation in these waters. Extra lookouts were ordered; all three gunners were on duty. Our speed was increased to its utmost and we were zigzagging on our course. I myself was resting on an outside bench on the lower bridge, ready for any eventualities, but I slept very little. At about 2:45 in the morning of the 15th we were torpedoed. I was thrown to the deck and was probably unconscious for a brief interval. Then I was aware of noise and the tremendous vibration of the whole ship. The engines had stopped and there was complete darkness.

I ran up to the bridge as fast as I could, but there was no one there. I could hear voices of the crew, lowering the lifeboats on the port side as they were leaving the ship. I went down and then up on the boat deck where I discovered that the lifeboat and the motorboat on the starboard side were missing; evidently these

boats were blown to pieces when the torpedoes hit the engine room. Another torpedo struck the ship's stern, damaging the guns and their platform and causing the ammunition nearby to explode.

When I went back down to the main deck, one of the sailors came to me; he was in a state of shock. We were joined by the steward and the three passengers. There were no more lifeboats so I took the men forward to the raft on the starboard side. We released the raft there, and also the one on the port side because I thought that it might be useful later. Then we went down to the raft. As far as I could determine, there were no more men alive on the ship.

As soon as we five were all on the raft, I said that we had to get away from the ship as rapidly as possible because I had the feeling that the ship would get a third torpedo.

The stern of the ship had already sunk quite a bit, but the forepart was still high on the water. We were barely fifty feet from the stern when the third torpedo struck amidships in the deep tank that contained oil. It seemed as though the ship was lifted up, then she broke in two and sank, while pillars of fire and flame rose more than a hundred feet into the sky.

During the explosion, debris of all sorts landed around us, but miraculously none of us were injured by it. When we were about a hundred feet from the ship we rescued the Second Engineer who was clinging to a hatch cover. Now there were six of us on the raft.

As far as I can determine, it was less than fifteen minutes from the time the first torpedo struck until the ship sank. The estimated position was Latitude 9 degrees, 10 minutes North and 58 degrees, 15 minutes West.

Shortly after the torpedoing, the submarine surfaced and an officer asked for me, the Captain, and requested that we come alongside of them. I replied that we could not manoeuvre very well and that they should come nearer to us. When they

and SEALING WAX...

did so, I asked whether I could bring one of my men with me. (At this time, Allied ship's officers were being taken to Germany for internment for the duration of the war. I thought that in case I should be taken prisoner I could give some orders to the man with me.) My request was refused.

The Captain of the submarine was a man who appeared to be in his early thirties; he disappeared after seeing me come aboard. The second in command, probably in his forties, spoke fairly good English. He wanted to know the ship's name, nationality, size, and the type of cargo we were carrying. When I told him, he replied that he was sorry that they had to destroy the SØRHOLT but that it was their duty because we were carrying cargo for a country with which their country was at war – the USA. I replied that we also were doing our duty; he retorted that we were helping the American imperialistic millionaire while his country was socialistic-minded. When I asked him how many torpedoes had been used to sink the SØRHOLT, he refused to tell me. While we were talking, one of the men on the submarine handed some cans of food and packages of cigarettes to my men on the raft. I returned to the raft and the U-boat left. Later I could only be grateful I was released instead of being taken prisoner.

It was now about 3:40. We managed to gather together the rest of the crew who were in boats and on rafts; we tied all the craft together and waited for daylight. As soon as it was light enough, I ordered the Second Mate and three other men to take the small boat and check all the wreckage for any possible survivors or materials that might be useful.¹ On the port raft that was released as we were abandoning ship, they found one of the young gunners in an extremely critical condition. (More about him later). Four other men were very badly injured; we five

remained on the raft so the suffering men could have more room in the lifeboat.

We were now heading for Trinidad, with the lifeboat and the gig towing the two rafts. We sailed the rest of the day and the following night, September 16. Next morning we sighted Trinidad about ten o'clock. I then decided that we should abandon the rafts and use only the boats in order to make better time. It would then be possible to reach Trinidad by evening. Incidentally, while on the rafts we had been visited by hungry sharks.

About two o'clock in the afternoon a small plane appeared overhead and dropped a message to the effect that we would soon be picked up. Three hours later a PT boat rescued us and took us to Port of Spain, the capital of Trinidad.

One of the passengers, Conrad Thrane, had been with me on the trip to Buenos Aires in March 1942 and was returning to New York now. He happened to have a camera with film in it in the small bag he took with him when he left the ship so he was able to take the pictures that he sent you.

During the war years I always had a special waterproof bag, containing the crew lists, necessary papers, etc.; fortunately I was able to get it in spite of all the confusion at the time of the torpedoing.

After we arrived in Trinidad I talked with various members of the crew concerning their experiences during the torpedoing. One young gunner was squeezed fast when the gun platform was destroyed, but fortunately he was freed when the third torpedo struck the ship. He managed to throw himself overboard, and while groping around in the darkness finally got hold of the rope on the raft that was on the port side and was released at the same time as we left the ship on the starboard side. If I had not thought that this raft might be needed and ordered it released, I doubt very much if this man could have been saved, for he was in a critical condition with his left

arm out of joint and a knee crushed so badly that his leg had to be amputated later.

One of the sailors, in the fore-castle at the time of the torpedoing, was blown through a gaping hole in the port side and escaped with the loss of only a tooth!

Most tragic of all was the case of two of the men who were in the fore-castle at the time of the torpedoing. The explosion forced steel plates through their bodies and they were bleeding to death as they said farewell to the sailor who told me about them.

We remained in Trinidad for more than a month. Seamen from torpedoed ships arrived almost daily, so at times there were several hundred of us. At last we got passage on an old passenger boat, reaching New York in late Oct. 1942.

Eilert Lund met us there. It is difficult to describe how good it was to see and talk with him. He was an extraordinarily fine person, almost like a father to us captains in the IVARAN Line. We had many pleasant gatherings and good dinners at his apartment in New York.

Early in November, Øivind Lorntzen took us Norwegian captains to dinner for a discussion of what to do for all the captains and officers who were idle because they had lost their ships. There was talk of putting Liberty ships under the Norwegian flag; it was not too long before that was done.

To go back some months, in February 1942 when we were having the ship equipped with guns, etc., two other Norwegian captains and I were invited to visit the Capitol Building in Washington, D.C. At that time Congressman (the late Senator) Henry Jackson met us at the station and showed us around the Capitol, then he took us to lunch in a dining-room there. Afterwards we were honored by having Mr. Jackson take us to meet Vice-President Henry Wallace and Secretary of State Cordell Hull.

Afterwards we were taken to the Norwegian Embassy and met the

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Ambassador, then we were taken to visit Crown Prince Olav (now King) and his family. We spent a very pleasant hour with them, talking and enjoying the refreshments. It was a bright, uplifting interlude in the dark war days.

That day in Malmø on her trial trip, little did I or Mr. Sverre Holter-Sorensen, the owner, as he wished us good luck, realize what the fate of the good ship SØRHOLT would be.

S/S Edvard Grieg 1943-1946

under Command of Capt. Jørgen A. Jacobsen

While visiting my sister in Iowa in May 1943, on the 15th I received the following telegram from Mr. Eilert Lund:

'Prospects arrange you take command new Liberty ship Norwegian flag expected ready of end May and assigned load here on regular berth for South America with Stockard as agents stop Please telegraph if you agree which case you should be prepared leave immediately for New York stop Expect decision Monday Consider your owners would appreciate your accepting command anyhow for one round trip. Telegraph Lund care Stockard Steamship Co.'

The Liberty ship in question was built near Baltimore in 33 days and was named THOMAS F. BAYARD. When she was transferred to the Norwegian flag her name was changed to EDVARD GRIEG. She entered the Ivaran Line and was assigned to trade between the USA and South America.

On May 24, 1943 I took command after the trial trip. We loaded cargo for South American ports and sailed from New York in June.

Because ships of this type were rather slow, averaging 10-11 knots, they were put in convoys in dangerous waters. For this first trip the

EDVARD GRIEG was honored by being selected as the Commodore ship from New York via Trinidad to Pernambuco. There were several encounters with submarines but none of the ships were damaged. On this part of the ocean, from New York to the Caribbean and down to the Amazon, the U-boat menace was quite serious the rest of the year and most of the following year of 1944.

After loading in Argentina we sailed the end of August for New York via the Straits of Magellan, without convoy. Passing through the Panama Canal, we arrived in New York on October 2, 1943 without incident.

When we had discharged our cargo, we loaded again in New York; on October 25 we sailed in convoy for South America. Again we were selected as the Commodore ship, since no Commodores were available I myself acted in that capacity from New York to Guantanamo Bay, Cuba. Onboard were four signalmen and two wireless operators from the United States Navy. About forty ships were in the convoy. We arrived at Guantanamo Bay without incident; here a Commodore came aboard. Almost half of the ships in the convoy were dispersed to various Caribbean ports, while the rest of us continued on to Trinidad.

After about three days in Trinidad, the convoy left with about eighteen ships and four escort vessels. When we were about three hundred miles from Trinidad, off the coast of Guiana, we were attacked by three submarines during the night. This was a very severe attack. Despite the frantic efforts of the escort ships, their dropping of depth charges, etc., three ships of the convoy were sunk. One of them was a beautiful 16,000-ton Norwegian tanker, loaded with aviation fuel. (While we were in Trinidad, the previous evening I had been aboard, having dinner with the captain.) She was about half a mile from us, on our starboard side; the flames were several hundred feet high and lighted up the sky so that we could read fine print while on

deck. Twenty-one men were lost, but miraculously some were saved by one of the escort ships. As it happened, one of the U-boats was also sunk and the survivors were picked up by the same escort vessel that had rescued some of the crew and the captain of the tanker. It was a very ticklish situation, for the captain of the tanker was so angry that he wanted to kill all the survivors of the submarine!

The EDVARD GRIEG was equipped with torpedo nets that we used while we were in dangerous waters. Later on, during this same voyage, when we checked the nets we discovered that the one on the starboard side was damaged rather badly, indicating that a torpedo must have struck it.

At Pernambuco the escort ships left us and a Brazilian gunboat took over. The remainder of the voyage uneventful; early in December we reached Rio. After discharging our cargo there, we went on to Buenos Aires and loaded in the River Plate. We left for New York via the Straits of Magellan and arrived in New York the middle of February, 1944.

The ship made several more trips to South America without any special incidents. On our last voyage we reached Rio on April 29, 1945. While there we heard rumors that we might be loading for Norway; upon arriving in Buenos Aires the rumors were confirmed.

Near the end of June we left Rio for Norway, carrying cargo that was mostly food and clothing from the River Plate, Santos and Rio. As we neared western Europe we sighted quite a few floating mines.

The EDVARG GRIEG was among the first ships to return to Norway after the war. Practically everyone on board had food and clothing for their relatives in Norway. Before we arrived I wrote a statement to the Norwegian Customs officials, asking if they would admit these items duty-free, which they did. (Three years later when I entered Norway as a private citizen, the Customs men remembered this incident.)

It was a very happy day when again saw Norway's mountains ahead of us, and seldom had *gamle Norge* looked as good to us as it did that August morning when the pilot came on board and we sailed through the fjords into Bergen. Along the shores flags were flying from the cottages and their occupants were waving to us, giving us a feeling of a real homecoming.

We discharged some of the cargo in Bergen, then proceeded to Oslo with the remainder. Early in September we left there for Metel, Scotland, where we took on ballast and continued on to Philadelphia where we arrived September 28. There we loaded coal for Rouen and Le Havre, France. After discharging our cargo, we loaded American war materials at Le Havre for return to Boston where we arrived December 2, 1945. From there we sailed to Baltimore where the guns and other war equipment were removed from the ship.

On January 6, 1946 we left Baltimore for Charleston, South Carolina, where we loaded coal for Antwerpen, arriving there January 26. Four days later we left and reached New Orleans on February 19. From there we went to Port Arthur, Texas, arriving there March 2. Again we loaded coal for Antwerpen where we arrived March . . .

Between Dover and Vlissingen there was plenty of evidence of the war. We counted dozens of ships, some partly submerged, others marked by buoys, along the ship lanes; we also saw floating mines.

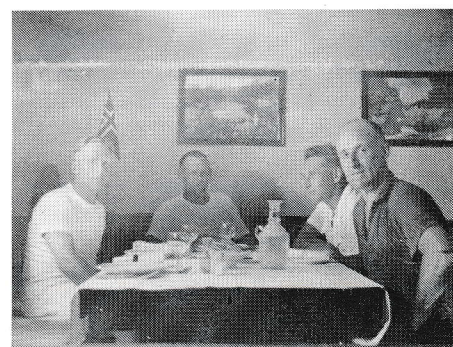
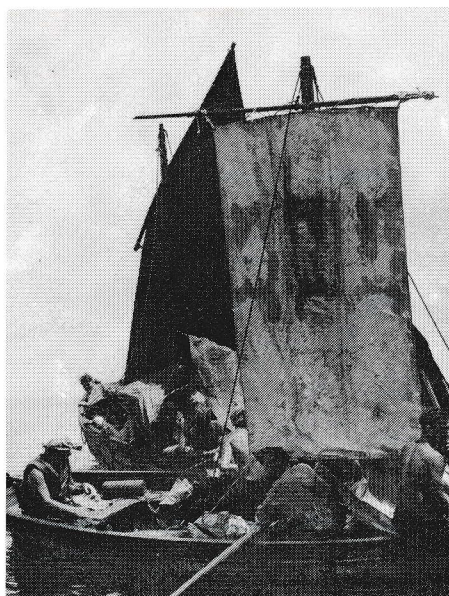
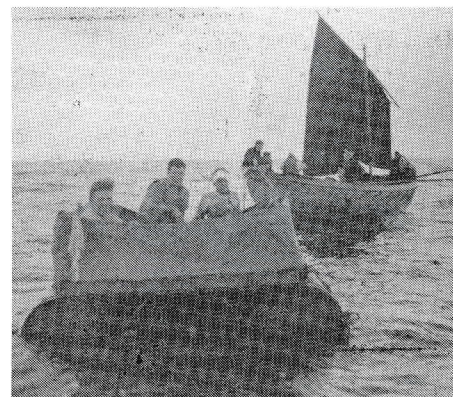
From Antwerpen we sailed to Jacksonville, Florida, arriving there April 17. We remained there almost a month, having some repairs made while we awaited orders. On May 17 we arrived at Jucaro, Cuba, where we loaded sugar for London reaching there June 23. We left London on July 8 and were in New York July 21. We went into dry-dock at Yonkers, N.Y. while awaiting orders.

At this time the Norwegian ship-owners were interested in taking over the Liberty ships that had been under the Norwegian flag. One day

in September a son of Mr. Øivind Lorentzen came aboard and told me that his company had bought the EDVARD GRIEG and wanted me to sail her to Norway. But I had already promised to take the IVARAN to the Far East for one trip, so on October 3, 1946 I left the EDVARD Grieg and took command of the IVARAN.

We are able to fill in on what happened to the EDVARD GRIEG after capt. Jacobsen opted for another ship back in 1946. The ship remained part of the ØIVIND LORENTZEN fleet for a good many years. Around 1953 she was converted to an LPG gas tanker and was transferred to an associated company under name of ULTRAGAZ SAO PAULO. She transported petroleum gas for cooking from USA to Brazil into the late 1960's. At that point she was retired from active service and used as a gas storage in Brazil.

In 1947 your editor left Norway for USA aboard the EDVARD GRIEG and has fond memories of the good, however frugal ship. It was built for the allied war effort, yet kept serving world trade for at least 20 years more than originally anticipated.





From left to right we see Mr. Paulo Jose Clivelaro (Schenkers), Mr. Jose Adhemar Petrini (Romi), Mr. Antonio B. Martins (Romi), Mr. Gerson N. da Silva (Agencia Grieg, IVARAN agents).

Romi Lathes Move via Ivaran

Industrias ROMI S/A is a regular Ivaran supporter. On M/S SAVANNAH which sailed Santos on July 9th for New York, they shipped two 40' Flat Rack containers holding lathes to be exhibited at the International Machine Tool Show at Chicago. ROMI describe their participation and role in USA as follows:

INDUSTRIAS ROMI S.A., one of the largest machine tool manufacturers of the free-world, employing more than 3,600 people with head office and plants in Santa Bárbara d'Oeste, State of São Paulo, Brazil, will be participating in the IMTS-86 - International Machine Tool Show to be held in Chicago, Illinois, USA, September 3-11, 1986.

This year's very important event will show machine tools, devices and new developments from all over the world and will occupy three exhibit halls. ROMI's booth is 4739, its area 152 m² and is located at McCormick Place East, third level.

The following machines will be exhibited by ROMI:

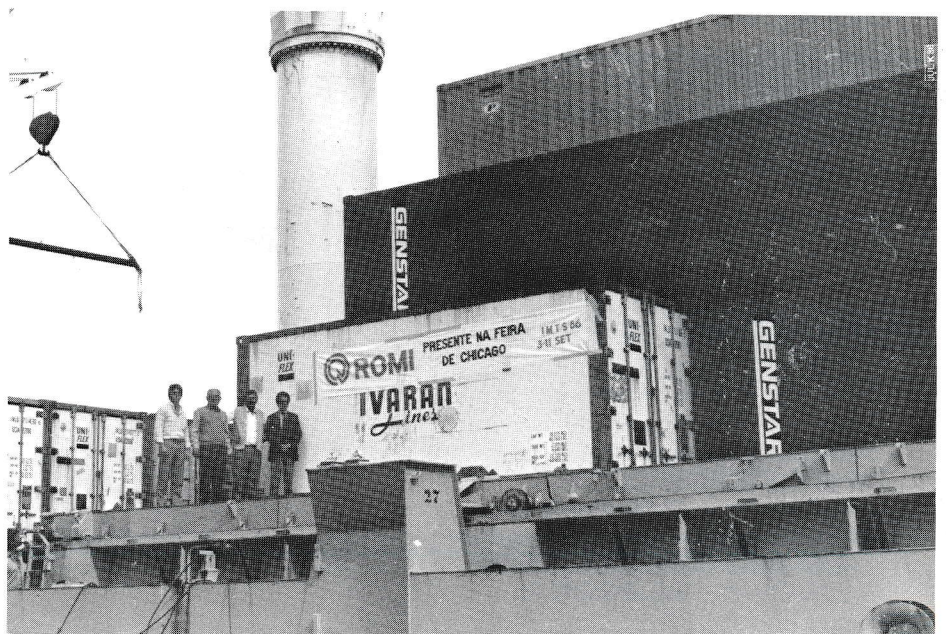
- Engine Lathe, model ID-20, distance between centers 40", swing over bed 13", 12 spindle speeds from 50 to 2,500 rpm, main motor 5 HP.

- Heavy Duty Engine Lathe, model HDL 33-20 (E-45A), distance between centers 120"; swing over bed 33-12"; 15 spindle speeds from 10 to 750 rpm; main motor 20 HP.
- Heavy Duty Engine Lathe, model HDL 40-50 (E-65), distance between centers 200"; swing over bed 40-1/2"; 15 spindle speeds from 7.1 to 530 rpm; main motor 50 HP.
- CNC turning center model T-30 CNC (COSMOS 30), distance between centers 14-9/16", swing over bed 25-5/8", spindle speeds from 17 to 2,500 rpm, main motor 30 HP.

To show the extent of ROMI's interest in the US market, ROMI is investing US\$ 400,000 in this exhibition and expects to meet many of its customer's and friends at its booth.

At the beginning of this year ROMI has established a subsidiary company in the United States, the ROMI MACHINE TOOLS, LTD., 515 East Golf Road, Suite 208, Arlington Heights, Illinois 60005, (312) 439-6662, telex 4979978-ROMI-UI.

This clearly illustrates the continuing interest of ROMI in the American market.





agents corner

We are pleased to register increased interest on the part of our liner agents to be featured in ON LINE.

This time our old friends, originally from Havana, later on in Miami, the Rovirosas, come into focus. Your editor has personally known and appreciated them for more than 35 years.

This is how they now present themselves:

Farovi Shipping Corporation Miami Agents for Ivaran Lines was founded in June 1961 by Mr. F. A. Rovirosa now deceased and is a family owned business. Originally the Rovirosa family came from Habana, Cuba and they operated under the name of F. A. Rovirosa, S. A. one of the largest Steamship Agents, Brokers and Stevedoring Contractors in Cuba since 1938. Frank L. Rovirosa, Jr. now President of Farovi was General Manager of the tanker fleet owned by the family and later confiscated by the Castro Government in 1961. He joined Farovi Shipping Corporation in January 1970 as Vice President and founded Florida Stevedoring, Inc. in 1973. Jorge P. Rovirosa joined the company in 1971 and today is the Executive Vice President of the corporation. Other family officers are Frank V. Rovirosa III and Richard G. Rovirosa who joined the firm in 1980 and 1982 respectively and are both Vice President of Operations and Finance respectively.

We are proud to say that during the ensuing years both of our firms have become one of the leading Steamship Agents and Stevedoring Contractors in the Southeast Florida area with headquarters at Miami.

In 1985 the companies decided to purchase a building at downtown Miami close to the Port of Dodge Island, and its location at 125 N. E. 9th Street is ideal due to the proximity to the port and the supervision of the vessels that we represent.

Farovi, due to the changes of the industry, is properly set up to maintain the service that each of our Principals requires. Today we are fully computerized and our docu-

mentation is quickly processed so they are received without delay at the ports of discharge which is of utmost importance in today's business and particularly when destinations in Latin America are a matter of hours or less than three days. Our Operations and Traffic Department are staffed with professional personnel and of course, are fully bilingual.

Farovi is also highly marketing oriented and employ six capable freight solicitors to canvass an area from Miami to West Palm Beach on a personal and orderly basis on behalf of our Principals. In conclusion, we must say that in spite of the keen competition particularly on the present shipping world coupled with an excellent service provided by Ivaran Lines we have been able to maintain our cargo participation despite being a third flag carrier on the United States/Brazil/Argentina trade.

We need to present yet another distinguished IVARAN agent in this issue.

Cranston Woodhead S/A has long been a leader in Southern Brazil. Here is their presentation:

1. Introduction

This is a brief outline of the histories of three companies comprising the Cranston Woodhead Group; how they came into existence, and the wherefore of their continued expansion.

In 1922 when the original company was founded, all cargoes which moved by sea were transported break bulk in the true expression. There were no distinctions as to type of vessel used, and no bulk carriers for solid or liquid cargoes then existed.

Commodities were loaded wherever suitable underdeck spaces could be found. Cargoes were always shipped in unitized packaging, i.e. agricultural products in bags, petroleum and chemical products in

drums, intended to make for easy handling and transportability, and perhaps more important, to facilitate onward shipment by rail or barge to inland destinations.

After W.W.II, these methods changed quickly, and large bulk carriers introduced to move liquids and solids between specialised handling terminals worldwide. NAVEGACAO TAQUARA was incorporated in 1972 to help transport such bulk cargoes from production centers inland to the export terminals at Rio Grande.

Very soon, carryings by Liner vessels were confined mainly to general cargoes which did not easily adapt to bulk shipment, and the problem of transporting such parcels safely to final destinations provided a constant challenge which was not definitely resolved until introduction of the container concept.

The acceptance of containers opened up a whole new marketing world to areas previously considered inaccessible, and CONTAINERS E TRANSPORTES INTEGRADOS LTDA. was formed in 1980 to provide the supportive services needed in this new era of transportation.

2. Early History

CRANSTON WOODHEAD S/A – was founded by Cecil and Joseph Cranston Woodhead on July 1, 1922, to act as Agents for foreign shipping Lines trading to Rio Grande do Sul. Head Office was at Rua Marechal Floriano 111, Rio Grande, with a branch at Porto Alegre. An office was opened the following year at Pelotas.

Services of foreign Lines stopped at Rio Grande, and in view of precarious road and rail communications, cargoes for inland destinations were usually transhipped into barges at Rio Grande.

There were practically no local manufacturing industries, and shipments out of Rio Grande consisted mainly of agricultural and animal by-products. Local importers

usually found it more convenient to have merchandise transported by coastwise vessels from Rio or Sao Paulo, as these provided frequent services for passengers and cargo, terminating at Porto Alegre.

In 1930, foreign Lines extended their services to Porto Alegre and for the next 40 years this enabled the outgrowth of trade and industry from an area which had previously been constrained by difficult transport connections.

Porto Alegre soon built up a position as the main commercial center for South Brazil, and most foreign Liner companies provided direct bi-monthly calls in spite of the shallow draft which imposed tonnage restrictions.

Eventually with the introduction of larger tonnage, calls upriver became unfeasible and once again sea-trade for South Brazil reverted to Rio Grande which entered into a phase of significant expansion opening new horizons for private investment in port-related activities.

In 1972 NAVEGACAO TAQUARA LTDA was incorporated in order to viabilize transportation of bulk cargoes from inland centers of production to the new grain terminals being built at Rio Grande.

In 1980 it had become obvious that containers had arrived to stay and that this would require a separate infrastructure to market and service the concept. CONTAINERS E TRANSPORTES INTEGRADOS LTDA. (CTIL) was accordingly founded to operate a fleet of road trucks based on an integrated system which included road transportation, storage and shipment of containerised cargoes, and a 30-ton Container Transporter acquired for operation in Rio Grande port area.

A new Container Depot with repair and stuffing facilities is now being built on a 90,000 square meter site adjacent to the Container Terminal at Rio Grande. This will become operational early 1987 and the complex will be owned and operated jointly by Cranston Woodhead S/A and CTIL.

3. Container marketing

CONTAINERS E TRANSPORTES INTEGRADOS LTDA. (CTIL) – Originally provided an integrated service based on road haulage of Tobacco products from Santa Cruz do Sul, to the nearest seaport, Rio Grande.

Containers were already become popular with Shoe and Tobacco importers on the U.S. East coast, and local shippers were fast to appreciate the advantages of this method of transportation and adjusted their habits accordingly.

They quickly discovered that in addition to safety and convenience, containers made inland transportation much easier, and opened up a whole new range of destinations not previously possible with break-bulk methods of shipment.

Other port services had become part of the company's activities and in 1982 a local manufacturer was motivated by special order to build a 30-ton fork-lift Transporter equipped with hydraulic top-spreaders for 20/40 foot containers. This was a timely measure, since container handling on shore had been slow, and much damage had been caused by use of inadequate equipment. This privately-owned Transporter has been operating in Rio Grande for four years, and became the prototype for others who benefited from the initiative.

Today, CTIL operates a fleet of 35 heavy road vehicles each fitted for hauling two 20' or one 40' loaded container. CTIL's road services are centred on Rio Grande as the main freight generator where handling support is attended by 31 fork-lift vehicles of various capacities, a Container Depot, Freight Forwarding Department and Warehouse Stuffing facilities.

The company has branch offices at Porto Alegre, Blumenau, Sao Francisco do Sul, Curitiba and Paranagua; a 20,000 square meter Container Depot in Santa Cruz do Sul, with facility for fumigating Tobacco in loaded containers on the site,

and a Depot within Itajai port area.

At Sao Francisco do Sul, the company is finalizing negotiations for lease of a 10,000 square meter site located 200 meters from the port main quay, for use as a Container Depot in that important area.

Marketing orientation of CTIL's inland offices is based on the extensive experience of shipping operations world-wide, accumulated over more than 60 years by the parent company Cranston Woodhead S/A., and the company's philosophy is to obtain integrated routing of all containerisable cargoes from points of origin to final destination, by means of all-inclusive freight packages, which wherever possible are offered to shippers on a contract basis, guaranteeing reliability and the continuity to meet each Shipper's programme, also ensuring an adequate flow of cargoes to ports where Line Agency interests are shared with the parent company.

4. New Container facility of Rio Grande

Events have shown the necessity for privately-owned and operated container backup facilities in close proximity to the Port's Container Terminal at Rio Grande, to include warehousing for pre-containerised cargoes, Container stuffing under Customs supervision, and facilities for repairs.

Putting these requirements into practice, an area of 90,000 square meters located about one mile from the Container Terminal was acquired from the State Government in 1983.

The project development for this site entails construction of three warehouse modules, each with a covered area of 2,660 square meters. The modules are 40 meters wide with reinforced concrete flooring and no centre columns or internal obstructions. Each module has 4 access doors each side, 6 meters high and 4.70 wide, with outer unloading

platforms protected by an overhead brow extending out 15 meters to permit under-cover unloading of road vehicles. The modules will allow simultaneous stuffing of 12 boxes with concurrent unloading of 12 trucks.

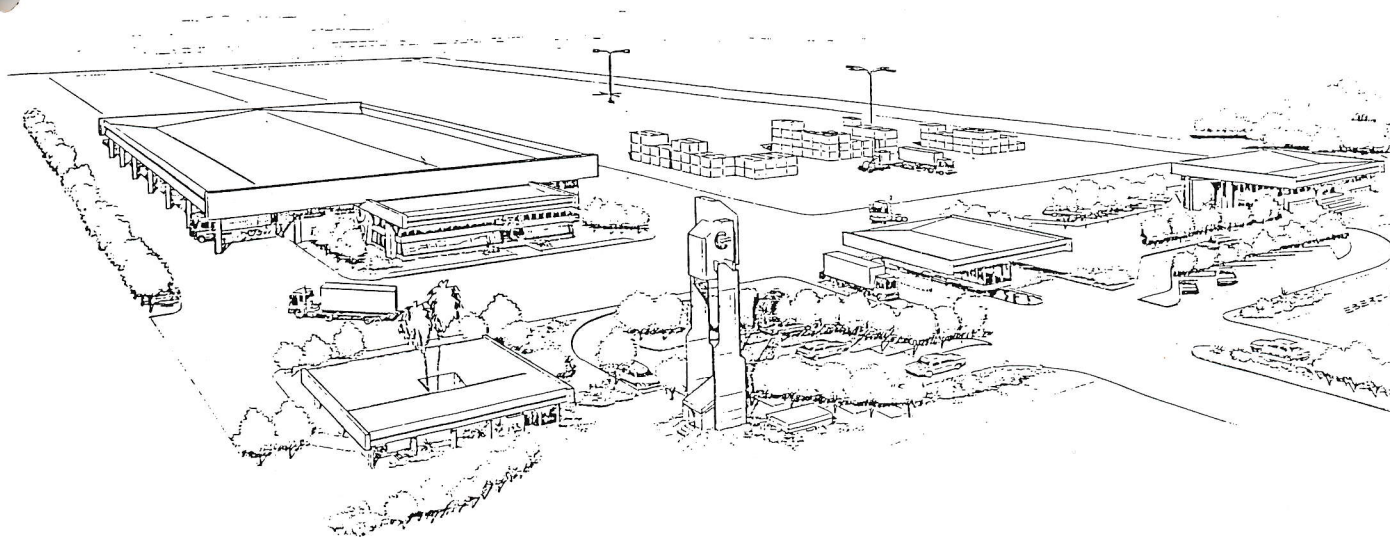
Each module is separated from its neighbour by a brick and concrete division containing a steel communicating door 6 x 12 meters, with an access door of similar size at the end of the outer unit to allow loaded entry to the 30-ton Container Transporter. Dividing walls are designed to be fire-resistant and it is easy to

isolate individual units. The buildings will include extensive fire-fighting equipment, and suites of offices for Operators and supervisory Customs Officials. The first unit is expected ready October 1986.

Outdoor storage area on site comprises 13,600 square meters of granite block paving, suitably reinforced for heavy equipment. The Container Transporter is capable of stacking containers in three tiers, giving outdoor storage for over 2,000 TEUS. 5,000 square meters of pavement has already been laid and the site is ready for limited usage.

When this facility becomes operational, a flow of empty containers can be directed from the storage area by road for stuffing on site at any point inland, and cargoes which cannot be consolidated at origin can be directed break-bulk for stuffing at this central point.

Containers can be repaired or refurbished on the spot, and a computerised control system will monitor location and scheduling, ensuring efficient logistic support to Lines regularly using the facility.



CTIL - TERMINAL DE CONTAINERS
CONTAINERS E TRANSPORTES INTEGRADOS LTD.

SPILL-OVER

Cont. from page 6

were produced (excluding motorcycles) and 58,056 of these were exported.

The right time

Nelima, a Brazilian watchmaking company, was right on time in participating in the 18th European Watch and Jewelry Fair, held in Basel, Switzerland. During its exhibition at the fair, Nelima signed contracts for the immediate shipment of 20 thousand wristwatches to France. Moreover, the company has also started negotiations that are well along with American importers.

Market for steel

By the year 2000, Brazil should account for 6.7 percent of world steel exports. This forecast is made by the Chase Econometrics subsidiary of the Chase Manhattan Bank. Right now, Brazilian steel exports make up approximately 4.6 percent of the world total. According to Chase, Brazil will enjoy an increase in its share of the world steel market because of its low labor costs.

Ceramic plates

Countries in Europe are increasing their imports of ceramic plates made in Brazil. The Oxford company, located in the city of São Bento do Sul, in the state of Santa Catarina, expects to export 26 million of its glazed earthenware plates, worth approximately eight million dollars. Almost all of these plates will be going to Europe – to the Federal Republic of Germany, England, Italy, France, Sweden and Holland, among other countries. The Oxford company is one of the five largest manufacturers and exporters of ceramic plates in the world.

Industrial output

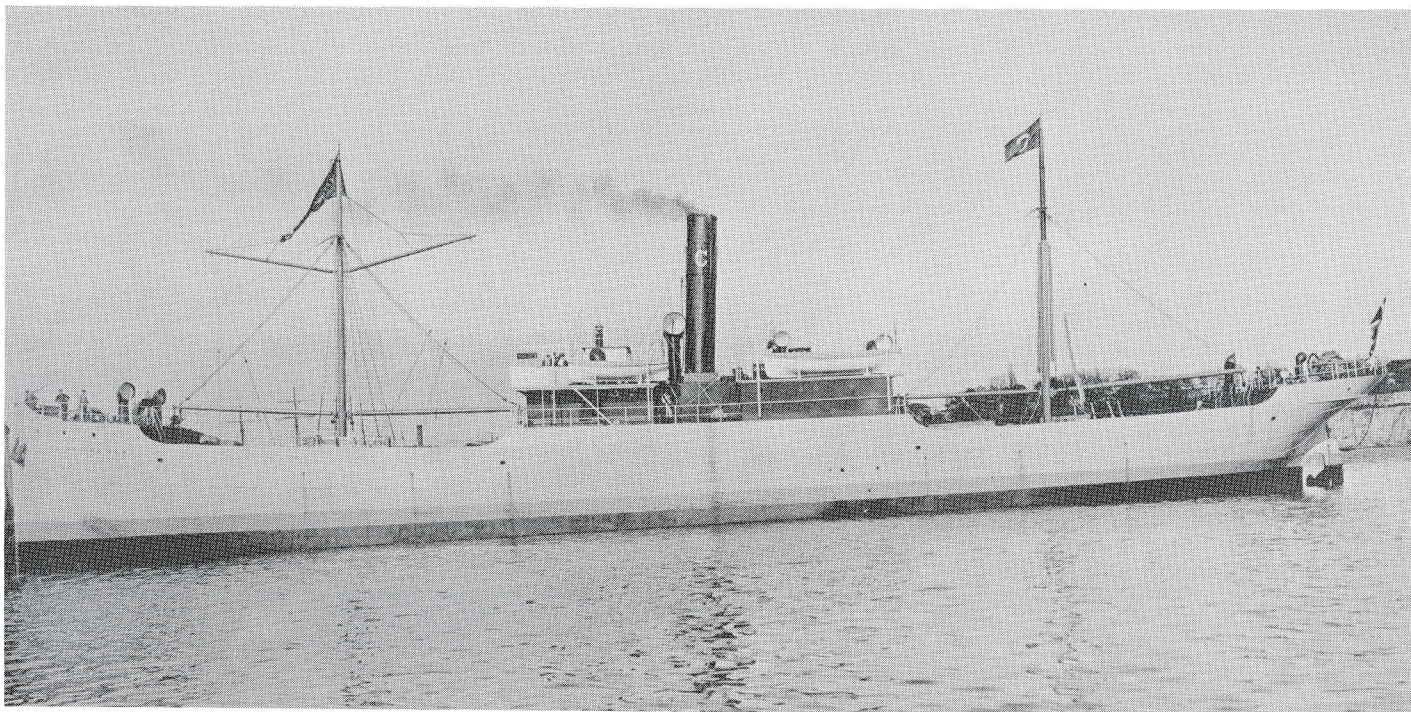
Brazilian industrial production for the four-month period from January to April of this year was 11.7 percent higher than for the same period last year. This figure was released by the Brazilian Geographical and Statistical Institute (IBGE) whose president, Edmar Bacha, considers this result as a sign that any problems of industry's adjusting to the recently established Economic Stabilization Plan (the new monetary reform) have been overcome.

A record harvest

The Brazilian wheat crop this year should reach 5.5 millions tons – a new record which brings the country closer to its goal of self-sufficiency in this basic grain. Brazil consumes almost six million tons of wheat annually, and has always been a traditional importer of the product. However, for the past three years, national wheat production has been expanding rapidly, going from a little more than two million tons in 1983 to 4.3 million in 1985. From 1985 to 1986, the area given over to wheat growing increased by 30 percent, and a proportionate production is expected. The increase in the domestic production of wheat was stimulated by the government's gradual elimination of the subsidies granted to imported wheat.

The sky's the limit

The Brasilia, a pressurized, 30-passenger plane, manufactured by the Brazilian Aircraft Corporation (Embraer), has received authorization from the Civil Aviation Authority of Great Britain to fly in that country. Similar authorization has already been granted by the United States. France and the Federal Republic of Germany will be soon opening their skies to the Brasilia which is used to fly passengers over short distances.



glimpses into the past



S/S «Kronprins Olav»

Ivaran kept adding ships to his rapidly expanding young fleet. His first Norwegian built one, the seventh in line, was delivered from Akers mek. Verksted in Christiania (Oslo) in 1908.

The ship was of 1.800 tonnes dw. and was given the proud name «KRONPRINS OLAV». Crown Prince Olav was at that point a mere 5 years old, but he is still going as Kings Olav V. The royal stamina has outworn the steamer, but the ship

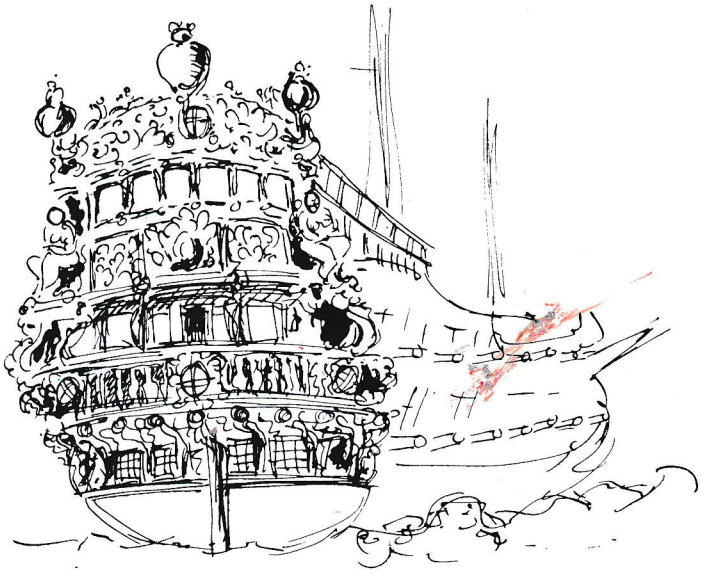
also seemed to be of a hardy stock even if she had a number of narrow escapes.

In 1912, on a voyage between Gävle and Skjellefteå in Northern Sweden, she stranded by Cape Jaernes and was declared a total loss.

Yet, in the spring of 1913 she was refloated and again put into trading condition. In 1924 she was sold to another Norwegian owner. In 1930 she once more stranded, this time at the northeastern tip of Norway on a voyage carrying coals to Vardoe.

Again she was recovered and kept on trading.

New owners took over in 1938 and again three times in 1939. All during World War II she kept on trading and almost made it until she on May 3rd 1945 was strafed by airplanes and put on fire, whereupon she once more stranded. Rescued and put into service over again, she was sold and kept on trading under the name of 'DISA' until 1957 when she was finally scrapped at the ripe old age of 49.



stern gallery



The city of Paranaguá has not yet lost its soul to a modern city profile. Yet major changes have noticeably taken place since your editor made his first entry into town back in 1954 via DC-3 and a mud airstrip in pouring rain.