

# on line

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No. 2/87

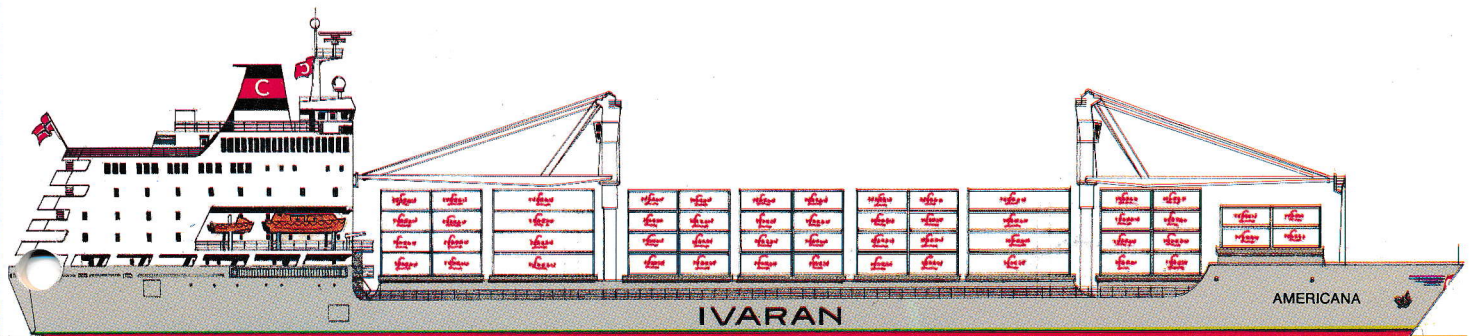
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*the story:*

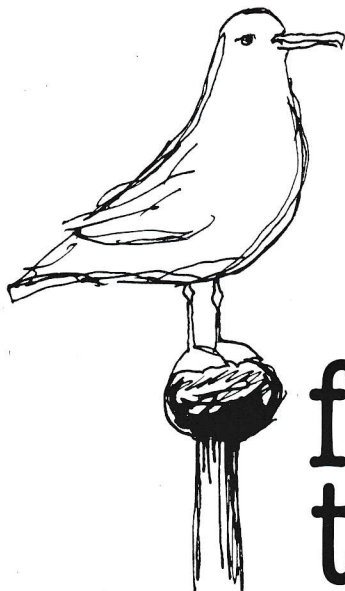
## **M.S. AMERICANA**

*"From the drawing board to a luxury  
container and cruiseship"*



# CRUISE

*— the genuine way*



# from the masthead

## Liner Review

Drawing close to the half way mark of 1987, it may serve some purpose to take a broad view of the general liner situation.

Most operators took a dim look as the year 1987 was entered. Overcapacity was bothersome in practically all major trades. That situation still remains. But several of the foremost liner companies seem to be able to stay in the black despite problems. At least, official results for 1986 seem to indicate that the situation could have been worse.

Leading container liner operator EVERGREEN Chairman Y.F. Chang termed 1986 "the worst year ever." Even so, he could report on 1986 profits of US \$54.7 million, down from 70.7 mill. in 1985. And seen in relation to gross income of \$1.23 billion for 1987, the results may be termed not so good.

As he announced the 1986 results, Chang added that further expansion plans did not exist beyond the jumpoizing job on eight new 2928 TEU ships, stretching them to 3428 TEUs. And yes, their string of old, nearly obsolete ships ranging from 878 TEUs to 1810, would soon have to be replaced.

For the purpose of fleet renewal Evergreen now intends to develop their own shipyard at Taiwan at a cost of some \$550 million. That yard will be able to build ships even larger than the current GX giants at 3428 TEUs.

Much time had not elapsed before Evergreen let it become known that, furthermore, they will be ordering three more 3428 TEU ships. That announcement led us to speculate whether Evergreen may become the first global carrier to switch to the "horseshoe pattern". We have for several years been anticipating such a move on the part of one or more of the present round-the-world operators. As may be recalled, this pattern encompasses a service running from U.S. Pacific via the Far East and Suez to East Coast of USA, returning the same way back to U.S. Pacific. Thus, the ships would not serve the U.S. East Coast - U.S. Pacific leg which is a loss-giving one in view of double stack rail operations across USA. The round-the-world service would from now on include the overland leg across USA in either direction, reducing

capital as well as operating costs for several ships. With eleven speedy big ships, Evergreen would be drawing awfully close to manage a weekly horseshoe pattern service. And before long their new yard could turn out the next generation of bigger than Panamax container ships.

Some while back we had speculated that MAERSK might become the first horseshoe operator, but we had overlooked the fact that they first would have to become a weekly carrier in the Europe - Far East trade - if they are at all harbouring such ambitions. Recently, they succeeded in buying the Chargeurs Reunis' cargo rights between Europe and the Far East. Some time during 1988 they will be running weekly sailings as Conference members in that most important trade. If from that point onwards Maersk also becomes a horseshoe candidate, their horseshoe might terminate in US Pacific and Northern Europe, with a U.S. East Coast to Algeiras bridge to close the gap.

Maersk also suffered diminishing profits in 1986, but still managed, as Evergreen, to stay in the black. Their profits were gained in the Europe/Far East trade. Being well diversified and intermodally advanced, Maersk will survive to greet better times, even if their operating costs may be on the high side compared to Evergreen.

The other European major liner operators such as P. & O., Ocean, Ellermans, Hapag-Lloyd, Nedlloyd, East Asiatic and Wilh. Wilhelmsen also stayed in the black for 1986. W. Wilhelmsen has, however, been badly hit by the collapse of the Off-shore market. They have now completed a restructuring of their loans through a 30-month moratorium of repayments on 60% of outstanding loans. That should enable them to weather the storm and meet the expected upturn of the markets in fair shape.

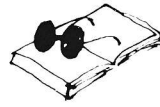
The Japanese lines have had rough going through 1986 and into this year. Further rationalisation of services seems to be in the works. The South Korean lines are in financial trouble and a regrouping is being worked out.

Hong Kong's OOCL in team with Singapore's NOL may also be drawing closer to considering a horseshoe pattern, made possible by the refinancing of OOCL and the delivery of four 2800 TEU ships. The refinancing deal took nearly a full year to complete and may have hurt OOCL in their trades.

As for the American lines, Sea-Land fell into the red for 1986, while American President Lines managed to show fairly healthy black figures. APL tonnage expansion is remarkable with five big newbuildings from W. Germany and the longterm chartering of four 3000 TEU ships from Lykes. They claim that the new, big ships will give them reduced costs per container, but they still have to depend on a fairly lively Transpacific trade. The rates have been under severe pressure for quite some time despite a good growth in traffic volume. Eventually APL, alone or in combination with others, may be another candidate for a horseshoe pattern. The same could be said for Sea-Land.

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# passenger platform



## "Americana" is the name

ON LINE magazine is pleased to inform its many readers that the keel laying of the new passenger/container liner took place in Korea on May 2. As will be seen from the following pages the ship, which has already been built in many bits and pieces around Hyundai Heavy Industries' shipyard, is now being assembled in one place and within short the thousands of tons of steel already welded together will be placed on the berth. Already within the months of June and July, the hull will be in place.

Simultaneously, Ivaran is proud to announce that the name of the new ship will be "AMERICANA". The ship will have her name from the two great American continents which she will serve in many years to come.

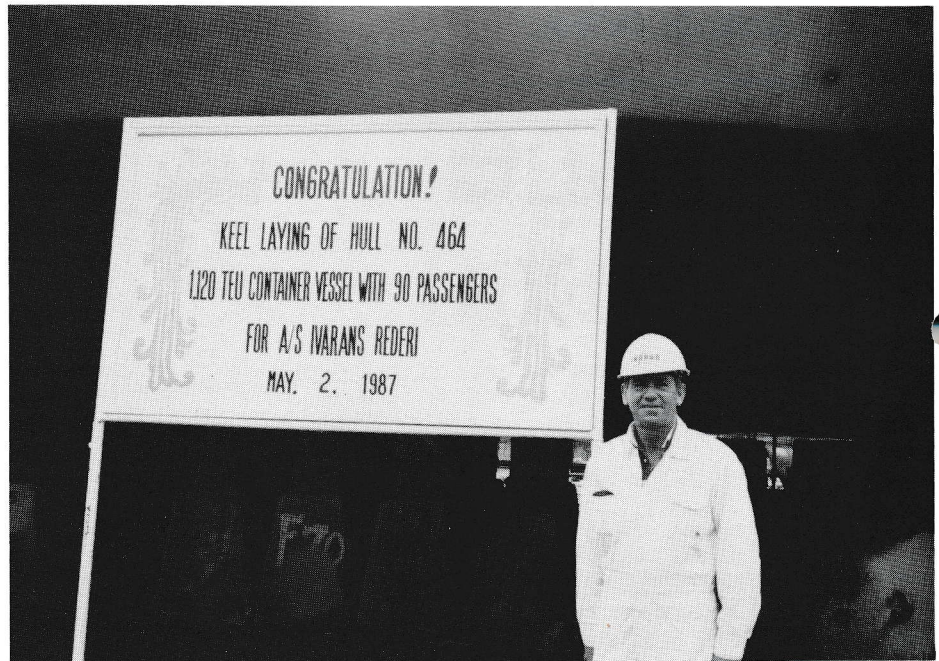
The ship will be truly international. The Koreans will make the hull and all the steel work, but all the equipment which will be found on-board will be delivered by numerous sub-contractors from Norway, Japan, Holland, Denmark, Finland, Germany, Sweden and many other countries.

The Japanese will deliver the cranes, engine room separators and all the navigation equipment, while Norway will deliver lifeboats, winches, bowthruster, propeller and steering engine. The davits for the lifeboats will come from Holland, while the two radars will be of German origin. Danish sub-contractors will deliver the boilers and the ventilators and will also make all carpets. Furniture will be mostly of Scandinavian type and design. The computers will be Swedish.

The navigation and engine room crew will be Norwegian while the catering staff will be South-Americans. She will fly the Norwegian flag.

Delivery of the "AMERICANA" is expected to take place late 1987, after which she will have to sail from Korea to USA which takes around 30 days.

We are still scheduling the first Southbound voyage to commence



around February 1, 1988, but will narrow this date in November/December this year.

The cruise will start in New York and then proceed down the coast via 4/6 ports out of Philadelphia, Baltimore, Norfolk, Charleston, Savannah, Jacksonville and Miami.

After having left the United States, she will cruise to Rio de Janeiro where she will arrive on the 12th day. She will stay the whole day in Rio whereafter she will continue to Santos which is the biggest port in Brazil, through which the big industrial city and the State of Sao Paulo import and export all their commodities. The island of Santos has on one side an active port for calling ships, but the other side is a wonderful beach with good restaurants and excellent opportunities for swimming and taking subaths.

After Santos the vessel will proceed to Buenos Aires where she will arrive after 60 hours. Buenos Aires is the capital of Argentina, and our intention is to stay there for 36 hours, whereafter the vessel will proceed overnight to Montevideo, the capital of Uruguay. The passage

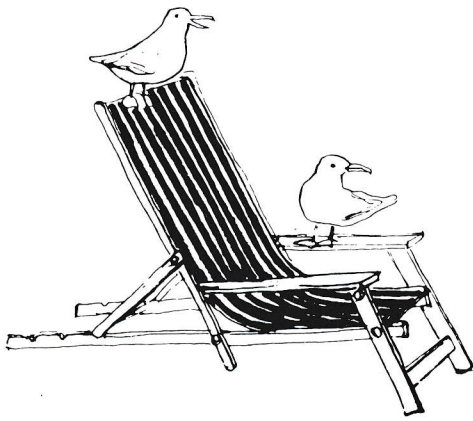
from Montevideo to the next port, Rio Grande, takes about 18/20 hours. Rio Grande is the biggest tobacco port in South America with considerable exports of tobacco and shoes to the United States.

After a short stay in Rio Grande, the "AMERICANA" will call at one port out of Itajai or Paranagua, about 30 hours cruising from Rio Grande. The port of Itajai is the port for the State of Santa Catarina with its many factories and exports, while Paranagua is the port for the State of Paranagua, an agricultural port with considerable exports of coffee, lumber and other commodities.

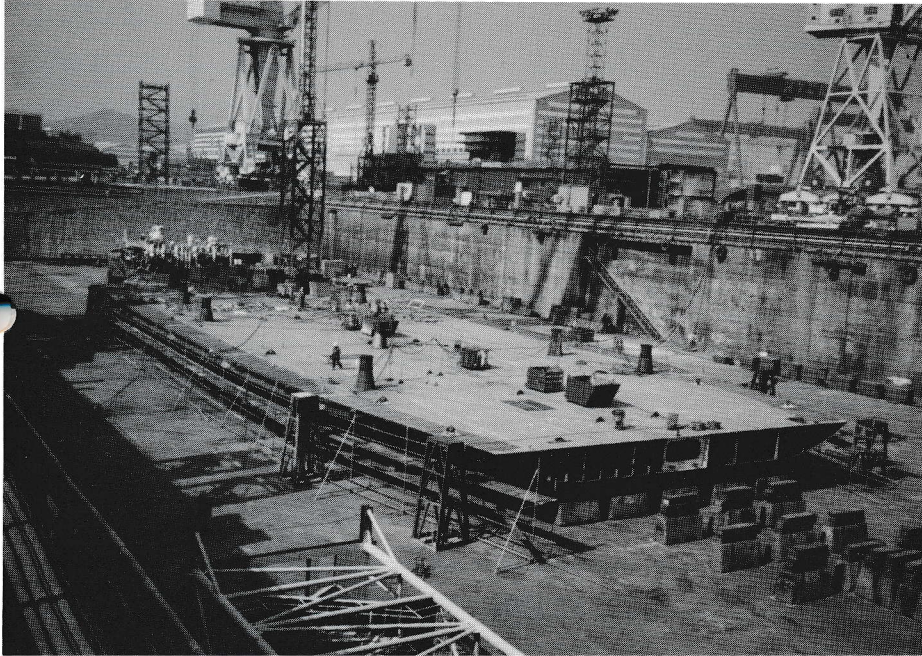
From Paranagua the ship will sail overnight to Santos for a probable stay of 36 hours. Santos is the biggest port for Ivaran. A large part of the Northbound freight is loaded here.

Thereafter, the vessel will proceed overnight to Rio de Janeiro to make a second call at this interesting port with its many opportunities.

We also plan to make a call at either Ilheus or Salvador around 50 hours steaming distance from Rio



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de Janeiro. Ilheus is a small cocoa port, while Salvador is the capital of the State of Bahia and offer many opportunities for tourists. The city is quite picturesque and famous for her many churches.

The final port of call in Brazil is Fortaleza, where a short stop will be made to load Brazilian skins and wax, mainly for New York.

In all, Ivaran intends to call at 4/6 ports on the U.S. East Coast and make 10/11 stops in South America.

We will schedule the ship to arrive at 7 o'clock in the morning and sail 7 o'clock at night, but will spend more than 12 hours in Santos and Buenos Aires. The Port of Rio de Janeiro will be called twice.

While you are in South America we will offer you various kinds of sightseeing tours, excursions and shopping opportunities. We will also try to convey to you interesting information about this fascinating continent.

There will be many opportunities also aboard ship. We have done our very best to equip the cabins luxuriously. The furniture will be of high quality, and so will curtains and car-

pets. The cabins are planned for extensive seavoyages with good space to store luggage and other belongings. Each cabin will contain cable-TV, radio, telephone for direct dialing around the world, your own private safe and your refrigerated mini-bar. Naturally, there will be a bathroom with all kinds of equipment. All bathrooms will contain wash-basin, toilet and shower, while some will in addition have bath-tub and bédé. A hair-drier will also be installed in each bathroom.

Once out of your cabin, you may enjoy yourself in a sizable bar and lounge, and eat gourmet meals in the dining room. Ivaran will employ first-class cooks to serve everyone's taste to the fullest extent. Breakfast and lunch will be buffet style, the latter meal with an abundance of various dishes to try to please everyone. Dinner will be served and will contain three dishes.

Dressing will be casual, but somewhat more formal for dinner.

During daytime, you can either spend your time at the sizable Sun Deck, which will include a swimming pool and a whirl pool with

crystal clean salt water pumped up from the Atlantic Ocean containing 79/83 deg. F, or you can simply stay in the sun in a comfortable deck chair or relax at the deck bar. The Sun Deck will be an excellent place where to watch the scenery of the coast, including entrance and departure, and some part of the area is covered in case of rain and wind.

If you prefer to stay inside, the lower deck will contain a sizable gymnasium, and there will be opportunity for massage and hairdressing.

There will also be a doctor on-board at all times.

We hope that when you have finished your 46/48 day cruise, we will have convinced you of the quality of the "AMERICANA" and the voyage. We have spared nothing to make the cruise enjoyable in every way. We also hope that we will have succeeded in conveying to you something about South America, its culture, sights and flavour and that you have experienced something which you will never forget.

And if you wish to come back for another cruise, you will be treated royally as an old friend of IVARAN LINES.

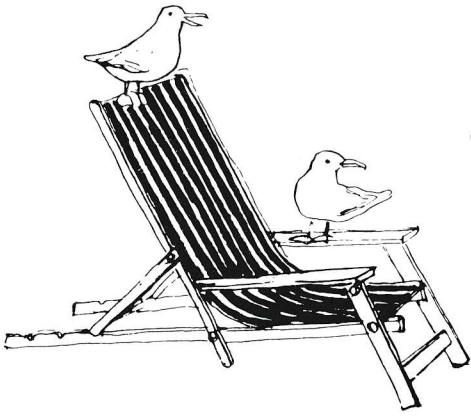
## M.V. Americana - Progress Report from the Technical Department

As the construction of IVARAN'S passenger/container vessel, M.V. AMERICANA, is in progress, we would like to give our readers a brief report of the highlights up to now.

The contract was signed on May 21<sup>st</sup>, 1986, at IVARANS office in Oslo, and the construction started immediately at the yard.

Already by the end of June, representatives from the technical department paid the yard a visit for technical discussions. In the following period further trips have been made to discuss technical solutions. Realising that the vessel is equipped with the latest technology such as microprocessor based alarm and

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# passenger platform



## Brazil: a Tropical Paradise

– In contrast with the United States, tourism in Brazil is a relatively new activity, points out João Dória Júnior, 28, the young and dynamic president of EMBRATUR; Brazil's official tourism board.

The first high rise hotels only appeared at the end of nineteen forties in São Paulo and Rio de Janeiro. But it was from the mid nineteen sixties that tourism started to grow and become economically interesting. EMBRATUR, was founded in 1966 by the Industry and Commerce Ministry to guide the country's policies on tourism and the development of this sector. The seventies saw the establishment of numerous hotels, the expansion of the airlines and an increase in travel agencies.

Right from the start of the eighties Brazil has felt the effect of growth in its tourism industry mainly on the international level. The United States is the second most important country of origin, right after Argentina.

Despite the advances in the tourist sector in Brazil figures issued by the World Tourism Organization showed that Brazil has a long way to go. The organization's 1985 figures show that in that year Brazil's revenues represented a mere 1,42% of the worldwide tourism revenue figures of US 105 billion dollars. This is without a doubt a figure that is still insignificant when compared to countries in the Northern hemisphere.

According to a survey carried out by American Express in October 1985, the American consumer knows little about South America. Among those interviewed, 82% had never travelled to the South American continent. On the other hand, the same survey showed that Brazil was the country that most of these prospective travellers would like to visit. Thus, the same survey effectively shows that South America means Brazil.

When Dória took over as president of Embratur in March 1986 he

made a commitment to reverse this situation and put foreign marketing back in its rightful place as an important instrument improving Brazil's performance on the international level.

With the support of the Brazilian Ministry of Foreign Affairs Embratur invited Pan Am and Varig Airlines plus American Express Card to carry out a major publicity campaign in the American market jointly with Embratur. The four partners funded around US \$2 million to finance this and with the support of Embratur's advertising agency – Ogilvy and Mather – the campaign was placed in the main newspapers and magazines nation wide.

## Embratur's marketing director Luiz Lara

In an exclusive interview with the "Brazil Export", Luiz Lara, Embratur's marketing director pointed out that the campaign featured the following items to attract American tourists:

- Brazil has sun all year around
- the world's largest tropical rain forest, the Amazon
- Rio de Janeiro's famous Carnival
- the country's natural ecological reserves
- a hospitable people, charming and musical
- a low-cost destination for Americans

Lara says that the campaign having as a theme "Brazil, what life was intended to be", that appeared from June to December last year may be considered a success. There was an increase of tourists from abroad by 15% and last year Brazil earned US \$2 billion through tourism. The campaign in the United States was placed in 33 major magazines that received the advertising reaching 82% of the American public. In addition road shows and seminars in ten American cities were undertaken to explain Brazil while the American

press was provided with positive news about this country.

Although this was not included in the campaign, many tourists are attracted to Brasil because it is free of political tourism which plagues several other continents including Europe and obviously the Middle East.

Recently Brazilian tourism got a boost from an international heavyweight, Malcom Forbes, the American multimillionaire and owner of "Forbes magazine" who travelled down the Amazon river in his super yacht "The Highlander" and became fascinated with the tourism potential of the Amazon region.

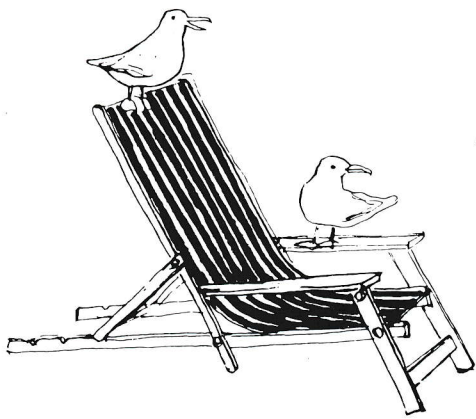
Embratur has undertaken other steps towards increasing tourism. From this month a second phase of the campaign Brazil Passport will take place to stimulate tourism in the low season. In this phase of the campaign special emphasis will be given to 20% discounts on air tickets for the Passaporte Brasil (Brazil Passport).

The strategy of this publicity campaign is to make Brazilians conscious of the benefits derived from tourism, from the earning of hard currency, as tourism is already the fourth item in Brazil's export list and the guarantee to leisure.

Minister José Hugo Castelo Branco who heads the Industry and Commerce Ministry is quite emphatic in affirming that he sees tourism as a priority through the performance of Embratur. He wants to see a constant expansion of this sector which in 1986 brought US \$2 billion to Brazil and employed directly or indirectly around 1.5 million people.

After President José Sarney officially launched the Passaporte Brasil last August 28, besides stimulating tourism the passport has created closer links between the private sector and the government.

Sixty excursion agents and around 790 companies directly or indirectly linked to tourism listed their names in the little green book of the passport. Thus the passport. Thus the



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passport makes part of a two pronged strategy: to encourage Brazilian tourists to travel within their own country and the international publicity campaign to attract foreign tourists.

## This year's tourist boom

The figures so far show that all these efforts are having positive effects. From 1980 to 1985 the flow of North American tourists to Brazil grew 64% for a total of 205 thousand visitors. Even on a conservative basis, tourism stood fifth on Brazil's list of exports in 1985, right after coffee, transport material, iron ore, machinery, ahead of steel products, soya, footwear and orange juice among others.

The Brazilian government intends to increase its investments to promote tourism and among the measures considered are: the opening of a tourist office in the Western coast of United States; granting facilities for foreign investments in tourist infrastructure in Brazil such as building new hotels and leisure areas; guarantee of low prices for tourist packages in trips to Brazil; diversifying entry and exit points today limited to New York, Miami and Los Angeles).

Bettering the quality of services and facilities to attain entrance visas for Americans; increase the number of regular flights from the U.S. to Brazil; improve the quality of services offered to tourists at hotels, airports, tourist centers and domestic transport facilities.

These are just some of the measures that should be adopted over a short, medium and long-term span.

## Equal treatment for foreign investors

The Brazilian constitution ensures equal treatment for foreign capital in

Brazil. Investments may be made in money, rights or goods. Brazilian companies may also be controlled by foreign nationals. The law basically guarantees business controlled by non-Brazilians the same rights as those available to Brazilian controlled firms.

It forbids any form of discrimination not expressly set out in the law. Restrictions on foreign investments in tourism are affected only with regard to air and sea transport. "There are no other restrictions on other sectors of the tourism industry", says João Dória Júnior the president of Embratur.

All studies show that tourism is the sector in the domestic economy with the greatest potential for growth in the next few years. For this reason Embratur, who believes in the studies, in practice is involved in several publicity campaigns, domestic and abroad, to increase the tourist flow within the country. Joandre Antônio Ferraz, acting planning director of Embratur believes that it will not be difficult for the sector to generate revenues of US \$2.3 billion in 1987 representing a growth of 15% over last year.

## 1987 National Tourist Year - Brazil's "Tourist Ambassador"

For the campaigns abroad the president of Embratur predicts that the results will show a 15% increase in tourism agreeing with Ferraz. Luiz Lara, the director of marketing said that Pelé, the Soccer King, and probably the best known Brazilian worldwide will participate in a massive advertising campaign directed towards the principal European news media. The theme of the campaign will be "Emotion has a name: Brazil". It is expected that Pelé will be received by Heads of State and even the Pope. Pelé will receive full

support from Brazil's Foreign Ministry - the Itamaraty.

Luiz Lara pointed out that tourism is the second economic activity in the world after petroleum and that Brazil's share in the worldwide tourist activity is only 0.8%. Considering the size of this country and all that is being done by Embratur it is obvious that there is an enormous potential to increase this number concludes the marketing director.

## Hotel Industry

In the hotel industry, for example, Brazil currently plays host to some of the major American hotel chains, such as Hilton, Sheraton, Intercontinental and Holiday Inn.

They are well set up in Brazil and profiting. The Brazilian government is eager to find new foreign investors to set up hotel businesses in our country, added Doria. The expansion of domestic and foreign tourism over the last six years - plus the excellent outlook for the next five years are powerful reasons to justify investment in this sector.

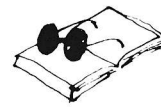
The president of Embratur has no doubt about Brazil's vocation for tourism.

Speaking enthusiastically he concluded his speech by saying: "Just imagine a country large enough to hold thirty European countries. Think about an entire coast of magnificent beaches, with fine sand, clear warm water and a constant cool breeze to take the edge off the sun's heat. Dream about exuberant vegetation, rich with forest and teeming swamp lands.

Don't forget the wildlife, with its rare and exotic birds, fish and animals. Brush all of with subtle colors of all sorts of races and cultures, making up a people full of warmth and hospitality. You could call it a tropical paradise. Or, if you prefer just call it . . . BRAZIL.



# passenger platform



## Freighter Cruise to South America & Caribbean Islands

This was my sixth freighter-passenger cruise, and the most enjoyable. One passenger who has stopped counting the number of her freighter cruises rates this cruise as one of the best. Our cruise was Voyage No. 53 of the M.V. Salvador.

In 1902, Ivar An Christensen and friends pooled their resources, \$6,000.00, to buy an old freighter called the S/S Modesta of 600 dead-weight tons. This freighter had sails to go along with its motor. From this humble beginning, the Ivar An became IVARAN. The company entered the South American trade in 1925 and has been successful in this very competitive area for more than 60 years.

The Salvador is kept clean at all times. The crew was sweeping, washing, removing old paint, painting, waxing, welding, dusting, etc., every day. A sailor shared with me why a ship is called a "she" (author unknown): "There is always a great deal of bustle and a gang of men about; it takes a lot of paint to keep her good looking; she can be all decked out; it takes an experienced man to handle her correctly, and without a man at the helm, she is absolutely uncontrollable. She shows her topside, hides the bottom, and coming into port, always heads for the buoys."

The Salvador has a swimming pool which was filled daily in the tropical regions, except when in ports. There are a number of deck chairs around the pool as well as in other areas of other decks. The cushions are taken in nightly. It was on the pool deck that the passengers observed the "green flash" at sundown. There is a walkway around the entire ship, which passengers used for their daily walk. It was not uncommon for some passengers to walk around the ship 15 or more times before heading for the pool. Five laps around the ship equals one mile.

The Salvador was built in Japan in 1978, and is 500 feet long, 70 feet wide and has a 42-foot draft. She has six holds for bulk and other cargoes, and she can hold 174 40-foot containers. Her gross tonnage (closed capacity), is 11,446. There is a flying deck above the bridge deck, with unobstructed view of the ship and the ocean – a favorite place for passengers when we entered a harbor. Two steps below the bridge deck is the boat deck which may be used for sunbathing or other private moments. The boat deck held three life boats, two of them completely enclosed, and six life rafts, each holding 16 passengers. The deck below the passengers' quarters had a laundry room with two washing machines, soap powder, spot remover, fabric softener, ironing board, all available to passengers. Next door was a drying room, but no dryer.

The passenger quarters were comfortable, but not as large as I have had on other freighters. My single cabin had a sofa under the window and a table with fresh flowers. The bed was high enough from the floor to store several suitcases or other items underneath.

The chest of drawers had three full drawers and two smaller drawers which could be locked, and a pull-out desk. Two chairs and three scatter rugs covered a shiny floor which was washed and waxed frequently. The closet was adequate to hang all my clothes, with compartments for storage. There was additional storage space on top of the locker. A two-shelf refrigerator, thermos bottle, ice bucket and telephone completed the cabin amenities.

The bathroom included a shower, wash basin and a medicine cabinet. There was a converter of 110 volts, accommodating American electric equipment. Linen and towels were changed every fifth day, **but no wash cloths.**

All the public rooms were at the stern, one deck above the passengers' deck, with a view of the ocean on three sides. In the dining area, there

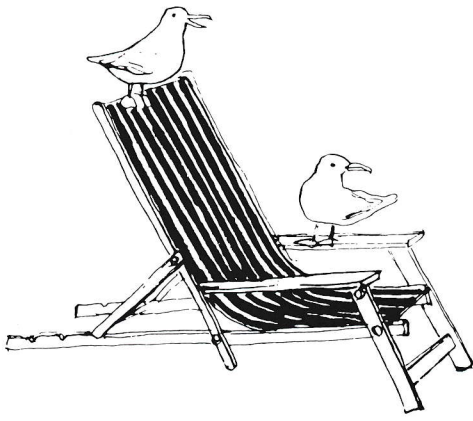
were three tables for the officers, and three tables for the passengers, each attractively set including fresh flowers and candles. The passengers sat at their tables as their wishes moved them. Breakfast and lunch were served buffet style. The items of food were too numerous to mention. Dinner was a sitdown affair, with candlelight and, at times, soft music. The officers were served first. The food ranged from very good to gourmet, depending on your taste. No one, however, lost weight or complained about the food.

The lounge and the adjoining bar were our social and business "hangouts." Movies were shown about every other night while at sea, including camcorder movies of the ship, crew and passengers. A 19-inch TV and tapedeck were available for the passengers' use. There were also knitting, games, Scrabble, a dart board, library, puzzles, etc. It was here that we had after-dinner coffee with the officers, discussed the news, told stories and jokes, heard or created rumors, etc.

The lounge was the place of our birthday parties, celebrations, holidays, sing-alongs, dances, and whatever party you could think of. Our last "Captain's Party," was complete with presents for every passenger, a farewell statement from the captain, and some "Thank You's" or other comments from the passengers to the captain and crew.

The bar section was the informational center for the passengers, either by reading the framed sayings exhibited with the ship's commendations or over a drink. Every Wednesday night at 5:30 p.m., and every Saturday night at 5:00 p.m. there was an open bar with the officers at no cost to the passengers. The officers looked handsome every evening with their white and navy-colored uniforms. The passengers were appropriately dressed, informally, every night for dinner. No passenger interpreted informality to mean "come as you are."

Captain Bendt Terno spoke Norwegian with a Danish accent. He was



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born in Denmark and became a naturalized Norwegian. He was a generous host, and always willing to accommodate the passengers, within reason. Chief Steward Hermund Isdal arranged the "happy hours" and took our orders for the "slop chest", forwarded our mail, and in general answered our questions. Radio Officer Harry Ostby played bridge with some of our passengers most nights. Chief Engineer Knut Granskogen was tall, slender, withdrawn, but willing to answer passengers' questions.

Stewardess Anne Longve and steward Jan Ramstad waited on our tables, kept our cabins clean and changed our linen and towels. Occasionally, they were also dancing partners for the passengers. The total crew consisted of 23 persons and the passengers got to meet them all in our cookouts on deck around the equator.

The passengers were a good group of people from various walks of life. We were all senior citizens who were retired or semi-retired. Various areas were represented including Color-

ado, Connecticut, Maryland, New Jersey, Ohio, Pennsylvania, and Texas.

The captain had given us the disappointing news that our call at Rio was cancelled. Our other ports of call proved very interesting however. A travel agent selected by the shipping agent, met us on board and planned an agenda for three days in Buenos Aires. The fourth day, Wednesday, we were on our own. The tour on Sunday cost \$30.00 per person and included lunch. The tour on Monday was sight-seeing only and cost \$18.00 and the tour on Tuesday was courtesy of Ivaran.

The Sunday tour was great as we saw Buenos Aires without traffic. The highlight was a visit to El Mangrullo Ranch in the country. We had a lunch of Argentinian steak, wine, and a floor show that featured various kinds of South American music and dances. After the show, we saw a demonstration involving the horses and their riders. The weather was beautiful throughout.

The Monday tour was wet. It rained all day, and sight-seeing was at a minimum. It could best be described as "Buenos Aires under water." The Tuesday afternoon and evening tours, given by the shipping line, were successful. As we drove through Buenos Aires, the sun was setting behind the Parliament building, a beautiful sight! We had dinner at "Las Nazarenes" at 8:00 p.m. Steak was cooked to perfection, and of course, wine. Wine is cheaper than Pepsi Cola or other soft drinks in Argentina. At 11:00 p.m., we sent to Casa Rosada and enjoyed the show.

Wednesday we were on our own. Some passengers shopped, others took more sight-seeing of Buenos Aires. I managed a tour of an Argentine navy ship used as an icebreaker, laboratory and hospital for the study of Antarctica.

The line gave us a sight-seeing tour of Montevideo, Uruguay. The city is beautiful with little or no graffiti. It has numerous parks, monuments, and sandy beaches. We had lunch in the suburban section of Punta Del Este. Again, beef and wine were served. The highlights of this tour were the cathedral and the Parliament building. We had a guide who had gone to school in the United States, and she gave us the story of the building, the functions of each legislative body, and the various departments residing in the building.

We docked at Rio Grande, Brazil, for six hours. A few passengers went to town for a fish dinner at the Angola restaurant where the food was good and a departure from steak and wine. Most of the passengers went to Turisbel gift and souvenir shop. The items in the store are reasonable, quality material, and a ten per cent discount was extended for passengers from the Salvador.

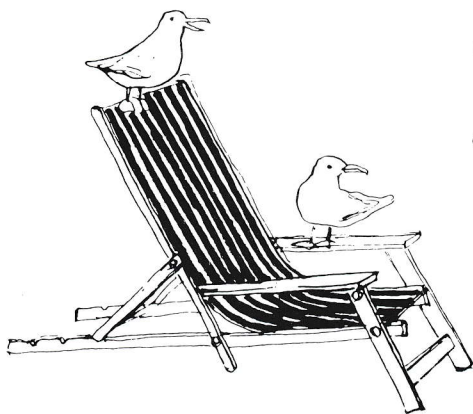
We toured Santos, Brazil, with lunch at the ship's expense, and saw various sections of the city. Of special interest were the Coffee House, Casa International, Building of Justice, Cathedral, City Hall, Coffee Exchange, and Soccer Stadium in which Pele played as a member of

## Exhibited In The Bar of the M.V. Salvador "Ten Commandments for the Travelers"

*Author Unknown*

1. Thou shall not expect to find things as thou hast them at home; thou has left thy home to find things different.
2. Thou shall not take anything too seriously - for a carefree mind is the beginning of a fine vacation.
3. Thou shall not let other passengers get on thy nerves, for thou art paying out good money to have a good time.
4. Remember thy passport so that thou know where it is at all times, for man without a passport is a man without a country.
5. Remember to take only half of the clothes you think you need, and twice the money.
6. Remember if we were expected to stay in one place, we would have been created with roots.
7. Thou shall not worry; he that worries has no pleasures. Few things are that fatal.
8. Thou shall not judge the people of a country by the one person with whom you have trouble.
9. Thou shall not make thyself too obviously an American; when in Rome do as the Romans do.
10. Remember, thou art a guest in every land, and he that treated his host with respect shall in return be treated as an honoured guest.





# passenger platform



the Santos Soccer Club. The Municipal Orchid Garden was of great interest. The season for orchids was over, but there were many exotic flowers, birds, and fish. We had lunch of shrimp and fish at Cibus restaurant. After lunch, we drove through Vincent City to the Parchot Island, and we had a magnificent view of Santos and its beaches.

Santos is the largest seaport in South America, extending for seven miles of dock space. Ships were docked at every space along the seven miles, loading and unloading. During our six-day stop in Santos, four Ivaran ships were in the harbor, including our sister ship, the Santa Fe.

Eleven passengers rented two minibuses and took a trip to Sao Paulo. The price of the tour was \$20.00, plus lunch. I did not participate and reviews from the other passengers were mixed.

A word of caution about shopping in South America: Some stores did not accept American credit cards, or even American dollars. The decline of the American dollar was given as a reason for the reluctance. However, most stores will accept American dollars.

Forty-five minutes after we docked in Bridgetown, Barbados, the shipping line had planned a "photographic tour" with lunch. Barbados is 21 miles long, 14 miles wide, has a population of 260,000 and gained its independence in 1966. The island is surrounded by the most beautiful blue water imaginable. There is no private beach in Barbados; the beaches belong to all. Describing the beauty of the island is difficult. Flowering hedges, bushes and plants, were apparent most places, including flowering mango trees, hibiscus and poinsettias. There were many valleys and hills with mahogany trees overlooking blue ocean waters. Attractive hotels, beautiful houses, including Claudette Colbert's home, the lovely estate where President Reagan stayed on his visit to Barbados, and vacation homes were surrounded by flowering shrubs and trees. There

was also representation of dilapidated homes, ruins of sugar plantations, and the decay of the remnants of a life style from the past.

Of special interest were the Historic Monument, established to remember the first European settlers in Barbados at Hometown; St. John's Church, founded in 1619, and the oldest Anglican Church in the Caribbean; and Farley Hill National Park where Harry Belafonte starred in the movie, *Island in the Sun*.

We had lunch at the Atlantis, in the Bathsheba section of Barbados. Atlantis is surrounded by flower gardens, trees, rocks and palms and is off the beaten path. Our buffet consisted of flying fish, dolphin, chicken, and a great variety of supporting dishes and desserts. We sat on the balcony with a direct view of the blue ocean, and saw the fishing boats bringing in their catch.

The next day we had a cookout and swimming on the Ivaran Beach. This name will not be found on any authoritative map. The name was given by the ship to a very small lagoon at the end of the dock. It is hidden by trees and rocks, creating privacy for our 12 passengers and officers. The blue Caribbean water encouraged us to take a refreshing swim and we enjoyed the beach with its unique shells and white sand.

We docked at other places, for a short time, and went as individuals in various directions; Tampico, Mexico; Itajai, Brazil; Paranagua, Brazil; San Juan, Puerto Rico; Santo Domingo, Dominican Republic; and Mobile, Alabama, where the shipping agent made arrangements for the passengers' transportation home.

As we docked for the last time in New Orleans, Louisiana, we had found new friends among passengers and crew. Perhaps, the greatest friends was M.V. Salvador. We all love you! A framed saying at the bar, called the Ode To The Salvador by Pat Vallentine is still applicable:

Now the officers and crew can't be beat  
from the captain all the way down.

Whatever we wanted they tried to provide from fresh fruit to a night on the town.

**Current Data:** The Salvador and her sister ship the Santa Fe depart from Houston on voyages that average 55 to 60 days. The ships accommodate 12 passengers in comfortable air-conditioned cabins with outside locations. Passenger amenities include the spacious lounge and bar, dining room that features Scandinavian cuisine and a small swimming pool. Age limit is now 79.

The usual itinerary includes Tampico (occasionally), Rio de Janeiro, Santos, Buenos Aires, Montevideo, Santos, Rio Grande (occasionally), Paranagua, San Juan, Santo Domingo and Barbados. The usual return port is New Orleans. Actual itinerary is contingent on cargo. Fares are \$6720 per person for standard double cabins, \$7200 for single and \$7680 p.p. for the owner's cabin.

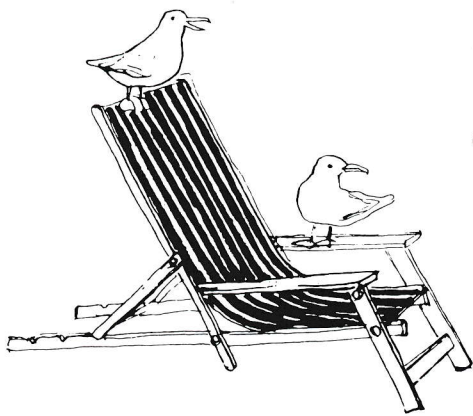
The Norwegian-owned Ivaran Line is currently building a new 90-passenger cargoliner that is due to enter service in early 1988. See the article in this issue for details. The TravLtips Flushing office can assist with arrangements for all Ivaran voyages.

## Focus On:

## Exciting Cities of South America

### Buenos Aires

The hub of Argentina, this city is more European than South American (natives like to call it the "Paris" of the continent), although it is the largest Spanish-speaking city of the Southern Hemisphere. The city actually lies on the Plate River rather than on the Atlantic Ocean and its full name is Santa Maria del los Bueons Aires. Inhabitants are called Portenos. The Avenida Rivadavia divides the city into distinctive sec-



# passenger platform



tions, noticeable in the buildings, shops, even speech. The Avenida de Mayo leads to the historic plaza, dating back to the 1800's, surrounded by the Old City Hall, the Cathedral and the Cabildo. The waterfront La Boca district has a definite Italian atmosphere, with many good Italian restaurants. The cafes around Calle Florida are popular gathering spots for local and tourists.

Buenos Aires is also the art center of South America and there are many galleries and art shows. Argentinians love music, from opera (the world's largest opera house is the Teatro Colon) to flamenco guitar, from the ballet to folkloric dances.

The famous Argentine steaks are favorites in many restaurants. Buenos Aires offers many restaurants. Buenos Aires offers good shopping at the Calle Florida (a pedestrian-only street), with many shops including a branch of London's Harrod's. Travelers checks and credit cards are widely accepted. Currency is the peso. Good buys are leather goods, furs, ponchos, papier-mache items. Electricity is 220 volts, 50 cycles AC. Water is safe in the city, but visitors should use bottled waters when traveling into the interior regions.

## Rio de Janeiro

One of the first sights to see of this city is Corcovado Park (2400 ft.) and Rio's landmark statue of Christ the Redeemer high above the city. Then there is the sweep of long beaches of Copacabana and Ipanema, a breathtaking scene day or night. The mosaic pavement along the beach is a favorite for sight-seeing strollers and joggers. The city has 16 beaches (most in the southern part of the city). The Botanical Garden, a combination garden and museum, is a relaxing oasis in this teeming metropolis. Sugar Loaf Mountain also offers panoramic views from the top. A cable car offers rides to the top in two stages: first to the restaurant at the way station on Morro da Urca, and then on to the top of Sugar Loaf.

The mountain drive to the top of Corcovado is a succession of spectacular views. The climb is 225 steps, three flights of stairs (take a taxi to the top and make the climb down), or the cogwheel railroad.

Side trips to the Brazilian side of Iguassu Falls can be arranged from Rio.

Another worthwhile side-trip is to the Tijuca Forest, with waterfalls, caves and lakes located about 20 minutes from Rio. The forest provided lumber for the city, but is now being replanted.

An important cultural, social and commercial center, Rio offers an exciting array of activities, from sight-seeing to shopping. The area around Praca XV de Novembro has interesting architecture from the city's early days. There are many beautiful cathedrals and churches including the Igreja de N.Sa. de Gloria do Outeiro with blue and white Portuguese tiles, and the unusual Cathedral Metropolitana.

During a visit, try the excellent Brazilian barbecue (called Churrasco) at the Gaucha, Copacana, or Jardim restaurants. The Fox and La Tour offer great views along with good dining.

Currency is the cruzeiro. Good shopping buys are gemstones and leather goods.

Most restaurants and bars include 10% service charge, but an additional tip for good service is welcome.

December to March (summer) temperatures are 90° and up, while the winter months, June to September, temperatures are in the 70's, 60's at night. Valid passport and visa are required. U.S. Health Service recommends yellow fever and tetanus inoculations. If visiting other South American destinations, they also recommend typhoid shots.

## Montevideo

Uruguay is the smallest country in South America, with half the population living in Montevideo. The city

inhabitants love their parks and beaches, some stretching northward to Brazil. There are many outdoor entertainments and concerts. The city's rose gardens are world-famous.

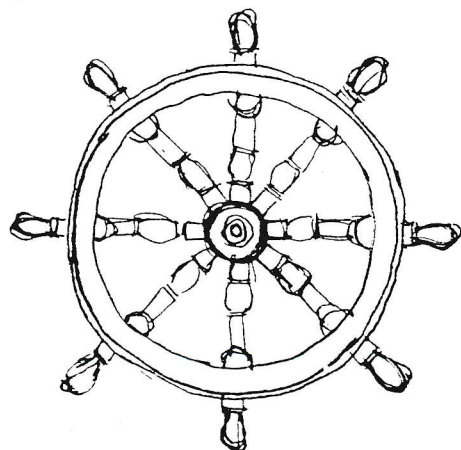
The city was a Portuguese outpost for early Buenos Aires. The Spanish conquered it in 1726 and a seesawing for power continued for many years. Even the British had possession for a short time. Uruguay gained its independence in 1827.

Strolling along Calle Sarandi to Plaza Constitucion, the city's oldest square, gives the visitor a feel for the history. Plaza Independencia is the heart of the modern city. Avenida Lavalleja leads to Parque El Prado with its lakes, rose garden and statues. There are many interesting museums including the Museo Romantico with displays of 19th Century costumes and accessories, and the Casa Lavelleja with colonial furniture, and the Museum of Fine Arts.

When eating out, try the sweet chaja, a sponge cake filled with jam and cream, a real favorite with the locals. In restaurants, the accent is on beef. 10% is automatically added to restaurant bills, but you are expected to give another 10% tip.

Currently is the new peso. Good buys are leather goods, semiprecious stones, woolens and handmade items of copper and silver. There is a flea market every Sunday on the Calle Tristan Narvaja.

Tap water is safe to drink in Montevideo, but not in the outlying regions.





# maritime policy bin

## Inter-American fray

CONTAINERISATION INTERNATIONAL, Leading shipping trade Journal, brought in its May 1987 issue an article containing their recent study of the trade between USA East Coast and East Coast of South America as follows,

It has taken over two years for the trade from North America to Brazil and the River Plate to come properly to the boil. Triggered by the lifting, in August 1984, of a longstanding Brazilian ban on non-conference, non-pool lines loading northbound (one which had applied only to the Europe trade in addition to North-America), the ranks of newcomers to the trade have continued to swell to the point where, besides the original core of seven or so major conference/pool operators, there are now around another dozen non-pool lines active, both inside and outside the conference (see Table I).

A few other names have already come and gone, but rather greater curiosity surrounds those who are still seriously considering whether or not to come in. Heading this list is Sea-Land Service (now part of CSX). The name Sea-Land anyway evokes South American memories of the battle to keep this line (and containerisation) out of the trade in 1978. Sea-Land has maintained a low-key interest in the trade ever since, publicity confirming it last year by joining the Brazil sections of the Inter-American Freight Conference. Now, as a part of the same deal in which Crowley Martime's Amtrans seeks to buy out the assets of US Lines SA, Sea-Land won the bidding to buy all the latter's subsidy rights, including its trades to South America.

Should Sea-Land finally enter the trade as a subsidised (!) carrier, the unsubsidised Crowley could find that any sole US-flag pool rights it may have just bought will then be hotly contested, (always assuming that agreement on this rather fundamental point has not already been tacitly reached). At the same time,

no less than two other US-flag subsidised carriers (Lykes and Farrell) and unsubsidised Afram, have each sought MarAd approval for a slice of East Coast South American trade action. These are seen as more in the nature of putting down markers in a possible subsidy vacuum left by US Lines.

Several quite fundamental issues remain unresolved. From the beginning of 1986, US Lines SA has provided direct service only to the US East Coast, reaching the US Gulf and West Coasts by intermodal service over Savannah. Although provision for such centralisation was specifically included in the 1986 Brazil/US bilateral agreement, the Gulf trade subsidy rights of US Lines SA may now have expired as a result.

From the start of 1987, the bilateral agreement was extended for a further three years, with the most major change of conditions relating to pool arrangements. Previously the pools formed part of the bilateral agreement negotiated by MarAd and were to concern to the Federal Maritime Commission (FMC). Now they remain outside, subject to FMC supervision and all provisions in the US Shipping Act of 1984. MarAd spokesmen have pointed out that the legality of the pools may not withstand the scrutiny of a public challenge.

However, Brazil makes the continued existence of such politically appointed revenue pools a necessary condition for extending equal access to import cargo which it otherwise predominantly reserves for its own lines. "No pool: no equal access" is the rule for Brazil, while for the US any denial of equal access means a very angry FMC.

While governments in the Americas have always concentrated on protecting their national lines' interests, it has only been since 1984 that equal access has been available to third-flag cross-traders. The longest-surviving conference and pool member in this category is Norway's Ivaran Line, which today is joined by no less than seven other lines

with European connections: Nedlloyd, Bacol and Holland, Pan-America (Netherlands), Ferropos, and Saguenay (West Germany), Wallenius (Sweden) and Forward Marine/Ravenscroft (UK-based with Paraguayan backing). The only other "non-Americas" line is United Arab Shipping Co (UASC), Kuwait.

All of these other cross-traders, however, would pale to insignificance if West Germany's Hamburg-Sud entered the trade; a move it is now considering, perhaps around July. Besides being the dominant European carrier in the North Europe/East Coast South American trade, the Hamburg-Sud subsidiary, Columbus Line, is well established on all three North American coasts, from where it is a leading carrier to Australia and New Zealand. In addition, Columbus Line (the name which would now be used) served the inter-American trade before World War I, and also between 1957 and 1969.

This, perhaps more than anything, reflects just how low the tide of national flag protectionism is presently ebbing. Hamburg-Sud/Columbus was squeezed out of the North American trade in 1969 by South American-flag protectionist pressures. It could hardly complain, because it was simultaneously enjoying the benefits of increased protection as a national line in the trade to Europe.

Those were conventional days, though, and containerisation came late to South America, to the extent that many of today's smaller lines are still largely breakbulk operators, loading low-rated, neo-bulk or other non-liner base cargoes, with a modest number of containers on top. With the exception of Lloyd Brasileiro's fully cellular West Coast North America service via Panama, the five Latin-American majors (the others are Elma and Netumar from Brazil) all operate a strange mixture of fully cellular and semi-container or conventional/reefer tonnage.

Brazil's Alianca also joins the last category, although its main trade is

to Europe. The only exclusively fully cellular operators of any size are US Lines/Amtrans, Ivaran and Bacol. The main Latin lines have been tending towards providing express full container capabilities for some time, despite being additionally saddled with obsolete government-subsidised conventional tonnage.

From the Brazil/Plate viewpoint, the North America trade generates the largest volumes and is the most intensively containerised, but it is also by far the most controversial in view of the underlying doctrinal incompatibility between the shipping policies of Brazil and the US.

Over the years it certainly seems as though the US has accommodated more to Brazil's doctrine than the reverse. Prior to August 1984, the

northbound trade was virtually closed, by decree, to non-conference lines, while most of the south-bound cargo was (and still is) reserved as "impelled" by the Brazilian Government (ie imported, licensed, financed, insured, for or by any entity which the state has any interest).

All these imports are Brazil-flag reserved (Argentina practises similar import reservation) but can be shared 50:50 with second-flag conference lines, provided they agree to a revenue pool. Northbound conference pools operate superficially on the basis of 40:40:20, but once Brazilian and Argentinian lines have given each other much of their trades' respective 20% third-flag shares, there is not a great deal left for genuine non-South American cross-

traders.

Subsidised US-flag carriers, Moore McCormack (East Coast) and Delta Line (Gulf and West Coasts), undoubtedly benefited substantially from their exclusive US-flag pool shares, but as US Lines SA progressively took both these lines' services over, in 1983 and 1985 respectively, the anti-competitive aspects of the arbitrary national flag-pooled, third flag-suppressed trade were becoming a cause celebre in maritime circles around the world.

The fear now, though, is that the pendulum may only temporarily be swinging equally far the other way. Both governments want their policies to appear responsible for increased competition and lower freight rates, but if Brazil's hot-house reared national lines should be unable to withstand the sudden cold, no-one seriously expects their government will simply let them expire. Lloyd Brasileiro, owned by the government, appears besieged with debts and deep-seated management deficiencies as it is, and the recent extended national seamen's strike, which began in February, can have done little to help.

Since mid-1986 Brazil's Marine Superintendency, Sunamam, has been engaged in a so far inconclusive review of its longterm shipping policy, coming under strong pressure from national lines at both ends of the North American trade to once again exclude non-conference, non-pool lines. While not attracting very much sympathy, there is considerable logic in their case which argues that now it is the national line, inside the pools, which is being handicapped relative to the crosstrader. The latter can now get access to a more significant trade share simply by resigning from the conference pool.

The national lines then find their own 40% shares of a shrinking pool progressively representing smaller and smaller percentage shares of the total trade, yet unlike third-flag lines they are trapped inside the very pools which were designed to sup-

**Table 1.** Summary of major container carrying operators (as far as known) in the Brazil/Plate-North American trade.

Line	ECSA		to/from North America		
	Brazil	Plate	Atlantic	Gulf	Pacific
American Transport Lines (Crowley/US Lines SA)	c	c	c	mlb	mlb
Lloyd Brasileiro, Brazil	c	c	c	c	c
Netumar, Brazil	c	c	c	-	-
Nacional, Brazil	c	c	-	c	mlb
Olma, Argentina	c	c	c	c	c
Bottacchi, Argentina	c	c	c	c	mlb
Ivaran Line, Norway	c	c	c	c	mlb
Saguenay, Canada	nc	-	nc	-	-
Bacol, Netherlands	c	-	c	-	-
Forward Marine, Ravenscroft, UK	nc	-	nc	nc	mlb
United Arab Shipping Co, Kuwait	nc	-	-	nc	mlb
Holland Pan-America (Hopal), Netherlands	c	c	c	-	-
Walltrans (Wallenius/Transroll) (Sweden/Brazil, ro-ro)	nc	-	nc	-	-
Nedlloyd Lines, Netherlands	c	c	-	-	c
Ferropos, West Germany	nc	-	-	-	nc
TMM, Mexico	c	c	-	c	-

Notes: ECSA = East Coast South America; c = conference; nc = non-conference; from Brazil only; to Canada only; northbound only. Other conference members include the (so far) non-active Sea-Land Service and two small North Brazil/US operators (Frota Amazonica, Brazil and Georgia Aztec, US). In addition Reefer Express Line, US and Alianca, Brazil, operative conventional reefer services as members of the conference. Occasional new outsiders frequently come and go, currently including Torm Line, Maritima Atlantica, Sealift and, latest of all, Golden Frog Investment Corp, which is being linked with Bottacchi's successful Vencaribe subsidiary. There is also the Brazil-flag contract ro-ro operator Kommar, reportedly trying to join Walltrans. More significant possible new entrants at the present time include Columbus Line (HSDG), West-Germany, together with US-flag hopefuls Lykes, Farrell and Afram.

port them. They are either simply not permitted to move outside, or else they stand to lose other flag-related concessions which do not affect cross-traders.

The key factor is that when Brazil re-permitted non-pool, non-conference competition to Europe and North America, entirely different commercial regimes superseded in each case. For Europe a strong conference-centred multinational, multi-pool consortium was formed, making it tough to enter the trade without tolerance from the conference. In the case of US-regulated North America, conferences present no barriers to new entry and have even less powers to effectively fight outsiders. They amount to no more than rate agreements.

Nor is there any North American parallel for Europe's jointly operated container and ro-ro services. If well-organised, fully containerised majors like Amtrans, Sea-Land, Ivaran and Columbus should really start to slug it out, there is simply nowhere (except to their governments) for the Latin lines to go. The trade is simply not large enough for several more independent big-ship operators.

Sunamam is privately indicated that the domestic Brazilian shipper lobby has now become too politically strong to permit closing down the conferences again, so the likelihood is that any impending Inter-American drama will have to unfold to "within an inch" before Sunamam will feel compelled to intervene.

The fortunes of the trade are anyway inextricably linked to Brazil's national economic twists and turns. Not only are increased exports generally seen as the only means of pulling in more foreign currency (with which to service the crippling national debt), but just as important, restricting imports has a similar positive impact on the net balance of payments. The underlying pattern for all Brazilian trades tends, therefore, to be an enviable imbalance, with stronger export flows compared to imports (see Table 2).

By comparison, Argentina's export

effort has yet to get properly into forward drive, so its trade remains comparatively flat in both directions (see Table 2). Although a fair proportion of lines appear to offer services to/from both Brazil and the Plate, in practice many of these seem to schedule only a very few sailings from Buenos Aires.

Brazil's trade has actually been behaving rather atypically for the past year or so, almost entirely due to politically-induced distortions. The celebrated "Cruzado" plan provided an object lesson of what happens when politicians try to legislate directly against the natural economic forces of supply and demand. The commendable aim, it seems, was to halt inflation by simply fixing prices and the doing whatever had to be done to keep them fixed. The practical result was that many producers simply refused to continue supplying at fixed prices. More damaging for the longterm was a side-effect diversion of export goods being snapped up in the domestic market, leaving overseas customers high and dry.

By the latter half of 1986, the government was also spending vast sums importing foodstuffs; beef from North America and Europe, with milk powder too, rice from the Far East and so on. These purchases were designed to make up for the under-supply on the fixed-price market, but by early this year, sadly and inevitably, the cash in hand had all run out. As a direct consequence, Brazil's previous enviable US \$12 billion positive balance of payments was quickly and cruelly halved.

Brazil-based shipping experts confirm that North American trade export volumes noticeably slumped during 1986, only picking up again in the past four to five months. "Even so, we shall be very lucky if the first half of 1987 is as good as first half 1986", added one. Valuable export markets, such as shoes to the US, have collapsed, and can only slowly be rebuilt.

Imports, meanwhile, have done just the opposite, at first rising sub-

stantially, but now being subjected to a brutal clampdown. Even so, the effect of the Brazil seamen's strike has mitigated the drop in first quarter lifting for non-Brazil-flag lines. The latter naturally incline to the view that the relevant pools should be suspected so they will not be penalised for their unavoidable overcarryings.

Either way, the strike's positive sideeffects are likely to be short-lived because a deliberate cut-back in Brazil's import licensing (aiming at 20% below 1985 levels) is being imposed by the government, bolstered by a deliberate bureaucratic slowdown and also by a fortuitous bankstrike. There are even fears that the staple chemicals needed by Brazil's pharmaceutical/cosmetics industries may be cut off, staunching a key flow of southbound cargo, mainly from the US Gulf.

In recent years, it should be pointed out, Brazil's exports have always outstripped imports by a substantial margin (see Table 2). For Netumar, serving only the US East Coast sector, enjoying a juicy 25% share of the exclusive national-flag reserved-cargo southbound pool (Lloyd Brasileiro has Brazil's other 25% and US Lines that US-flag's entire 50% share) the normal southbound utilisation is put at around just 30%. This trend is compounded by the fact that northbound goods tend to comprise more weight cargo, and so ships seldom sail north "cube-ful". As might be expected, a number of one-way northbound-only services are offered by smaller carriers, while two-way carriers often rely on supplementary one-way charters northbound.

Just to add a final twist to an already complicated story, Brazil is being held responsible for a continued free-for-all in the world coffee market by refusing to retreat from its historical 30% supplier's quota, despite the fact that its actual share of world production no longer rates this figure in the eyes of anyone else. The price of coffee has consequently fallen through the floor, while Brazil

is now reportedly boosting its coffee exports dramatically, to the extent that trucks needed for shifting containers and other duties are in very short support.

One new factor, since the start of 1986, has been the relaxation of a bilateral ban on intermodalism, affecting North America. This has already blurred the conventionally ordained pool and traffic rights previously decreed by the US, Brazil and Argentina, deviding services separately between ports on the North American Atlantic, Gulf and Pacific Coasts. Tway all-water service to the North American Pacific Coast is, anyway, now only provided by Lloyd Brasileiro and Elma, exclusively from their own countries. Elma even goes south-about from Buenos Aires, covering the South American West Coast on the way. Two all-water European lines also serve this route as a rather thin wayport trade (Nedlloyd and Ferropos), but in both cases sailing northbound only.

However, many more carriers offer intermodal services to the Pacific Coast over the Gulf, while US Lines was quick to substitute service to both these coasts by a stack-train service over the Atlantic port of Savannah. There is little evidence of any way for US East Coast cargo to move cost-competitively over the US Gulf, but the US Mid-West, on the other hand, is now served intermodally from both the East and Gulf Coasts as well as over the Canadian gateway. Non-conference, Montreal-based Saguenay Line (owned by Hugo Stinnes, Hamburg) operates oneway northbound semi-container (tripcharter) sailings every four or five weeks, loading in Brazil for Montreal and Toronto. The only other direct caller in Canada is conference member Netumar, with whom. Saguenay reports, there exists a "good rapport".

Saguenay, like many Inter-American traders, combine Brazil/Plate-North American services with calls in the Caribbean, Mexico and even Central America, a tradition reflected in the scope of the Inter-Ameri-

can Freight Conference whose administrative centre of gravity appears to be closer to Rio de Janeiro and Buenos Aires than to New York. Although the latter location is where the two southbound Atlantic and Gulf sections (to Brazil and Argentina) are administered, the Latin American-based secretariats administer both the north and southbound legs for the Pacific Coast and Puerto Rico/US Virgin Islands sections, as well as Canada and Mexico outwards.

Ironically, it is only the government-given, subsidy-related trade rights of the national lines which are constrained to specific coasts, also the related revenue pools. (The US Atlantic and Gulf Coasts, incidentally, are covered by common conference sections, but their respective revenue pools operate quite separately. (The conference secretariat is not involved with pools in any way.) In the cases of the US and Argentina, however, their national lines all operate in both the Atlantic and Gulf section.

In the case of Brazil, however, the Atlantic and Gulf trades are divided between Netumar and Nacional respectively, although Lloyd Brasileiro serves both (Nacional also has rights to the Caribbean and Mexico). Crossstrader Ivaran is also alert to the pool consequences of intermodally diverted cargo, especially since it no longer belongs to the northbound Gulf pools from Brazil. It has now also quit both the pool sections from Argentina.

Ivaran would naturally like US Lines' Brazil/Gulf intermodal cargo to count in the Atlantic pool, not the Gulf, while US Lines itself has been suggesting a single, combined pool. Ivaran also admits to be doing "very well" outside both the northbound Gulf pools, and only stays in the Brazil/Atlantic pool as a hedge against being entirely shut out of this backbone sector by a future protective clampdown on non-national, non-pool lines. After all the years it has doggedly clung onto its place in this trade (many of its original trade

shares went to be the emergent Elma circa 1977) it would be a bitter irony of Ivaran found it had voluntarily excluded itself now.

The line has all along been forced to adopt an over-carrying position, necessarily using its above-average service to attract high-value cargoes, knowing it will then have to pay back 45% of any excess income. Just as Ivaran has deliberately art of risk-free, low cost under-carrying and are now missing Ivaran's dependable reimbursements; amounts the line can now keep for itself since leaving the pools.

Reportedly, feelers have already been put out for the return of the Norwegian line. The FMC even has two versions of the Argentina/Atlantic pool on file; one with Ivaran in, and the one other assuming it decides to stay out (see Table 3). In that case the Brazil-flag crosstrading share (17.9%) is due to overtake Argentine-flag Bottacchi (16%), since 60% of the Argentine flag's 40% national share must be reserved for Elma (24%). Without Ivaran in either pool to the Gulf, it now means that the 20% third-flag shares of both these two US-trade pools are entirely divided between co-trading Latin lines (including Mexico's TMM) on a mutually reciprocal basis.

No one really knows how much unreserved cargo is free to move outside the exclusively reserved 50:50 national-line pools southbound. Conference sources invariably refer to reserved cargo as 90% to 95% of the total trade; Sunamam was recently "surprised" to find it had fallen "below 60"; while MarAd spokesmen in the US admit they simply do not know the proportion, vowing to collect the necessary figures in the future. The US publication American Shipper has asserted, without specifying a source, that reserved cargo account for 90% of the trade by weight, but only around 60% by value. If correct, this could neatly explain everything.

In the current competitive environment, most national lines

Cont. on p. 19



# of SHOES and SHIPS

## A beverage from barley

While wine may have truth (in vino veritas), beer has fame. Brazilian philologist and author Antônio Houaiss, one of the more notable aficionados of beer in Brazil, recently published his book on "Beer and Its Mysteries", in which he affirms that there is no other alcoholic beverage that is so widely appreciated than beer, even from remote ages. The ancient Egyptians, Chaldeans, Greeks and Romans all enjoyed their beer, although not tasting the same as the present day brew, since the use of hops did not originate until the Middle Ages.

The most important element in the brewing of beer is barley. In the process of making beer the barley grains undergo a malting or germinating process and are then dried and mashed. The malt mash is placed in treated water that has been heated, and the fermenting of the mash follows. The mash then goes through a period of cooking when the hops are added, giving the distinctive taste and aroma to the brew. The beer is then filtered and bottled or canned.

According to Houaiss, the essential qualities of a good beer are its flavor, purity, clarity, color and aroma, its gasification and froth as well as its keeping quality. He goes on to say that if there are any lack of excuses for enjoying a quaff of good beer, one should remember that beer contains the vitamin B complex, as well as glutamic acid (which stimulates brain metabolism) phosphoric acid and calcium.

Beer came to Brazil only in the last century mostly through the influence of the English and German immigrants who started to import their favorite brands. The increasing popularity and consumption of these beers from other countries led to the establishment of the first breweries in Brazil; the Companhia Cervejaria Brahma was founded in 1888 and the Companhia Antartica Paulista soon followed in 1891. The former was established in Rio de Janeiro and the latter in São Paulo. Since

then, the history of beer in Brazil has been one of ever increasing popularity. Consumption of beer is surpassed only by aguardente (distilled from sugar cane.)

## Beer and Brazil

Brazil is the sixth largest beer producing nation in the world, and exports its brew to 15 countries on all continents, with its annual production capacity of 4 billion liters. According to the Bank of Brazil Foreign Trade Bureau - Cacex, sales of Brazilian beer abroad have brought in revenues of 2.1 million dollars.

Contrary to what might be customarily believed about a tropical country, Brazil is not a large consumer of beer. Its per capita consumption of 30 annual liters is a far cry from that of the West Germans, for instance, who are the world leaders in beer quaffing with 145 annual liters per person. But the Brazilian domestic beer market its starting to grow and to absorb a growing number of brands. Beer drinking in Brazil is certainly on the upswing. The major Brazilian brewing companies are Brahma, Antarctica, Kaiser and Cerpa (Cervejaria Paranense) companies. A new beer is slated to appear on the Brazilian market this year, Heineken, to be introduced by the Kaiser breweries which have entered an agreement with the famous Dutch brewing firm.

This increase in production and consumption is only natural in a rapidly developing country with a warm climate, and also when one considers that the product is the most popular alcoholic beverage, and the oldest, in the world, enjoyed by people in all walks of life and of all ages in every country. There are some restrictions arising from religious belief, such as in Moslem countries which prohibit the use of alcoholic beverages.

In Brazil, the breweries are operating at full capacity. Most of the hops and barley, the basic ingredients, are imported. The recent economic re-

form which has stabilized prices has helped increase the volume of exports of Brazilian beer.

With the exception of the economic recession from 1981 to 1985, when all sectors of the Brazilian economy fell on hard times, the brewing industry has always enjoyed success. The Companhia Cervejaria Brahma is a case in point. This brewing giant has been able to expand its operations and maintain its leadership in the industry. In 1980, it took over the Canadian Brascan company, thus gaining control of the Cervejarias Reunidas Skol-Caracu, located in Rio de Janeiro. The 99-year-old Brahma company has distributors throughout all Brazil and today has 20 breweries and factories turning out beer and soft drinks in 12 states. Two years ago, the firm joined with the Pepsi Cola company and became the Brazilian distributor of that popular soft drink.

In 1985, Brahma exported 4,59 million liters, for the most part to Latin-America (Paraguay, Argentina and Uruguay are the biggest clients) and also to the United States (New York, Washington and Philadelphia). Brahma/Skol total production for last year came to 2.5 billion liters. This output places the brewing firm in seventh place in the ranking of breweries throughout the world, according to Wilhelmus Bak-Kum, the Brahma marketing manager. The biggest seller is the Brahma Chopp label which was introduced 52 years ago.

Other brands are Brahma Extra with a higher alcoholic content than Chopp, Brahma Light, Malt 90, Skol, Malzbier and Caracu; the two latter being more of a bock beer. The beer is available in 600 and 300 milliter bottles and in 300 milliter cans. Skol beer is sold abroad under the brand name of Ouro Fino (Fine Gold), Ouro Branco (White Gold) and Ouro Preto (Black Gold). Exports in 1985 came to 1.6 million dollars. Besides beer, the Brahma company also exports soft drinks, soft drink concentrate and dry brewer's yeast for animal feed. Indirect exports, such

# and SEALING WAX...

as ship chandlers (supply to ships) are not included in the Trade Bureau's figures. The company's export trade is being promoted by the Mabra trading company, which was started last year to replace the former Brahmaco trading company. Product quality is guaranteed by Brahma through its research and quality control laboratories under the watchful eye of brewers trained in the Federal Republic of Germany and in Belgium.

The company strategy is placing emphasis on neighboring countries in Latin America. But for the Cerpa company, which is located in the city of Belém, in the state of Pará, in the far north of Brazil, the United States is the major importer, along with Cayenne in French Guiana. The Cerpa company has been in existence for 20 years, but only entered the export trade two years ago. In 1985, the company sold 320 thousand dollars' worth of beer. The Cerpa brand exported the Tijuca Beer, of low alcoholic content which is preferred by the American consumers. According to the company's export and import manager, Joperso Coutinho, the Cerpa brewing company is planning on expanding its facilities, taking advantage of the economic recovery and the increase in sales. Cerpa sells its beer throughout the north and northeast of Brazil, as well as in Rio de Janeiro, São Paulo, Porto Alegre and Curitiba in the south of Brazil.

Not all of the beer companies, however, are engaged in exporting. "We can hardly keep up with the demand at home. Despite requests from importers, we are in no condition to export, except for a small amount of canned beer to Paraguay and Bolivia", explained Eduardo Mainardi, export manager for the Companhia Antarctica Paulista, the second largest beer maker in Brazil. Antarctica was founded some 95 years ago. This firm, together with Brahma, controls 90 percent of domestic beer sales.

Mainardi went on to explain that the domestic demand is large and

there is lack of raw materials. To meet the increased amount of requests from the United States, Europe and Latin America, the Antarctica company would have to increase its production substantially. In Mainardi's opinion, this will depend on the availability of raw material. The supply of bottles and cans is showing signs of returning to normal.

Another company which has all of its production absorbed by the Brazilian market is the Kaiser breweries. Only two and half years old, the Kaiser firm has three breweries in the states of Rio de Janeiro, São Paulo and Minas Gerais.

This shows that "lourinha" (blondie) as beer is affectionately referred to by its Brazilian aficionados winning more and more adepts among both sexes. Women are discovering that a beer every now and then does not necessarily add inches to the midriff or produce the "beer belly" or flushed faces which many connect with beer drinkers. The world beer capital is Munich, West Germany famous for its annual Oktoberfest. In Brazil, the city of Blumenau in the state of Santa Catarina owes its origin to immigrants from Germany and has its own Oktoberfest organized by the descendants of these immigrants.

Under normal temperature, Brazilian beer will keep for four months. The chopp or draft beer keeps its quality for only about ten days, but it is so popular in Brazilian bars that the kegs are emptied in a matter of a few hours.

In Eduardo Mainardi's opinion, the taste of Brazilian beer is to be found midway between the tart and light, and is well received in other countries. Alcohol content is between 4 and 5 percent on the Gay Lussac scale. The weakest has only two percent alcohol content. There is no strongly bitter beer made in Brazil, such as the Irish Bitter Stout made by the Guinness company.

Annual world production of beer comes to almost 100 billion liters. In the United States, the leading pro-

ducer and, at the same time, the leading importer, one finds all brands of domestic and foreign brews.

## Thoroughbred Horses

In just two months, the Pioneer Stables of Brasilia exported two shipments of show horses, marking the opening of a new market abroad for Brazilian horse breeders. The first equine shipment went to Ecuador at a cost of 50 thousand dollars. Then eight more horses were sold to Panama at a price of eight thousand dollars each. According to the manager of the Pioneer stables, Carlos Alberto Azambuja, the extremely high prices for American horses are driving Latin American breeders to look toward Brazil for the purchase of thoroughbreds.

## Brazilian tea goes to England

In June, when the harvest season is over, Brazilian tea growers should be gathering in some 11 tons of black tea with 85 percent of this destined for export. The major buyers of Brazilian tea are the United States, England and a few other European countries. Last year's income from tea exports came to 8.5 million dollars which was a drop from the 1984 and 1985 totals, due to a fall in international tea prices.

## Ford motors for Ford

The Ford do Brasil company expects to export 22 thousand six-cylinder diesel motors to the United States this year, triple the amount shipped there last year. The Brazilian motors will be used in the trucks and buses turned out by the American Ford Motor Company. Last year, the Brazilian Ford company also shipped three thousand trucks - Cargo model - to the United States. Forecasts for 1987 up this figure to four thousand.



# SPILL-OVER

From p. 3

The fall of US Lines is now complete. Slow ships and overexpansion led to their demise. The round-the-world service based on 12 slow giants is a total washout. What will become of their ships haunts many a major liner operator. Their Transpacific service has been sold to Sea-Land. Their South American services were tentatively sold to Crowley Maritime's AmTrans Lines. However, US Lines' Receivers turned down the deal, claiming it yielded too little cash for the creditors. The deal is now under renegotiation. In the meantime the services are being maintained merely by three 2000 TEU ships instead of by six as intended and needed to give weekly sailings. The other lines in the trade are in the meantime benefitting from such shortfall of sailings.

While on the subject of South America, the Brazilian government owned Lloyd Brasileiro Line is in desperate need of cash. They have asked for \$50 million to keep their activities going. Their ships have been threatened with arrest, container leasors being in arrears for some \$10 million. A grant of \$20 million has given stop gap aid, but much more is needed. Still, their fleet will remain near obsolete. With overall Brazilian finances in deep trouble, the chances of providing needed capital for a modernisation seem remote. Brazil's private liner operators who are also financially overburdened, would like to see Lloyd Brasileiro eliminated. If politically feasible, the government might like to do just that – with a sigh of relief.

No general Liner Review would be near complete without taking a look at the outsider situation.

Conference lines in the Australia – Europe trade are upset by Wool Exporter Association's indication that outsiders may for the first time in history become eligible for some 20% of the wool trade.

Globally, newly established German Senator Line, using chartered in ships of about 1200 TEUs, have started a fortnightly eastbound round-the-world service.

Intentions are to expand gradually to weekly sailings in both directions. They are basing their operations on such handy-sized ships – most of them German – which are now suffering from low rates in a depressed market. Their first sailings from Europe in the direction of the Far East were reported full to capacity, resulting in profitable operations. However, it will not take much of a strengthening of the charter market to take the wind out of their sails. Already, rates have been stiffening somewhat. We fear that this bold venture may sooner or later face the fate of other similar schemes which have foundered. It seems too risky to operate on the basis of fairly short term charters. Increasing charter rates are seldom recoverable by increases in liner freight rates.

Senator is trying to keep a low profile, claiming they are too small to be bothered with by the big guys. German exporters and traders are backing this venture to the tune of some DM 30 million. This money may eventually be lost, but maybe the backers figure that in the meantime they will have benefitted more by the rate pressure applied by Senator.

What will 1987 as a whole bring?

Transpacific and Transatlantic rates will stay too low despite efforts to institute rate increases.

Overall results will be inadequate, but not catastrophic.

Several liner operators are switching to other activities. Thus Swedish Johnson Line has sold nearly all of their liner ships, covering their needs with chartered in tonnage. Instead they are putting much more emphasis on Passenger business.

Bankers have been losing faith in shipping activities and this may serve to put a brake on speculative shipbuilding.

However, the effects of such a slowdown will not be felt during 1987. Consequently, lean results may be foreseen for the next few years.

From p. 5

monitoring systems, a computer network with seven workstations for handling most of the functions necessary for running the vessel, and an accommodation part with passenger quarters of top luxury, one can see that there are a lot of clarifications which have to be discussed.

During late summer and fall of 1986 an extensive model test programme was run at the model basin in Trondheim as described in the last issue of ON LINE.

On January 4<sup>th</sup> the IVARAN Field Office at the yard was established with two supervisors and a secretary.

In March the team was expanded with the captain and the chief engineer, and in May the electrician joined the team.

The production start on the vessel took place on February 2<sup>nd</sup>, when the first steel plate was sent through the cutting machines, and day by day steel sections grew up all over the yard area.

On May 2<sup>nd</sup> the first sections were brought into the building dock and that marked the keel laying of the vessel. The assembly of the sections in the dock are now in progress and the vessel is taking shape more

and more as time goes on. The vessel is scheduled to be launched in August.

The major parts of the plan approval are now completed and on May 25<sup>th</sup>, the yard is going to present 2 mock-up cabins to show their workmanship and details before starting the accommodation work on-board. The mock-up cabins will be complete in every detail, and this will give us the opportunity to see the architects' ideas in real life.

The major items for the vessel are now in production at the suppliers' factories and almost ready for deliv-

ery to the yard. We can mention that the main engine, auxiliary diesel generator sets, cargo handling cranes, etc. are all to be shoptested and delivered in June, so the inspection team has truly a busy time.

With the above brief outline we hope we have given our readers some insight in the progress of the building of the M.V. AMERICANA which will be a unique vessel when she is ready to trade.

From p. 15

simply seem grateful for any advantage, and it is interesting that Brazil's Nacional and Netumar both see containers as a key weapon in the war. Both consider they became basically full container operators once all the coffee began to move in boxes, at which point Nacional, for one, admits that "better results started to pop up". Boxes also provided the means to get into intermodal for Nacional, which uses National Piggyback (part of American President Domestic) to reach the West Coast. This routing saves at least a week compared to all-water, but as outsider Forward Marine (also a minilandbridge carrier) observes, the freight rates are almost the same for both routes, but unlike all-water, overland minilandbridge rail costs can eat up most of the available revenue.

Forward Marine is part of the Paraguay-backed, London-based Ravenscroft group and has been active in the US Gulf trade since 1982, although it was 1983 before it sought any liner cargo. Currently sailing mainly northbound every 21 days to the US East Coast, and every 30 days to the US Gulf, it admits it would have found things much more difficult if starting now. The conference has always treated Forward Marine with respect, but is now tak-

ing UASC even more seriously. That line has a two-way monthly service to the US Gulf and has raised fears that it may soon be tempted up to the US East Coast, a suggestion it currently denies.

The joint Wallenius/Transroll (Walltrans) one-ship ro-ro collaboration poses a very different type of threat, since the Swedish/Brazil partnership neatly circumvents some intentional flag-related blocks designed to prevent anyone combining contract ro-ro cargo (a non-liner Brazilflag reserved activity), with liner cargo, for which Wallenius can lend Transroll non-national flag bill of lading cover. Transroll may not compete with Netumar, Nacional and Lloyd Brasileiro in these trades, but any non-Brazilian line can. A spokesman for Wallenius confirmed that an average 100/150 containers are lifted per sailing.

Apart from a rather bullish note sounded by conference newcomer Bacol (which feels rates may be about to go up and is toying with

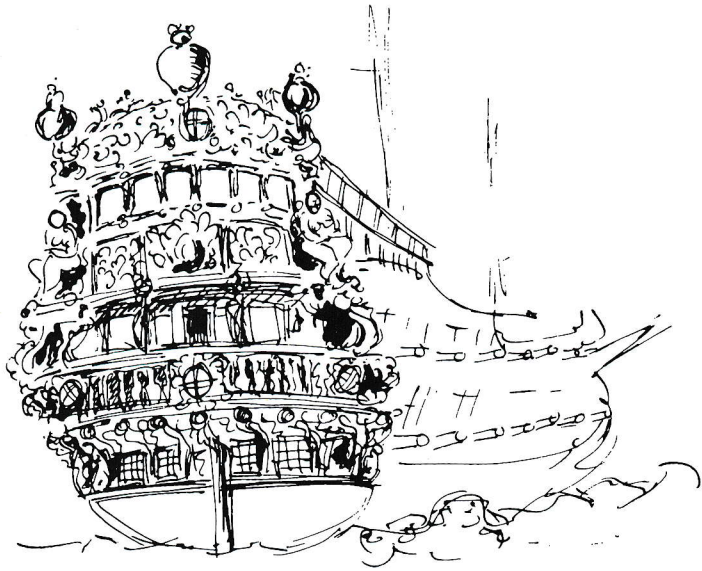
placing a fourth ship into its Brazil/Atlantic coast full-container service), other conference lines report a steady and continuing erosion of rates since 1984. Typically, an average-paying container commanding US \$2,500 to \$2,800 two years ago (northbound or southbound) would now only fetch \$2,000 while "rock bottom" has slipped to around \$1,600.

It is against this already deteriorating competitive/revenue background, that Sea-Land Service, Columbus and others are threatening to come in. Meanwhile, a surprising number in South America are ignorant of the fact that in an unrelated development, Ivaran is building the world's first con-passenger (1,200THU/90 passenger) vessel in South Korea, to enter the trade early in 1988. If all goes well, two more orders could then be confirmed to give this persistent Norwegian crosstrader a higher-than-ever public and commercial profile in the strange trade it has chosen for a home.

**Table 2.** US liner trade tonnage to/from Brazil and Argentina (long tons x 1 000).

	1979	1980	1981	1982	1983	1984	1985
<b>Southbound</b>							
US Atlantic Coast/Brazil	617	610	227	176	138	154	158
US Atlantic Coast/Argentina	126	94	914	122	101	84	58
US Gulf Coast/Brazil	301	410	189	150	149	197	144
US Gulf Coast/Argentina	80	74	182	146	126	127	55
US Pacific Coast/Brazil	102	105	87	57	14	12	16
US Pacific Coast/Argentina	39	n/a	27	61	14	4	3
<b>Northbound</b>							
Brazil/US Atlantic Coast	301	313	696	640	750	1 015	1 042
Argentina/US Atlantic Coast	311	320	121	142	180	145	209
Brazil/US Gulf Coast	334	299	566	358	434	447	363
Argentina/US Gulf Coast	220	213	99	87	101	90	112
Brazil/US Pacific Coast	58	131	94	95	88	109	81
Argentina/US Pacific Coast	52	31	15	24	28	23	21

Source: US Maritime Administration



# stern gallery



M/S SALVADOR has been repeatedly praised by passengers who have been cruising from US Gulf to South America and back. Cargo moving in containers on and under deck also arrive safely at destination on time and in excellent condition.