

DAILY SHIPPING NEWSLETTER 2003 – 052



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The **USS Enterprise (CVN 65)** pulls away from the Military Sealift Command Fast Combat Support Ship **USNS Leroy Grumman (T-AO 195)** during an emergency breakaway drill.

EVENTS, INCIDENTS & OPERATIONS

EXPLOSION ONBOARD THE NORWAY



A boiler room explosion aboard the **SS Norway**, docked in the port of Miami-Dade, killed four and injured at least 20 crew members and startled tourists returning from a one-week Caribbean vacation.



The blast does not appear to be an act of terrorism, just "an unfortunate accident," according to a senior Miami-Dade police officer.



However, additional police were moved to the port as a precaution. Nearly 50 Fire-Rescue units from Miami-Dade County, city of Miami, and Miami Beach responded to the explosion, which occurred Sunday around 6:30 a.m.

The injured were carried out in stretchers, some of them severely burned and wrapped in sterile, protective sheets.

Passenger Kathleen Ditty, 26, said the explosion shook her room and shut down the boat's power and lights. "We didn't know what it was, and then the lights went out in the hallway," she said. "There was on the loudspeaker an announcement for a stretcher crew to head to the boiler room, boiler number 23," she said. Ditty said that she and other passengers were asked to report to their muster stations, where they waited for about an hour and a half before being taken off the ship.

Passengers were confined to an air

conditioned terminal near the ship. Rescue workers said they believe all the injured had been removed from the ship.

DAILY SHIPPING NEWSLETTER 2003 – 052

“Pretty much everybody is accounted for,” said Eugene German Jr., spokesman for Miami-Dade Fire-Rescue. All 2,135 passengers have been safely disembarked and are being made as comfortable as possible at the Port of Miami and at local hotels until their flights are scheduled. No passengers were injured in the incident.

The May 25th cruise has been cancelled. Embarking passengers are being notified and offered a compensation package of a full refund for the cancelled cruise as well as a future cruise credit certificate equal to the value of the cancelled cruise (cruise only portion).

“We believe that it’s a possible steam leak from the boiler room that caused the explosions,” said Anastasia Burnes, spokeswoman for the U.S. Coast Guard. “Right now everything is under control.”

Photo's : REUTERS

Smit board hails success of reorganisation strategy



ROTTERDAM group Smit Internationale is forecasting “a significant improvement” in its results for this year, with the net result expected to climb around E 5m (\$5.8m) to E 18m for the year.

At the annual meeting the executive board said all four Smit Divisions were contributing to the improvement. In the past two years Smit has introduced a series of measures following a profit drive, including a large-scale fleet rationalisation programme.

Overall around 25%-30% of its fleet has been sold off or scrapped. The strategy, developed in 2001, had been carried out and the related divestments had been virtually completed, the company said.

Smit Pioneer had been leased for five years and the contract had then been sold to a bank.

The sale of the **two E-vessels** — semi-submersible heavy cargo vessels — had also been agreed, but it now depended on the inspection of one of them. Smit expected to complete negotiations on a number of associated companies in the course of the year.

The Harbour Towage and Terminals Divisions were performing well in a stable market. This was due in part to efficiency improvements.

Smit’s salvage division had plenty of work. The Dutch company has been involved in many high profile cases such as the **Prestige**, **Tricolor** and **Jolly Rubino**, but it pointed out that the salvage market remained unpredictable. Orders were looking healthy for the wreck removal market segment.

Due to the earlier announced postponement of several large lifting projects in the past year, the transport and heavy lift division was now profiting again from a very high degree of capacity utilisation.

Meanwhile, in an interview, the head of Smit Salvage, Hans van Rooij, has questioned safety standards in the industry, saying that salvors’ lives are being put at risk by negligent operators.

Around 60 Smit employees recently working in the Straits of Malacca were facing unnecessary danger because vessels were ignoring the basic maritime rules, he alleged.

“Vessels operated by both prestigious companies as well as poorer ones simply ignored radio calls,” he said. “They did not answer the radio, slow down or take account of the minimal rules of passage.”

Smit representatives were in fear because they were moored and being hit by the huge wash generated by massive container vessels and tankers.

DAILY SHIPPING NEWSLETTER 2003 – 052

He said it was even more frustrating because the Singaporean and Malaysian authorities had done their best and co-operated, but vessels just ignored all warnings.

Shipping companies were operating to time constraints so watchkeepers did not want to ask for reduced speed. **"They simply do not bother,"** he continued. "They have the attitude, 'We are the king of the road', but what can we do? No one listens."

Arroyo angered by ferry disaster

The President of the Philippines, Gloria Arroyo, has ordered an investigation into Sunday's ferry accident in which at least 25 people were killed.

Mrs Arroyo, who met some of the survivors of the disaster, said she wanted the Maritime Inquiry Board to begin work on Monday and submit a report within a week.

Rescuers are continuing to search for passengers who are still missing following the collision between two ferries off Corregidor Island in Manila Bay.

One of the vessels, the wooden-hulled San Nicolas, sank. "These mishaps annoy me," Mrs Arroyo said.

"I'd like to issue a warning to our maritime authorities about the strict enforcement of navigational rules and the fitness of pilots of commercial vessels. "These perennial accidents can and must be stopped."

Mrs Arroyo, who had just returned from a trip to the United States at the time of the accident, said she was angry to learn that not everyone on the **San Nicolas** had been on the passenger list. "Heads have to roll," she said. "There were un-manifested passengers on the boat... Why were there un-manifested passengers? "Somebody has to answer for that."

Monsoon rains

Defence Secretary Angelo Reyes said 203 people had been rescued, but it was possible that not all those on board the San Nicolas had been accounted for.

"When you have an un-manifested situation, then we don't have the list, so it's possible there are guys who are missing and so the search will still go on," he said. He added that 192 people were on the official manifest, with estimates that another 36 unlisted passengers were on board.

The disaster happened as monsoon rains and strong winds lashed the northern and central Philippines, making visibility extremely poor. Rescuers from the coastguard and navy were helped by the crew of the other ship involved in the accident, the Super Ferry 12, a helicopter and some commercial ships.

History of accidents

The **San Nicolas** was sailing from Coron in the western Philippines to Manila. The **Super Ferry 12** had just left Manila, bound for Cebu in the central Philippines.

None of the passengers and crew on board the more sturdy, steel-hulled Super Ferry 12 - believed to number about 1,700 - were killed.

The Philippines, an archipelago of more than 7,000 islands, has an extensive network of ferry services, but the safety record of the domestic shipping industry is poor.

DAILY SHIPPING NEWSLETTER 2003 – 052

The most serious accident occurred in 1987 when the ferry **Dona Paz** collided with an oil tanker, killing more than 4,000 people in the world's worst peacetime sea tragedy.

SHIPYARD NEWS

Hyundai Vinashin in newbuild foray

VIETNAM'S main shiprepairer has posted a positive result for the second year running and looks set to make a first foray into the newbuild market, writes Hugh O'Mahony.

Hyundai Vinashin, the twin drydock facility based in Khanh Hoa Province that is 70% owned by Hyundai Mipo, scored net profits of \$2.2m, based on revenues of \$65m, which compares to a turnover of \$50m in 2001 and a net profit of \$2.09m.

A spokesman for Hyundai Mipo expressed satisfaction at the result, indicating that the South Korean main shareholder had not anticipated profitability for a decade after establishing the facility in 1996.

Although the yard has 400 vessel repairs under its belt and has gradually taken over much of Hyundai Mipo's repair role, its lasting significance may be most keenly felt in the regional offshore sector. Its largest conversion job to date has involved a Vietnamese government-owned floating production storage offloader. It is understood that Vinashin is now, at last, turning its attentions to related newbuild opportunities.

Hyundai Mipo said that the yard was not ready to consider newbuildings, but it is known that discussions have taken place between the South Korean partner and Vietnamese counterparts covering the bulkier and offshore barge construction.

It is also understood that a first opportunity has presented itself in the shape of a 100 m long monohull pipelaying barge, to be built for government interests for operation in Vietnamese waters. The project is believed to have advanced sufficiently for Hyundai Mipo managers to have undertaken a tour of likely financing and engineering partners, with discussions said to have included offshore parts of the ABB and GE groups.

Shiprepair Roundup Ivory Coast

AFTER important steel repair work during January, Abijan's main shipyard Compagnie Abijanaise de Reparations (Carena) has been busy finishing a second important steel and pipes repairs for Sea Weld's barge Offshore Base.

More than 60 tons of steel and 1,000 m of pipe were needed for the successful repair of the vessels' accommodation, hull and superstructure. Offshore Base was due to leave the shipyard early in May for Bioko Island, Equatorial Guinea. Despite the Ivory Coast crisis, which has been threatening their yard for the past seven months, Carena Shipyard continues to work with 70-80% of power, with more than 80% dock booking from now, to October.

Germany

Lloyd Werft is also expecting Wallenius Lines' 50,681 grt car carrier **Figaro**, the German research vessel **Polarstern**, Conti Rederei's 44,765 dwt containership **City of Edinburgh**, the tug **Fairplay 1X**, and Hapag-Lloyd's 45,977 dwt containership **Heidelberg Express**.

DAILY SHIPPING NEWSLETTER 2003 – 052

Meanwhile, the Project America outfitting programme is on schedule, with the cruiseship due for delivery during the early part of next year. The second Project America vessel is still under option, with no decision yet made.

United Kingdom

THIS year has seen two cruiseships from Norway's Fred Olsen enter A&P Southampton for regular refit operations. The first was the 11,209 gt **Black Prince**, which underwent general repairs including hull blasting and coating. It was there for 10 days during March this year.

The **Black Prince** was quickly followed by the 19,089 gt **Braemer**, which underwent a similar refit programme.

Panama

Glasgow's Norbulk Shipping has drydocked the 15,200 dwt Del Monte reefership **Segovia Carrier** at Panama's Astilleros Braswell International shipyard. Also scheduled to drydock at the Astilleros Braswell yard this week is Norbulk's 6,066 dwt **Granada Carrier**.

Sweden

LAST year proved to be another positive year for Gotaverken Cityvarvet with increased turnover and profit. During the year the yard completed two large conversions and docked and repaired more than 80 ships.

Total sales in 2002 rose about 5% and net profit a bit more compared with 2001. The improvements were largely a result of a strong first half of 2002 with lots of work and reasonable prices. During the second half of the year the number of inquiries and average price levels deteriorated sharply.

Gibraltar

SHIPS under repair at the Gibraltar yard include two containerships owned by Maersk, the 21,229 dwt **Tobias Maersk**, and the 21,229 dwt **Trein Maersk**.

Other visitors to the yard include the 12,387 dwt dredger **Geopotes 15**, owned by Holland's Ballast Nedam, the 1,634 dwt tug/supply vessel **Maersk Dee**, Europa Ferry's 13,179 gt passenger vessel **Euroferry Atlantica**, the 3,454 gt passengership **Patricia Olivia**, owned by Los Cipreses, Howard Smith UK's 193 gt tug **Egerton**, and Bora Shipmanagement's 5,208 dwt general cargoship **Mistral**.

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Wan Hai five-ship order speeds CSBC's revival

WAN Hai Lines has confirmed it has placed an order for five 4,250 teu boxships at its compatriot China Shipbuilding Corporation, writes Sam Chambers in Hong Kong.

Wan Hai, one of the most successful liner companies last year, is spending \$43.5m a ship, with delivery of the first vessel due in October, 2005, and the last in the series to be completed by March, 2006.

The ships will go on the transpacific, where Wan Hai, which has taken over the customers of defunct Trans Pacific Lines, has been chartering in vessels between 2,500 and 2,800 teu. Wan Hai, predominantly an intra-Asia carrier, has 40 owned ships and charters in a further 18. The five new ships will add an extra 1,300 teu capacity on the transpacific each week.

As for CSBC, the deal represents yet another remarkable step on a comeback trail. At the start of last year the state-owned company was on life support with the government threatening to pull the plug. The workforce was cut by half, an energetic chairman appointed and suddenly life was breathed back into the yard.

Patriotic Taiwanese owners account for the majority of the order book but perhaps the breakthrough deal came in late March with a joint venture between Compañía Sudamericana de Vapores of South America and the German Peter Dohle Group signing contracts for a total of 12 containerships.

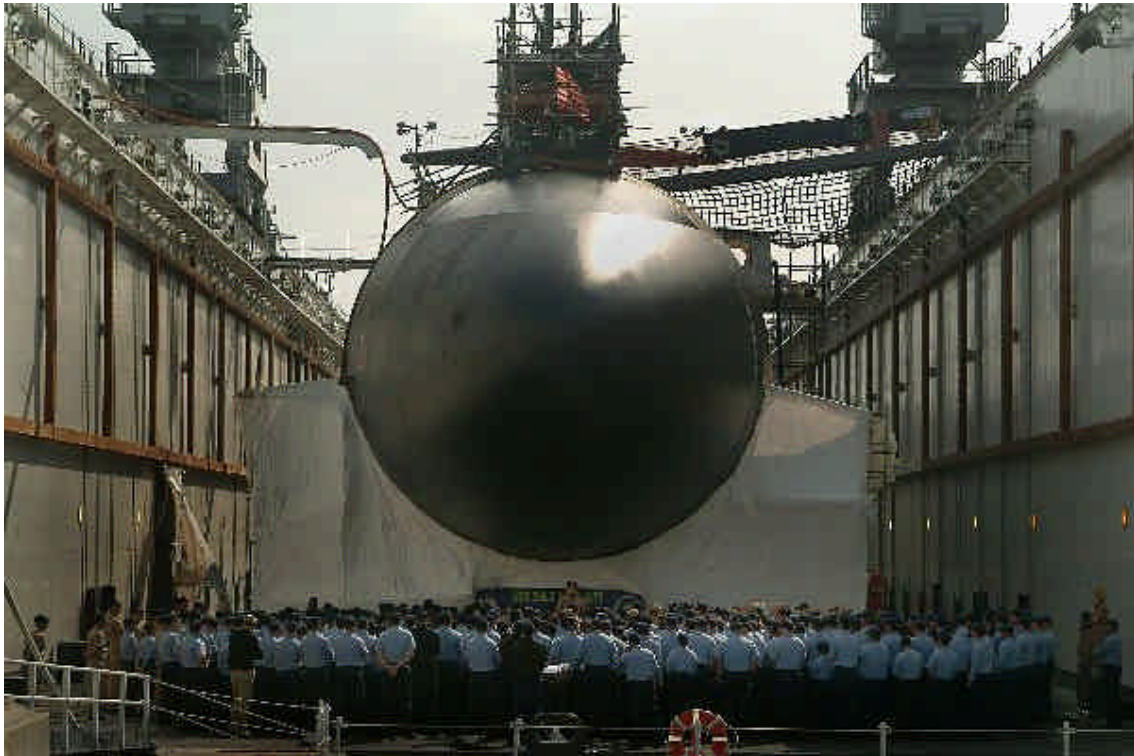
This was a big boost, as for CSBC to mature it must attract greater foreign capital. Part of the reason for the Kaohsiung company's resurrection has simply been berth availability. With the Japanese and Koreans chock-a-block and turning their noses up at mid-sized orders, owners in need of a panamax or a sub-5,000 teu boxship have had to scout around.

C C Chen, of CSBC's sales department, said: "After the restructuring we became far more competitive among our regional rivals."

With more than 30 ships booked in the first five months of this year the company is setting records. This is already CSBC's most successful year since its foundation in the early 1970s, with a host of panamaxes, capesizes and mid-sized containerships swelling the order book to the point where, according to Mr Chen, the next available delivery slot is in 2007.

In the first four months, CSBC chalked up revenues of T\$4.36bn (US\$125m), with profits reaching T\$140m. It is targeting annual revenue of T\$14bn with pre-tax profits of T\$280m.

NAVY NEWS



Adm. Vern Clark, Chief of Naval Operations (CNO) speaks to the crew of **USS Salt Lake City (SSN 716)**. Salt Lake City is a Los Angeles class attack submarine currently in dry dock at Naval Base, Point Loma. The CNO is in San Diego visiting with Sailors and to meet with the senior enlisted and officer leadership community.



A linehandler waits pierside as the Los Angeles-class submarine **USS Louisville (SSN 724)** returns from a deployment spanning over eight months in support of Operation Iraqi Freedom.

USS Peleliu Hosts Visitors from Asia

DAILY SHIPPING NEWSLETTER 2003 – 052

Amphibious assault ship **USS Peleliu (LHA 5)** recently played host to some rather unlikely guests.



Within a three-day span, four senior officers from India and 14 senior officers from the People's Republic of China came aboard to tour the ship, and see firsthand one of the vessels and crews that make the U.S. Navy the best in the world.

The first group, 14 officers from the People's Republic of China, were guests of the National Defense University (NDU) and were escorted by Vice Adm. Paul G. Gaffney II, the president of the NDU. The highest-ranking Chinese officer was Lt. Gen. Huailiang Pei, who is Vice Adm. Gaffney's Chinese counterpart at the NDU.

MOVEMENTS

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The new ferry **Pascal Paoli** arrived in Marseilles for the first time – **Photo : Xavier Maillard ©**

AIRCRAFT / AIRPORT NEWS



Air Canada said it had reached an initial cost-cutting deal with its unions that will allow its regional unit to reduce labor costs by C\$59 million (\$43 million) while expanding its fleet with new, larger regional jets. In this file photo two Air Canada jets pass each other on the tarmac at Pearson International Airport in Toronto

Plane crashes in Turkey

An Ukrainian plane has crashed near the Black Sea resort of Trabzon in north-west Turkey. All 74 people on board - most of them Spanish peacekeepers returning home from Afghanistan - died in the crash, Turkish public television TRT reported.



The plane had been due to make a refuelling stop in Trabzon, but hit a mountain slope 50 kilometres (30 miles) south of the town early on Monday, according to local media reports.

Left : A **YAK-42** airplane
Photo : Coll Piet Sinke

The plane, said to be a **Yak-42**, was flying from the Kyrgyz city of Bishkek to Zaragoza in Spain.

Local officials quoted by the Associated Press said that the plane crashed during its third attempt to land in thick fog. The pilot had said that he was unable to see the runway, and the plane then disappeared from radar screens. Turkish military troops and ambulances immediately rushed to the scene, near the town of Macka, to rescue possible survivors, the Anatolia news agency said. One witness said the wreckage of the plane was in flames and reported seeing at least two charred bodies, private Kanal 7 television reported. Governor Aslan Yildirim of Trabzon told the



private CNN-Turk television channel that Turkish soldiers had retrieved more than 25 charred bodies from the wreckage. There were 62 passengers and 12 crew on board the plane, news agencies report.

.... STORY OF THE DAY



TT-Line 2002: a fleet policy that brings results



Top : The NILS HOLGERSON

Figures for the past financial year show that the innovative and forward-looking policy introduced for their fleet by TT-Line, the private ferry group, has produced positive results. In 2002, conditions in the TT-Line market environment deteriorated. Against this backdrop, the group was able to buck the trend and, as a result of increasing the deck capacity on both the TT-Line routes, they have seen a 9% growth in freight business. A weak tourist industry, in combination with planned reductions in passenger capacity has, however, led to a 7% reduction in passenger transport.

In 2002, the enlarged, newly-built luxury ferries, **NILS HOLGERSSON** and **PETER PAN**, went into operation on the Travemünde-Trelleborg route. The modernised and similarly enlarged **TOM SAWYER** and **HUCKLEBERRY FINN** combination ferries were also set to work on the Rostock-Trelleborg route throughout the year for the first time. With their new and their rebuilt ferries, the TT-Line can now offer their freight customers greater deck capacity, and their passengers a standard of quality on all

DAILY SHIPPING NEWSLETTER 2003 – 052

their ships that is unequalled anywhere on the Baltic Sea. "With this new arrangement, the TT-Line has found the right response to the removal of duty-free shopping and the opening of the new Öresund bridge" stated director Hanns Heinrich Conzen at the annual press conference, "This means that TT-Line has now established itself as market leader in the direct ferry traffic between Germany and Sweden."



Even so, the persistent general weakness of the economy along with continually high fuel prices have led to management expectations not being fully met. Altogether the group turnover declined by 5% to ? 132m. With careful management, a turnover of 62% (compared with 61% in the previous year) was achieved for freight transport, 22% for passenger transport (previous year 23%), and

16% for on-board services (the same as for the previous year). "In spite of all the adverse factors we were able to maintain our result at the previous year's level" explained director Dr. Arndt-H. von Oertzen.

A strengthened market leader position for freight on both routes

The freight record for the previous year was again exceeded in 2002. In total, 283,426 trucks and trailers were carried compared with 261,277 for the previous year. Market share was increased on both routes. However, the level of turnover in this business area at ? 82m was a little less than that of the previous year (? 84m) due to lower supplementary fuel charges, a greater number of trailers and intensified competition over price. Units of freight 2001 2002 Difference %

Travemünde-Trelleborg	173.136	185.627	+ 12.491	+ 7%
Rostock-Trelleborg	88.141	97.799	+ 9.658	+ 11%
Total	261.277	283.426	+ 22.149	+ 9%

TT-Line is counting on further development of carriage volumes and market share for 2003.

The effects of a weak market on passenger results

All the passenger services of the TT-Line carried a total of 827,293 passengers in 2002 (885,432 in the previous year). This result should be seen in the light of a weak year for the tourist industry in 2002, the planned reduction in passenger capacity on the newly built **NILS HOLGERSSON** and **PETER PAN** ferries, the planned reduction in the on-board events business, and the reduced number of crossings in the MS **DELPHIN** sailing schedule. Against this backdrop, it is good to see that Rostock was able to maintain its volume of passengers compared with that of the previous year.

Passengers 2001 < > 2002 Difference %

Travemünde-Trelleborg	469.313	<> 411.019	- 58.294	- 12%
Rostock-Trelleborg	416.119	<> 416.274	155	0%

DAILY SHIPPING NEWSLETTER 2003 – 052

Total 885.432 < > 827.239 - 58.139 - 7%

A quality and price offensive during the crossing

With the introduction of the Captain's Choice shopping concept and with the even greater variety of dishes available in the on-board restaurants, the ships will become ever more attractive for passengers.

In 2003, the TT-Line is reducing the prices for day-trippers, bikers and campers on all routes throughout the year, by up to 35%. This means that a car with five passengers can travel to Sweden from either Travemünde or Rostock for Kr 98, or for even less if they take advantage of the Kr 25 return journey discount! The ferry line is thus anticipating an increase in the number of passengers for next year.

"With our new and rebuilt ferries and with our fast ferry **DELPHIN** we offer holiday makers and



business travellers to Sweden the highest quality luxury travel. With significantly lower prices and the highest level of on-board services, the TT-Line can satisfy all those passengers who are developing an increasingly sensitive price awareness without wishing to give up their demands on quality. No-one else offers a route to Sweden that is better, or such great value for money", said Hanns Heinrich Conzen.

Left : The **PETER PAN**

The prospects for 2003

TT-Line is anticipating moderate growth in the market for 2003. The company expects to gain a larger share of this growth and to further develop its market position. TT-Line has prepared for this over the last few years by investing in tonnage that is at the forefront of technology, by increasing deck capacity, and by setting new standards in comfort. In recognition of this, TT-Line, in its fortieth year, received the coveted Lucia Prize awarded each year in honour of a company that promotes Swedish interests in Germany particularly well. As Dr. von Oertzen explained "It can be seen that, already in the first complete year of operating our new and rebuilt ferries, our policy to increase our capacity for trucks and trailers in our fleet and to concentrate on the wishes of more demanding travelers to Sweden is well under way. In spite of the difficulties facing our industry we look optimistically to 2003".



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