



IVARAN
Lines

LINE MANAGEMENT SYSTEM (LMS)

ON TRACK

ONLINE

**WITH
IVARAN**

Issue 1/98

**NEW PRODUCTION
FOR IVARAN LINES**

**LOGISTICS DEPARTMENT
MOVES TO NEW YORK**



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A CUSTOMER SERVICE

ORIENTATION



*Atle Underthun – general manager
Houston office.*

On March 1, Ivaran opened two new offices in Houston, Texas and New Orleans, Louisiana. Our mission is to provide a local Ivaran presence in this dynamic area, superlative customer service, and a platform for further growth in the Gulf Caribbean Service (GCS).

For many years, Ivarans has dominated the United States Gulf (USG) – Mexico to East Coast South America (ECSA) trade. Nevertheless, in the past four or five years, competitors have flooded the market, driving rates down and competition up. Rates will always be an important factor when it comes to attracting

and keeping business, and we intend to deliver with competitive rates.

Yet, there is another very important factor that can be overlooked in regard to how our clients choose their shipping operators. That is consistent and reliable customer service. Fast turnaround on documents, easy access to agents, flexi- ▶

A **CUSTOMER SERVICE** ORIENTATION

► bility in regards to cargo destination and delivery time, and transaction/cargo information available at the push of a button – these are the advantages that attract clients to a particular operator over and over again. And this type of attractiveness to clients is our goal.

In order to properly serve your customers, you need to be near your customers. Therefore, we have established two new offices in Houston and New Orleans to deal directly with our customers in the Gulf region. Beginning March 1, these two offices will be handling Ivaran's Gulf Caribbean Service (GCS), a service that has been growing steadily since its inception two years ago. The Houston office – the larger of the two – will be responsible for activities as well as those at the New Orleans office as well.

For those of us working at these two offices, we have many challenges ahead – challenges that will require effort, hard work, and determination, but will definitely return excitement and success. Besides our explicit mission to provide a first-hand Ivaran presence in the gulf region, we must work to become not simply a pair of branch offices for Ivarans, but rather an integrated part of Ivarans international

network. One tool that will take us a good way toward achieving this goal is Ivaran's new Line Management System (LMS).

LMS is an integrated computer database that will track Ivaran's shipments, transactions, and vessels around the world. By taking advantage of the common documentation system in LMS, we can more rapidly and smoothly become a seamless part of Ivaran's worldwide operations. This system will streamline our operations, speed up documentation, and eventually increase savings and service to our customers. We have been training with

the LMS, and we must continue implementing this vital tool in our everyday business practices.

Our customers have reacted positively to both our move into the region and our computerized operations. In addition, our Ivaran partners throughout North and South

America have been very supportive and positive, eager to get the two new offices into the stream of Ivaran's international network.

With the introduction of the Ameri-

cana to the GCS, we expect to be able to meet the growing demands in this dynamic region. Last year, Ivaran added two new ports in the GCS, Limon in Costa Rica and Cartagena in Colombia, and we hope in the future to add even more new

ports and new potential customer bases. What began with just two small container vessels has now grown to three – with the Americana – larger container vessels.

— IN ORDER TO PROPERLY SERVE YOUR CUSTOMERS, YOU NEED TO BE NEAR YOUR CUSTOMERS.

Along with our steady growth, it is important for us to never forget our most important objective – satisfying the individual customers.

We in Houston and New Orleans are looking forward to becoming a vital link in the Ivaran network and we are dedicated to providing the best customer service in the gulf region. We eagerly anticipate hosting upcoming meetings and company events (such as the 1st tertial 1998 sales meeting in New Orleans from March 29 to April 2) to extend some Southern hospitality and express the enthusiasm of our new team.

In conclusion, I would like to thank Captain Lars Riis and Riis shipping, which has represented Ivaran for 16 years in both New Orleans and Houston. Those years have been ones of growth, and we hope to continue this strong tradition in our own offices.

Sincerely, Atle Underthun

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Employees: 5

LMS ON TRACK



Tollef Schiander – LMS project manager

Over the past months, Ivaran Lines has wired together 30 agents and offices worldwide via the new Line Management System (LMS) – feedback has been positive. Ivaran's way of doing business is definitely changing. So what's next for Ivaran in information technology?

When it comes to information technology in general, there are no ends...just beginnings. Four years ago, Ivaran managers put their collective heads together and decided that the company would have to restructure its IT system to handle the flood of corporate data. By mid-1997, Ivaran ONLINE reported the introduction of the first phase of the Line Management System (LMS) – small glitches were overshadowed by what looked like tremendous potential and promise. One year down the road with

full-scale implementation in full swing, the promise of LMS is fast becoming a very satisfactory reality.

LMS has an integrated, networking database with applications that can track vessels, cargoes, payments, and documents, as well as produce reports and budgets. The key to this system is its ability to be accessed and adjusted from Ivaran offices around the world – when one employee adds a new cargo to a ship manifest in Rio de Janeiro, employees

from New York to Houston to Oslo will be able to see it and account for it. Information about Ivaran business will be readily available, up-to-the-minute accurate, and collected in one uniform database.

Ivaran has been cooperating with two IT partners for their user applications: ShipNet, based in Oslo, Norway, and Intec, based in Long Beach, California. ShipNet has provided a series of software programs to handle the accounting ►

LMS ON TRACK

- ▶ side and voyage related costs – SNACS, SNILS, and SNOPS.

Intec has supplied a wide range of software under the name of Horizons which deals with all of an agent's requirements related to container tracking and management, bills of lading and manifest production, customer queries, claims, interface to customers and financial control, etc. Agents will be able to operate in a real-time environment regarding their customers, vessels, cargoes and transactions, while communicating with a network of other agents – Ivaran or otherwise – around

of both the Horizons and ShipNet production systems.

Of course, the most technologically advanced software and hardware in the world is absolutely useless without users who can operate them. For this reason, Ivaran has hired or assigned trainers to Ivaran locations. These LMS-tutors within Ivaran have been travelling from port-to-port and agent-to-agent offering tutelage on the system. Tollef Schiander, vice president and LMS project manager, and Reidar Hauge, vice president for IT Services, have witnessed the dramatic difference between users who haven't

system, operating with information from the database, has already been introduced. Soon to be released, a container steering module will make container management far more efficient and rational, cutting out delays and nonproductive uses of the considerable fleet of containers. With the final IT platform design in place along with a stream of enhancements and new modules – and their respective training courses – the IT-highway from which there are no exits has become a fact of life....or, more accurately, a blessing.

With over 30 offices connected to a system that has been running for several months, Ivaran managers such as Schiander and Hauge have had numerous opportunities to collect and discuss feedback to LMS.

IVARAN TECHNICIANS ARE SLOWLY AND PROGRESSIVELY TAKING THE NECESSARY STEPS TO BRING DATA ELEMENTS FROM THE TWO SYSTEMS TOGETHER ON TO ONE PLATFORM – A PROCESS THAT WILL UNDERGO TESTING IN APRIL AND HOPEFULLY ENTER OPERATION IN JUNE/JULY.

the globe. Ivaran and Intec have worked together to help develop the Horizons system – a fact that may give the program special pertinence to Ivaran operations.

Presently, the two systems are operating on different platforms in different locations, while still being essentially connected. Events for one of the systems are immediately replicated to the other. Ivaran technicians are slowly and progressively taking the necessary steps to bring data elements from the two systems together on to one platform – a process that will undergo testing in April and hopefully enter operation in June/July. Once this datawarehouse has been set up with data from the two systems, managers will have access to a complete Management Information System (MIS) that combines the benefits

of both the Horizons and ShipNet production systems. Of course, the most technologically advanced software and hardware in the world is absolutely useless without users who can operate them. For this reason, Ivaran has hired or assigned trainers to Ivaran locations. These LMS-tutors within Ivaran have been travelling from port-to-port and agent-to-agent offering tutelage on the system. Tollef Schiander, vice president and LMS project manager, and Reidar Hauge, vice president for IT Services, have witnessed the dramatic difference between users who haven't

Perhaps, the next great frontier for Ivaran and its fearless information technology crew is the world wide web – the Internet. Soon, Ivaran will be offering LMS/Horizons access via the Internet to smaller agents throughout the world (for example, in the Caribbean, Central and South America). Offering smaller agents and customers access to view and print specific, up-to-date information on cargo onboard the Ivaran vessels is another step to make the system more universal and profitable.

While Ivaran hustles to get employees' skills up to speed with the tools available, many new modules and programs are also being steadily added to the LMS package. A sales and marketing

Schiander – “The users are very happy in general terms. We visited agents in the United States and South America last year and all of them were satisfied and asked for new functionalities which we have since added on. Over the next eight months, we expect to implement 5 to 10 new enhancements.”

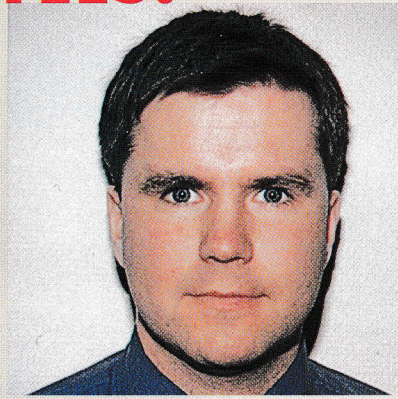
Like a child learning to walk, the implementation of the system has not immediately broken into a smooth run – there have been some stumbles. Hauge stressed that the process is a gradual and careful one. Much effort is being expended to make the system more stable. The project is always developing, always improving.

LMS is a long-term investment to increase Ivaran's competitive edge. For the time being and in the near future, this integrated system gives Ivaran a clear market advantage. New modules and new training programs will help Ivaran hold that advantage. No endings, just beginnings.

NEW EMPLOYEES:



Cesar B. Garrubo
vice president
Southbound Trade Management
Ivaran Agencies Inc.



Erlend Furuseth
liner assistant
Liner Department



Henrique F. Schlaepfer
general manager
Northbound Trade
Ivaran Agencia Maritime Ltda
Sao Paulo

IVARAN AGENCIES INC:

THE MARKETING DEPARTMENT



From left to right: Fungai Mtetwa, Joseph Monti, Andrea Bradley and Angel Ayala.



From left to right: Ralph Henninger, Joan M. Rascon, Lisa Henninger, Luis Rivera, Ruth Santamaria, Denise Barba, Alfair Furgeson, Maribel Parducci and Peter Morchy.

LOGISTICS DEPARTMENT MOVES TO **NEW YORK**

As 1997 drew to a close, the Ivaran International Logistics Department set sail for its new home: Ivaran Lines' North American headquarters in New Jersey.

"In today's competitive environment, critical equipment needs must be met head on in a much quicker way than what has previously been the case," explained Mrs. Joan M. Rascon, Ivaran's vice president of International Logistics. "We have listened to what our customers – and local sales and operations staff – have had to say when it comes to issues of equipment availability and decision making. We learned that the decision making function within International container control needed to be moved closer to our core markets. From Norway, the time difference between needing a decision and making a decision was sometimes as much as 24 hours," said Mrs. Rascon.

Therefore, from the 1st of December, 1997, all international equipment control functions have moved from Oslo to New Jersey. "Operationally, nothing will change for the regional offices and

agents," said Mrs. Rascon. "They will simply be communicating to the logistics function without the time lag, and should see important decisions – decisions which affect their customers – come much quicker than ever before. We feel the customers will see real benefits," explained Mrs. Rascon.

"Customers are and have always been the focus of Ivaran Lines' efforts in this area. We have invested millions into new equipment to provide our shippers with the most modern and safe container equipment available in this trade," said Mrs. Rascon. "We have now brought to the table the human factors necessary to properly steer and maintain the fleet."

What about staffing? "Some staff functions will change; these will be communicated to the field as soon as the International Logistics Department is set up in Jersey City," said Mrs. Rascon. "Some of the current staff in Jersey City will assume positions within the International Department, while new staff members will be hired to replace vacated positions within the Agency Logistics Department. This department will be directed by Mr. Ralph Henninger, vice president of Agency Logistics," explained Mrs. Rascon.

The relocated International Logistics Department can be contacted at (201) 798 5656 at Ivaran Agencies offices in Jersey City, NJ.

NEW PRODUCTION

FOR IVARAN LINES

In order to offer superior customer service, modern liner operators must insulate themselves as much as possible from potentially volatile financial markets. With the recent stumbles in the stock and money markets of Asia, and indeed the rest of the world, Ivaran Lines decided once again to examine its ratio of owned versus leased container equipment to see if any opportunities existed to better meet customers' needs.



Mrs. Joan M. Rascon – vice president for International Logistics.

As many of ON LINE'S readers are aware, Ivaran Lines concluded deals in 1996 with three leading manufacturers of containers in China, Korea and the United States, involving some 3500 TEUs of ordinary dry containers. The book value of the order was \$8.5 million, and constituted one part of an overall fleet restructuring plan. Also involved in the 1996 order were 100 new 40-foot refrigerated container units.

The ideas involved in the fleet restructuring are easy to understand: achieve the optimum level of efficiency and flexibility between a fully owned fleet of equipment and that which is partially owned and partially leased. "A certain percentage of leased equipment is desirable – to meet cyclical or seasonal market demands. However, we need to determine the relative flexibility of our lessors' equipment compared with Ivaran's own units," explains Mrs. Joan M. Rascon, vice president for International Logistics. "For Ivaran Lines, and indeed all of the lines involved in South American trade, leasing-company flexibility is really non-existent. Most of the advantages of the leasing market five years ago have evaporated into a situation of ever-decreasing redelivery quotas

and poorer availability of equipment in areas like Brazil and the River Plate – regions which Ivaran Lines considers to be of particular importance for customer service.

"Furthermore, as the leasing companies consolidate, questions are being raised about who will control the container leasing market of the future? This poses a challenge for any shipping line that wishes to attract business under the dual pressures of mounting competition and declining freight rates. It has been predicted that, after the consolidation process has finished, there will be perhaps 3 or 4 major leasing companies left to dominate the market. Given current and past experiences with such a scenario, we can expect even higher per diems and less flexibility on the menu in another five years. And since container expenses usually represent a high percentage of a line's operating costs, any operating efficiencies achieved will go straight to bottom-line profitability for the line," says Ms. Rascon.

"Therefore, we are taking the initiative by purchasing newer units – units which we can more closely control through the increased efficiencies of better equipment management within Ivaran. We just cannot pass up the advantages offered by this approach," says Ms. Rascon.

The orders for the new 20', 40' and 40' High Cube equipment were placed with Hyundai Precision Ind. Co. of Korea for manufacture in their Guangdong plant in China, as well as with China International Marine Container Co., to be manufactured in Nantong, China. The delivery schedule for both orders was completed in 1997 and positioning of the units will take place throughout 1998.

BRAZIL - POLITICAL AND ECONOMIC OUTLOOK



Following our last update, much has happened – and continues to happen – in many different countries across the globe as far as stock market performance and international currency flows are concerned. In many instances, the situation has been alarming, and Brazil too has seen some reflections of this.

Fiscal package

Billing it more as a preventative measure, and inevitably using the problems of the global scenario as a partial excuse, the Brazilian Federal Government last October launched a Fiscal Austerity Programme aimed at keeping the REAL Plan on the right track through 1998.

The package was designed to ensure that consolidation of the stabilisation process continues and that the large federal budget deficit is significantly reduced, especially in light of the fact that little substantial administrative and fiscal reforms

had passed Brazil's congress. The package originally proposed to raise/ save the Federal Government a total of R\$19.7 billion (= USD18 billion), equivalent to around 2.5 percent of GNP, but – due to subsequent revisions – analysts now believe the figure will be closer to R\$15 billion (USD13 billion).

As mentioned, the measures were partially precipitated by the recent world stock market slumps and subsequent fears that Brazil could lose large volumes of speculative capital at short notice, suffering a similar effect to the Mexican crisis nearly 3 years ago (although, at the

time, the “Tequila Effect” had limited consequences for Brazil).

Immediate reactions following publication of the package's terms were two-fold: first, forward annual interest rates jumped to a high of 51 before settling back down to the current 45 percent mark; and second, major auto assemblers and suppliers (among others) instituted early collective vacations and/or overtime restrictions.

Forecasts have been for a cooling effect on both production and consumption as well as high interest rates in the medium

term, to the extent that the general consensus has suggested a revised figure for 1998 growth at 2 percent instead of the 4 percent previously predicted.

Export incentives

Conclusions are that the package will assist exports both directly and, to a large extent, indirectly, due to Brazilian manufacturers diverting production to the export market (slow domestic demand). On the other hand, despite the Government's momentary estimates of up to a 15 percent increase in 1998 exports (as against an earlier prediction of 7.5 percent), analysts believe that the improvement in exports will not be as significant as all would like, given previous track records. Further, to some extent, reduced purchasing power of Asian countries will reflect on Brazilian exports to that region.

True to its word, the Government confirms that a new export-incentive program is expected to be launched in February 1998. This time it adopts perhaps a more realistic view: increasing exports by 10 % in 1998 and a further 14 % per year up to 2002, thus eventually reaching an export volume of some USD100 billion. The system is expected to concentrate on certain export sectors and allocate managers to address all relevant issues that would promote the growth of exports for that individual sector.

With respect to the Export Financing Programme (PROEX) – which financed about 35 % of Brazil's exports in 1997 – plans to expand the programme estimate that 45 % of exports will receive financing in 1998.

Pressure to devalue the currency is now easing and may even disappear from the agenda. Even those analysts who previously opposed the Government on this issue are now tending to agree with the results achieved so far from a policy of gradual and natural devaluation that avoids economic side effects.

Imports

There will be an impact on Brazilian imports in the short to medium term due to a slow-down in consumption through the Fiscal Package measures. Brazilian Import Duties on a comprehensive list of about 9000 products have been raised by 3 percentage points from November 13. The increase was negotiated with other Mercosur countries, where it relates to items in the Mercosur Common External Tariff, and therefore also applies to all other Mercosur countries. However, Brazil has also increased duties on those items which it had maintained as exceptions to the C.E.T. separately from

In the meantime, SECEX, the Brazilian Secretariat for International Trade, has produced a document listing every product that requires import licensing and is therefore subject to approval prior to being loaded. Ninety percent of the long list is simply a consolidation of various previous announcements, while the remaining 10% consists of new products which the government has now decided require prior analysis before import is authorised. New items on the list include some electronics and white goods which the government argues could generate unfair competition for domestic Brazilian products, because

NO DOUBT, THE "BRAZIL IN ACTION" PROGRAMME – LINKING VARIOUS PROJECTS DESIGNED AT DEVELOPING THE COUNTRY'S EDUCATIONAL, AGRICULTURAL, SOCIAL, AND INFRASTRUCTURAL BASES – WILL ALSO PLAY AN IMPORTANT ROLE AS CURRENT PRESIDENT FERNANDO HENRIQUE CARDOSO AIMS AT RE-ELECTION FOR A SECOND TERM.

Mercosur. The government billed it as a fund-raising measure, generating some USD1.5 billion for Brazil in extra revenue, rather than merely an import restriction.

Specifically, the Government again altered import duties for approximately 1000 machinery items to 5 % from 1/1/98. Surprisingly, many items in the list had previously been reduced to zero-percent duty in October 1997.

On a positive note for imports in general, in line with Mercosur requirements and based on the Brazilian Automotive Regime Plan, import duties on vehicles produced by auto companies with assembly plants in Brazil have been reduced from 31.5 to 24.5% beginning in 1998. Import duties on vehicles assembled by companies without plants in Brazil have been reduced from 63 to 49%. Other reductions in import duties for 1998: electronics (from 35 to 32%), footwear (39 to 36%), white goods (31 to 29%), and trucks and buses (55 to 45%).

the foreign concerns possess significant financing advantages. It is not yet clear at this stage what effect the measure will have as far as the new items are concerned.

Although the above may, in some instances, appear to represent a sharp turnaround in policy, it is actually more a case of a series of adjustments and manoeuvres to meet fiscal goals, whilst complying with Mercosur agreements and attempting to minimize the Trade Deficit. Despite any indications to the contrary, it is expected that imports will continue to grow in 1998, although there will almost certainly be a fairly significant slowdown in the rate of import growth. One major bank has predicted a growth of only 1.2pct in imports in 1998 against 1997.

Trade balance

How will these developments affect the trade balance, which is undoubtedly high on the government's list of priorities?

The need to tackle the Balance of Payments deficit more effectively became

Continued on page 18

AN AMERICAN

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What comes to mind when you think of Caribbean Islands – pristine beaches, deep blue, coral-spotted waters, glamorous high-rise casinos, exotic cocktails and dance...political revolution and bloody coups? In Puerto Rico, you are likely to find very little of the latter, very much of the former, and numerous twists that make this island unique in the Caribbean.

On his second voyage to the Americas in 1493, Christopher Columbus “discovered” Puerto Rico. In a historic bungle of epic proportions, the natives he encountered treated him as a special guest, showing him gold nuggets in a river and urging him to take as much as he liked. One hundred years later, having learned a hard lesson, the residents of the island resisted tooth and nail to the landing of Sir Francis Drake, who eventually burned the capital city of San Juan.

Chances are that when you disembark from your cruise liner in present-day San Juan the Puerto Ricans will neither hand over the family silver nor fire cannons on your boat. Today, after one hundred years of relative stability in the dependence of the United States, Puerto Ricans would most likely take you by the arm, show you why they are so proud of their island, and tell you where to stay, what to eat, what to see, what to wear, and what to do...in English.

Despite continuous see-sawing over the official language of the land – Spanish, English, Spanish and English – a vast majority of the islanders can speak English (a serious advantage if you have ever had the regretful experience of trying desperately to express «sun-tan lotion» in sign language to a baffled kiosk owner).

Puerto Rico’s connection with the United States began in 1898 under the conditions of the Spanish-American War, when the island was ceded to the

US. Over the past century, millions of Puerto Ricans have taken advantage of this and fled to New York and Miami, among other American cities, to seek economic opportunity. As conditions have soured recently in urban America

THE ISLAND WILL BE HOLDING A PUBLIC REFERENDUM TO DECIDE WHETHER TO REMAIN A COMMONWEALTH OF THE US, BECOME THE 51ST STATE, OR GO INDEPENDENT.

and Puerto Rico is blossoming with tourist and industrial development, a great part of Puerto Rico’s American exodus is finding its way back to the mother island.

This might be an enormous year for both Puerto Rico and the United States in the Caribbean: the island will be holding a public referendum to decide whether to remain a commonwealth of the US, become the 51st state, or go independent. Besides the fact that this entire issue is causing a tremendous uproar in both Puerto Rico and Washington D.C., it could offer tourists the opportunity to catch their favourite congressman or senator sunning themselves on the island’s

beaches through a political junket. With massive resort/casino complexes such as the Ritz-Carlton in San Juan popping up on the island, it probably won’t be long before politicians, businessmen, and lobbyists alike decide that statehood is a very good thing...if only for the convention possibilities.

As a result of Puerto Rico’s relative political and economic stability, landmarks, historical areas, and natural wonders have managed to outlast the tests of time where other island’s treasures have not. San Juan and Ponce, Puerto Rico’s two largest cities, possess well-preserved old towns that haven’t changed a thing but the inhabitants in over four centuries.

Unchecked industrial development and slash and burn policies have laid waste to the indigenous rainforests on most of the Caribbean Islands, but Puerto Rico has managed to protect 28,000 acres of rain forest in the El Yunque U.S. National Park – the only one of its kind in the U.S. park system.

For those tourists who seek out the queer and exciting, there is another natural phenomenon in Puerto Rico that should not go amiss: the south coast’s phosphorescent, or bioluminescent, bays. Due to the enormous concentration of microscopic organisms in some bays, the water, when agitated, gives a spark of bluish-white chemical light. On a moonless night, boats and swimmers alike can leave eerily glowing wakes.

As a territory of the United States (for

POPIC?

the time being), Puerto Rico is just as accessible to tourists as New York or Los Angeles. Vaccinations are not necessary, but bring your camera – you might just want to have pictures of Puerto Rico with a 50-starred American flag flying over it (possibly for the last time).

San Juan

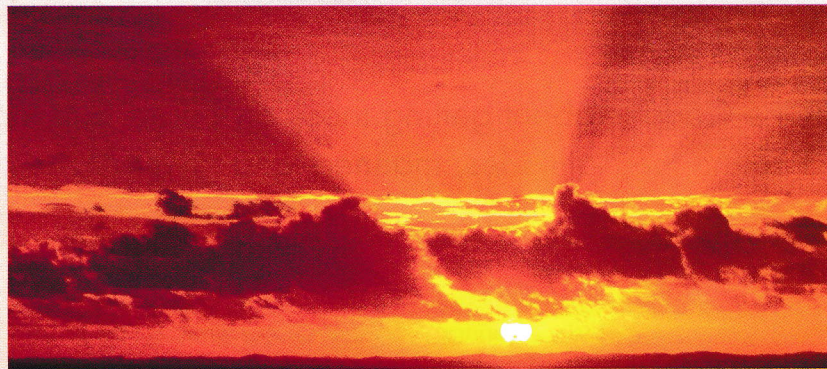
When the United Nations decided to designate world-class historic locations like the Taj Mahal, it chose six monuments in Old San Juan. As the oldest city under the US flag, the city of one million – Puerto Rico's largest and capital city – possesses a living past and a bustling, thriving present. San Juan's port is one of the busiest in the Caribbean and the largest home-based cruise port in the world. Surrounding the busy port vicinity is Old San Juan and El Morro. The 465-year old, 7-square block neighborhood of Old San Juan contains streets paved in blue adoquine cobblestones, over 400 restored 16th and 17th century Spanish colonial buildings, and four lively plazas. El Morro, a four hundred year old fortress overlooking the harbor, is a sight in itself, besides providing breathtaking views out over the ocean. At the Plaza Las Americas, the largest mall in the Caribbean, you can stroll, shop, and observe the daily goings-on of some of the million Sanjuaneros-residents of San Juan.

Ponce

Perched on the southern coast, Ponce is smaller and newer, but no less pretty than its northern urban neighbour. Called La Perla del Sur – the pearl of the south – Ponce was instituted in 1692 by Juan Ponce de Leon's great grandson (descended from the great Spanish hunter of gold and youth). Ponce's historic colonial core

has been rejuvenated by the influx of half a billion dollars. Plazas, churches, and restored homes compete with one another for attention in the old heart of Ponce. Of artistic interest, Ponce contains the world-class Ponce Museum of Art, which was designed by Edward Durrell Stone (who also designed the Museum of Modern Art in New York) and exhibits one of the most important pre-Raphaelite collections in the western hemisphere. The city celebrates four festivals annually, in March, May, July, and December.

ring more freedoms and rights as US citizens and as a slightly independent territory. In 1967, 1991, and 1993, Puerto Ricans reestablished their desire to remain a United States territory, while pro-statehood, pro-territory, and independence groups fought it out in Puerto Rico's congress. Even if Puerto Ricans vote overwhelmingly for statehood this year, they might not get the chance. The United States Congress has been involved in heated debates regarding the issue. Among economic, political, and




"Oh, island in the sun..."

A 51st State of the Union

Since August 21, 1959, when Hawaii became the 50th state of the United States, the number of stars on the stars and stripes has stayed constant. This year, if both houses of congress are in agreement and Puerto Ricans decide by a good majority, then the once-territory will become the 51st state over a transitional ten year period and pin their star wherever they can fit it on an otherwise crowded Old Glory. Since the United States gained sway over the island in 1898, Puerto Rico has been tossed left and right in an ongoing process of secu-

social concerns, some congressmen have expressed concern over the Spanish language barrier – a controversial point in many states like Florida and California. Even more worrisome would be statehood by a 51% majority, as it could swing to territory status by a 51% majority easily enough in the next year. The United States government has a sticky history regarding states seeking secession. Nevertheless, if the cards (and the ballots) fall right, then Americans from coast to coast might be toasting the state of Puerto Rico ten years from now.

Owners who do not obtain the necessary certification could find themselves unable to operate their ships because no port will accept them without proof that the ISM Code has been implemented.



THE CLOCK IS TICKING...

The Code is about getting those on board and those in the companies to refine their attitudes, manners and skills. At the core is the human element.

It's been five years (4 November 1993) since resolution A 741 (18) was passed by the International Maritime Organisation (IMO) which adopted the International Management Code for the Safe Operation of Ships and for Pollution Prevention, known as the International Safety Management (ISM) Code. The result of this decision is that all ships covered by the resolution will have to be certified for safe operation and the prevention of pollution by 1 July 1998.

Some 70% of shipowners have already complied with the ISM Code. Safety Management Certificates have been issued but it is clear that many shipowners have underestimated the work involved and the time it takes to establish a Safety Management System. The time involved in implementing an effective Safety

Management System varies according to the size of the company and its existing level of safety control, but the benefits are the same:

- an improvement in the safety consciousness and safety management skills of personnel,
- the establishment of a safety culture that encourages continuous improvement in safety and environmental protection,
- greater confidence on the part of clients,
- improved company morale.

Improved safety consciousness and management

The origins of the Code go back to the late 1980s when concern was growing about poor management standards in the shipping industry. Previous guidelines and resolutions had not proven efficient

enough in improving these deficiencies, which led to the allocation of this task to Marine Safety Committee (MSC) and the Marine Environment Protection Committee (MEPC). The ISM Code was the result of several years of work, assessment of previous experience and the adoption of further resolutions. The Code has been generally welcome because it will compel the operators of sub-standard ships to improve their ships and management systems. Owners who do not obtain the necessary certification could find themselves unable to operate their ships because no port will accept them without proof that the Code has been implemented.

Establishment of safety culture

"The Code is about getting those on board and those in the companies to refine their attitudes, manners and skills. At

the core is the human element," says Ivar Manum, director general, Norwegian Maritime Directorate. He maintains that the Code is just not another certificate and that it (the Code) will virtually affect every shipping company and every commercial vessel in the world.

"The Code is meant to require fundamental changes in the way shipping companies carry out maintenance and safety, which may actually reduce costs," says Mr Manum.

Mr Manum believes that by improving the competence of those on board and ashore, the code should ultimately allow both ship and owner to reduce the number of inspections and lessen the intrusiveness of each inspection.

Greater confidence

It is the company management which has to establish a clear policy for putting a safety system in place. It has to appoint designated safety personnel responsible for the system's implementation. Everyone engaged on board ships and in shore offices needs to be "self-possessed," says Dr Martyn Dyer-Smith who teaches social psychology at the University of Northumbria, UK. "They (crew) must be able to teach themselves to apply the training which they received in practice and this includes the exercise of judgement."

Good judgement involves a higher level of ability: To be able to think and act safely, without any assistance from outside, even when a given situation changes suddenly and introduces conditions in which training was not received.

If the ultimate proof of an adequate safety management system lies in its consistent application under changing circumstances, regular audits may well be the best way to monitor performance levels. The ISM Code foresees self-assessment procedures involving internal audits and management reviews.

Improved company morale

Under the Code, each company defines and documents the responsibility, authority and interrelation of all personnel

who manage, perform and verify work relating to and affecting safety and pollution prevention. The company is responsible for ensuring that adequate resources and shore-based support are provided to enable the designated persons to carry out their functions. Today, the safety of the ships has become much more the direct responsibility of ship owners and managers ashore. This increased responsibility has stopped many companies from removing the post of superintendent – one of the main information conduits from ship to shore.

The ISM Code is all about responsibility and makes clear that this rests squarely with the company, believes IMO secretary-general William O'Neil.

The need to adjust to the dramatic increase in the safety responsibilities of the shipping companies themselves, now capable of interfering with the ship master's decision making in a way which was never possible before, has become a personal crusade of Mr O'Neil, who has thrown his full weight behind the ISM Code.

Finding one person – the ship master – guilty for mishaps or accidents "implies that everyone else in the safety chain is innocent," he warns. "This is wrong because it provides an excuse for inaction."

Legal, commercial and economic consequences

In imposing a higher degree of accountability on the shipping industry through what in effect are "market disciplines," the ISM Code can be seen to have some fairly sharp teeth which will alter existing corporate procedures and legal structures, says Guy Maitland. He believes that the Code can be looked upon as a part of a continuing erosion of immunities traditionally available to owners and operators, together with a broadening and extension of liability and accountability to other sectors of the shipping industry.

According to Mr Maitland, many relationships and practices will change.

"One will involve the burden of showing what is called "due diligence" which broadly means that an owner or operator would not legally be responsible for losses caused by the negligence of a ship's crew, if it can be shown that the owner or agents exercised "due diligence" at the beginning of the voyage to make the vessel seaworthy."

In principle, in the past, a navigational error that puts a vessel on the rocks would not be imputed to the owner or operator unless the courts find "privity" on their part, meaning actual or constructive knowledge. Courts, particularly in the U.S., go to great lengths to find such privity, and clearly the ISM Code will from now on be a powerful asset to lawyers and judges in doing so.

Article 4 of the Code requires that companies designate a person ashore responsible to top management for monitoring

the safety and pollution aspects of ship-borne operations and for ensuring that adequate resources and supports are applied.

"This link now imposes a degree of knowledge and control that could seldom, in the past, be documented and verified," said Mr Maitland.

The Code clearly delineates the connection between vessel and management, and its transparency requirements clearly point to the responsible party. Therefore, managers, owners and operators should carefully appraise their entire corporate structure so that affiliates cannot be unreasonably held liable in damages for errors or deficiencies for which they are not responsible.

In conclusion, it can be said that if a buoy or lighthouse is an aid to navigation, the ISM Code is an aid to litigation. While the goals of the Code are of great value, it should be navigated with the utmost prudence.

WHILE THE GOALS OF THE CODE ARE OF GREAT VALUE, IT SHOULD BE NAVIGATED WITH UTMOST PRUDENCE.

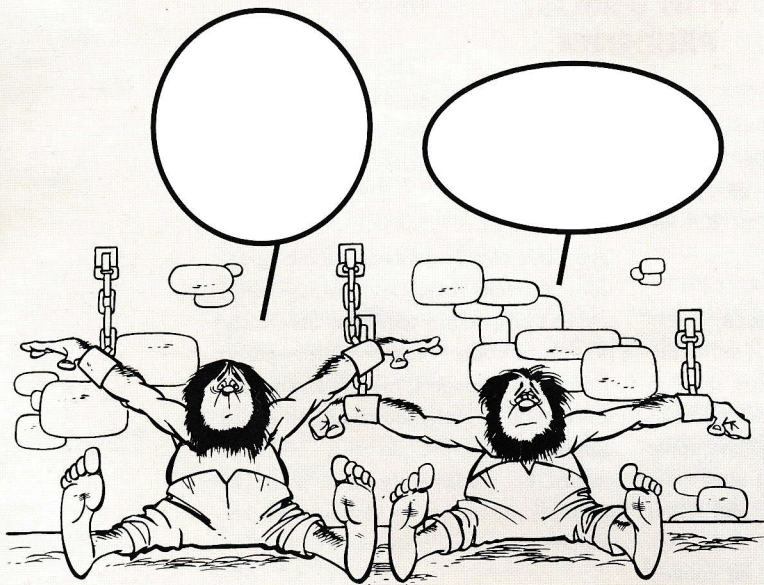
CHRISTMAS MERRY-MAKING



On December 19, 1997, 100 Ivaran-New York employees took a moment's breather from the year's hectic business pace to eat, drink, and be merry (and, oh yes, boogy) at the annual Christmas party. Three Ivaran employees, Dawn Aberle,

Diane Vasquez, and Susan Crescenzo, organized and hosted the festive event at the Harborside Financial Grille in Jersey City. From this ideal location, Ivaran employees and their spouses dined on a yuletide meal and danced to the DJ's

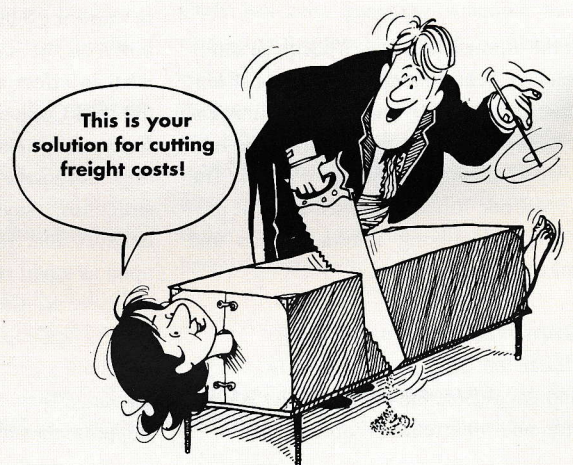
choice selection under the sparkling Manhattan skyline. A jolly night was had by all with special thanks to those whose extra effort made it possible... and best wishes for even a bigger bash next year.

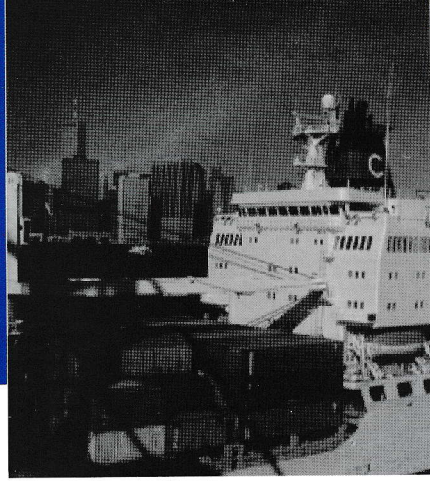











A funny text for the above cartoon. Send your reply to: *The Editor, On Line, Ivarans Rederi, Vollsvn. 9-11 P.o.Box 175, 1324 Lysaker, Norway* before June 15th, 1998. The winner will receive a collector's pin.

AND THE WINNER IS...

On Line is sending Jill Pociluykoe, of World Shipping Detroit Office a pin for her prize-winning caption.



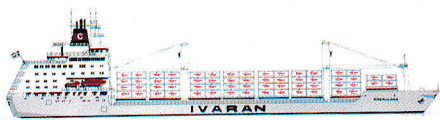


| EQUIPMENT | | INTERIOR DIMENSIONS | DOOR OPENING | TARE WEIGHT | CUBIC CAPACITY | PAYLOAD |
|-----------------------------------|---|--|--|----------------------|-------------------------|------------------------|
| 20' DRY FREIGHT CONTAINER |  | L: 5.900 m (19.35 ft) W: 2.352 m (7.71 ft) H: 2.393 m (7.80 ft) | W: 2.343 m (7.64 ft) H: 2.280 m (7.48 ft) | 2230 kgs 4920 lbs | 33.2 cbm 1173 cu ft | 21770 kg 47990 lbs |
| 40' DRY FREIGHT CONTAINER |  | L: 12.034 m (39.44 ft) W: 2.352 m (7.68 ft) H: 2.395 m (7.81 ft) | W: 2.343 m (7.57 ft) H: 2.280 m (7.41 ft) | 3800 kgs 8550 lbs | 67.0 cbm 2394 cu ft | 26600 kgs 58650 lbs |
| 40' HIGH CUBE CONTAINER |  | L: 12.033 m (39.42 ft) W: 2.348 m (7.75 ft) H: 2.688 m (8.83 ft) | W: 2.338 m (7.66 ft) H: 2.581 m (8.42 ft) | 3920 kgs 8543 lbs | 76.2 cbm 2690 cu ft | 26605 kgs 58657 lbs |
| 20' REFRIGERATED CONTAINER |  | L: 5.450 m (17.88 ft) W: 2.285 m (7.50 ft) H: 2.260 m (7.42 ft) | W: 2.220 m (7.28 ft) H: 2.255 m (7.40 ft) | 3200 kgs 7050 lbs | 28.1 cbm 992.4 cu ft | 21800 kgs 48060 lbs |
| 40' REFRIGERATED CONTAINER |  | L: 11.600 m (38.06 ft) W: 2.286 m (7.50 ft) H: 2.241 m (7.35 ft) | W: 2.288 m (7.51 ft) H: 2.266 m (7.43 ft) | 4350 kgs 9590 lbs | 56.77 cbm 2004 cu ft | 28150 kgs 62060 lbs |
| 20' FLAT RACK CONTAINER |  | L: 5.932 m (19.19 ft) W: 2.394 m (7.31 ft) H: 2.319 m (7.04 ft) | | 2200 kgs 4850 lbs | | 27800 kgs 61290 lbs |
| 40' FLAT RACK CONTAINER |  | L: 12.042 m (39.52 ft) W: 2.394 m (6.95 ft) H: 2.034 m (6.43 ft) | | 4400 kgs 9700 lbs | | 40600 kgs 89507 lbs |
| 20' OPEN TOP CONTAINER |  | L: 5.792 m (19.32 ft) W: 2.225 m (7.61 ft) H: 2.31 m (7.57 ft) | W: 2.336 m (7.51 ft) H: 2.233 m (7.51 ft) | 2050 kgs 4519 lbs | 32.1 cbm 1133 cu ft | 21950 kgs 48390 lbs |
| 40' OPEN TOP CONTAINER |  | L: 11.883 m (39.56 ft) W: 2.152 m (7.64 ft) H: 2.32 m (7.61 ft) | W: 2.337 m (7.61 ft) H: 2.280 m (7.51 ft) | 3800 kgs 8377 lbs | 66.6 cbm 2351 cu ft | 27020 kgs 59567 lbs |

There can be variances in the exact specifications of a particular container, depending upon make and serial production. In critical situations please consult your local Ivaran agent.



The Ivaran Fleet



"AMERICANA" - Container/passengervessel, built 1988. 19,818 dwt/1,120 TEUs (cellular) + 3 coiled/coated deeptanks for liquid cargo of 11,785 cbft each. Speed: about 19 knots. Accomodation for 80 passengers.



"SAN FERNANDO" - Containervessel, built 1996. About 20 000 dwt/ 1,512 TEUs (cellular). Speed: about 20 knots.



"SAN ISIDRO" - Containervessel, built 1993. About 20,000 dwt/1,512 TEUs (cellular). Speed: about 20 knots.



"SAN FELIPE" - Containervessel, built 1996. About 20,000 dwt/1,512 TEUs (cellular). Speed: about 20 knots.



"SAN ANTONIO" - Containervessel, built 1994. About 20,000 dwt/1,512 TEUs (cellular). Speed: about 20 knots



"SANTA ROSA" - Containervessel, built 1992. About 30,000 dwt/1,732 TEUs (cellular). Speed: about 19.5 knots.



"SAN FRANCISCO" - Containervessel, built 1996. About 20,000 dwt/1,512 TEUs (cellular). Speed: about 20 knots.

from page 11

increasingly obvious during 1997, as earlier export incentives failed to produce the desired results. September's deficit took a sharp upturn to USD1.283 billion: the second highest of the year and four times the August figure of USD315 billion. This was a blow for the government, although it was partly foreshadowed by a reduction in coffee and soya exports. Exports were USD4.588 billion, down 9.5% from August, whilst imports rose 8.9% to USD5.871 billion. October's deficit of USD829 million was a result that induced considerable optimism, with the accumulated deficit for 1997 at USD6.856 billion. The numbers worsened in November with another deficit high of USD1.26 billion, although December's deficit slowed to USD630 million.

Brazil closed out 1997 with an export total of USD52.986 billion and imports summing USD61.506 billion, giving a USD8.52 billion deficit. This was much

more positive than the past projection of a USD11 billion deficit. Consequently, for 1998, government forecasts have been revised down to a USD5 billion negative trade balance.

Positive economic indicators

Other 1997 indicators suggest cautious optimism for 1998. For example, the privatization programme brought some USD27.6 billion into the country's coffers (with 33% of this amount coming from overseas investors).

Further, the government's IVC Index measured inflation in Brazil's main business centre, Sao Paulo, at 6.11 pct for 1997. This is a contrast to 1996's 9.93%, and is the lowest registered inflation since 1959. Electronics, clothing and food products registered an inflation of only some 4.35 pct (although public services in general rose over 34pct), confirming a continued trend of stability.

Once again the federal government is continuing to insist on the necessity for congressional support in further administrative and fiscal reform and, undoubtedly, this will play an interesting part in an election year for the president and state governors, among others. No doubt, the "Brazil in Action" programme – linking various projects designed at developing the country's educational, agricultural, social, and infrastructural bases – will also play an important role as current President Fernando Henrique Cardoso aims at re-election for a second term. The government has so far gone out of its way to insist that the rather unpopular Fiscal Austerity Programme will not involve cuts in "Brazil in Action" planning. An interesting 12 months lie ahead of Brazil and those who do business with this exciting country.....

– Thanks to Michael Jones



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Our Gulf Service offers weekly sailings to and from the following ports:

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- Salvador
- Rio de Janeiro
- Santos
- Buenos Aires (transfer of cargo to/from
- Bolivia, Paraguay og Montevideo)
- Rio Grande do Sul (via Buenos Aires)
- Itajai
- Sao Francisco do Sul
- Paranagua
- Santos
- Rio de Janeiro
- Vitoria
- Salvador
- Fortaleza
- Puerto Cabello (transfer of cargo to other Caribbean destinations)
- Veracruz
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- Cartagena, etc.
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- Monthly sailings

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- Rio de Janeiro
- Santos
- Buenos Aires (transfer of cargo to/from Bolivia and Paraguay)
- Montevideo (transfer of cargo to/from Paraguay)
- Rio Grande do Sul
- Itajai
- Paranagua (via Itajai)
- Santos
- Rio de Janeiro
- Salvador
- Fortaleza
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