

Belgium

CMB prepares to emerge from chrysalis

The firm's decision on the partial demerger of Euronav could make for perhaps the only pure dry bulk player in the very large market, writes **Helen Hill** in Amsterdam

CMB is a step closer to its metamorphosis from conglomerate to mono-product dry bulk operator as the Belgian firm announced that November 30 is the date of an extraordinary general meeting to decide on the partial demerger of tanker firm, Euronav.

For some time, CMB has been keen to release the value in Euronav and let the tanker company stand on its own two feet.

There is little doubt that the partial demerger will get shareholder approval, given the success of the previous split-off, when its

gas business Exmar left the fold and CMB more than trebled its value and Exmar's more than doubled.

Commenting on whether CMB has suffered in the past from its conglomerate tag, KBC Securities analyst Wouter Vanderhaeghen said: "It has certainly tackled that; there will now be three very focused players."

Looking at CMB, the Belgian firm will be pretty much the only pure, dry bulk player in the very large sector.

The companies have very

modern fleets, averaging three to four years, he added.

Mr Vanderhaeghen believed that post-split Euronav would trade at a 20%-30% premium on its current value.

CMB would have a very solid balance sheet which is rare in the sector, he said.

"They really are excellent buyers and sellers."

The company also started its newbuilding programme at the right time, in 2002 at very interesting prices, below \$35m.

"CMB will go into the low cycle

with a healthy balance sheet, ready to take up any opportunities. They are quite muscled."

If the partial demerger goes ahead the newly-created Euronav shares will be distributed to all CMB shareholders pro rata their current share in CMB.

Consequently CMB's current 100% stake of Euronav will dilute substantially to 16.7%.

The group is proposing that the number of shares should be divided by a factor of five, taking the share capital from €7m (\$9m) to €35m. For each five CMB shares

there will be right to buy one in Euronav.

If the green-light is given Euronav shares will be listed and traded separately on Euronext Brussels on December 1.

The sale is in line with CMB's wish to see the Euronav turn into "an autonomous and independent entity, without any link to CMB," the group stated.

Meanwhile, CMB saw a third-quarter consolidated result of €62m. Bocimar accounted for €34m and Euronav, €29m.

CMB said the dry bulk market

had seen a slight weakening but in general it was still at record high levels. Capesize earnings were at \$66,100 per day on average. This compared with \$37,500 a day throughout 2003.

Bocimar's result included a capital gain of \$8m reached on the sale of the Oshima.

The *Mineral Marvel* was also sold. A capital gain of \$18m will be included in the fourth quarter.

For the dry bulk company a similar result to the third quarter was expected.

The tanker market was

"extremely volatile" with a very large crude carrier earning \$75,309 a day, compared to a 2003 average of \$52,500.

But recently tanker markets had seen a "spectacular increase" and the current average was \$140,000 a day.

Euronav expected "a substantially higher" fourth quarter. The VLCC *Golden Fountain*, in which it has a 50% share, was sold this week for a capital gain of \$9m.

Mr Vanderhaeghen was succinct on predictions for the fourth quarter: "marvellous".

Fairmount and Semco in long-haul tug alliance

DUTCH-based Fairmount Marine and Singapore's Semco Salvage & Marine have pooled their towage fleets to launch OneAllianz, a specialist in the long-haul ocean towage market, writes **Helen Hill** in Amsterdam.

OneAllianz aims to offer clients access to a newbuild tug fleet, specifically equipped for long range, high value towage. Other partners with similar vessels would be welcome, say the partners.

Within two years, the pool, operating commercially from both Singapore and Rotterdam, will comprise seven anchor-handling / salvage / long-haul tugs.

In August, Fairmount celebrated the keel-laying of the first of three 200 tonnes bollard pull newbuildings which are under construction at Japan's Niigata Shipbuilding & Repair.

In May 2005, Fairmount *Sherpa* will join the OneAllianz fleet of two Semco 165 tonnes bollard pull newbuilds, *Salvanguard* and *Salviscount*. These were delivered early 2004.

A second Fairmount newbuild, *Fairmount Summit*, will be delivered in October, 2005.

The Rotterdam-based towage and heavy transportation company has also confirmed an order for a third 75 m, twin-screw tug from Niigata, for delivery in May, 2006.

Fairmount Marine president Henk van den Berg said: "There is significant need for these powerful new vessels."

Semco general manager Peter Lee said: "In joining hands with Fairmount, clients have access to a brand new ocean towage fleet with unrivalled capabilities in the long-haul sector."

Both partners have a strong track record in the market for long-haul, off-shore-related tows.

In May, *Salvanguard* and *Salviscount* delivered the world's largest FPSO, Kizomba A, from Ulsan, Korea, to offshore Angola. Semco then carried out the positioning of this FPSO, with the two newbuilds and two 110 tonnes bollard pull tugs.

Fairmount is also strong in the offshore sector. During 2003, it carried out the high value tow of Shell's Bonga FPSO from the UK to Nigeria.

SembCorp secures \$45m NWS LNG shiprepair deal

By **Marcus Hand** in Singapore

IN A breakthrough for Singapore's shipyards becoming a centre for LNG shiprepair, SembCorp Marine have secured a long-term contract worth US\$45m with Australia's Northwest Shelf project.

SembCorp Marine signed the five year contract with the North West Shelf venture yesterday for the dry-docking and refit of LNG vessels at its Sembawang and Jurong shipyards, the first such long term deal with a Southeast Asian yard by a major LNG consortium.

"The selection of SembCorp Marine as a refit partner for NWS, is a great boost to the Singapore marine industry and reinforces the shipyard group's leadership position in LNG refits," SembCorp Marine said.

Singapore's shipyards have been targeting the LNG repair market segment for a number of years, as the lower end of the repair market increasingly heads to China and other locations in the region.

However Singapore

yards have found it tough going to convince owners not to send the ships for repairs to Japanese yards where they were originally built, even though doing the work at Singapore yards is substantially cheaper.

The contract with SembCorp Marine has an option to extend after the five-year period.

NWS owns and operates nine LNG tankers, which require drydocking services every 30 months. The consortium has working with the various shipping partners of NWS over the last five years.

The NWS consortium is not dropping repair at Japanese mother yards completely and will be carrying out half the refits at SembCorp Marine in Singapore and the other half at the original building yard in Japan.

The first vessel to be drydocked under the contract will be the *Northwest Seaeagle*. In total three NWS LNG vessels are due to be refitted at SembCorp Marine in 2005.



Above: Savas Athanasiadis, technical manager NWS, Nick Harrison, general manager NWS, Lee-Lin Wong, executive director and general manager of Sembawang Shipyard, and KK Wee, assistant general manager of Sembawang Shipyard at the contract signing in Perth, Australia.

Left: Northwest Swallow in Sembawang Shipyard in June this year.

EU curbs east German capacity restrictions

By **Bülent Erdogan** in Cologne

THE conflict between the European Commission and Germany over capacity restrictions for eastern German shipyards in the state of Mecklenburg-Vorpommern is solved.

The commission decided it would no longer interpret the capacity restrictions as limits of production but solely as a technical demarcation of yard capacity, Mecklenburg-Vorpommern's economics minister Otto Ebnet said.

"The shipyards are allowed to produce as much as they can with the modern facilities," he said.

Thus the EU Commission would no longer monitor the actual production, the ministry stated.

The capacity limits had been introduced after reunification of Germany and a massive state-financed modernisation of the yards. All eastern German shipyards together are entitled to an annual capacity of 327,000 cgt. The limits were scheduled to run until the end of 2005.

"This will end the paradoxical situation that the yards often were not able to use their capacity to the full extent and were obliged to send employees into short time while having full orderbooks," Mr Ebnet said.

The EU Commission's decision is based on a ruling of the European Court of Justice at the end of April this year. At that time the court passed judgment in favour of the former Kvaerner yard and in fact abolished production limits for the company. Kvaerner yard is now part of Aker Ostsee.

Germany has continuously pressed the EU to lift capacity restrictions this year.

"We would have liked to see the decision earlier, but with it the yards have the opportunity to better make use of their advantages in 2004 and 2005," Mr Ebnet said.

P&O Nedlloyd sponsors maritime student prize

By **Janet Porter**

P&O Nedlloyd is to sponsor an annual prize for students studying maritime, economics and logistics at Erasmus University in Rotterdam.

The award was announced yesterday by Philip Green, chief executive of P&O Nedlloyd, when he gave the keynote address at the graduation ceremony for the class of 2004.

Mr Green told students that the objective was to "encourage ideas in maritime logistics over the next five years and to work with you to develop new and effective solutions to some of the complex problems in our industry."

The P&O Nedlloyd MEL Best Thesis Award will consist of a financial prize, together with help in publication of the winning thesis.

In his speech, Mr Green also spelled

out the importance of human resources.

"We are investing substantially in our HR department, not because HR is actually responsible for people management — the management is — but because HR facilitates processes to enable our staff throughout our company to realise their potential, to promote talent and reward performance, and we will be measuring our people's engagement in the company, its vision and values," he said.

Mr Green admitted to his audience that "at your age, I believed that each function was equally important — sales, operations, finance, HR."

However, "I now know that HR is the most important, it underpins everything else — values, structure, and culture."

Remaining Tricolor debris is removed

THE remaining debris from the wrecked *Tricolor* has finally been cleared from the English Channel, salvors said yesterday, writes **Janet Porter**.

The car carrier capsized in December 2002 after a collision and was a major navigational hazard for many months.

Sections of the sliced-up ship were removed the following summer, with the rest of the hugely expensive salvage operation completed over the past few months.

All the large pieces of the *Tricolor* had been removed from the seabed by September, with the salvage team then concentrating on the remaining debris and cargo.

The ship had been carrying around 3,000 luxury cars at the time of the accident. The salvage contract was awarded to Combinatie Berging Tricolor, a consortium consisting of Smit Salvage, Scaldis Salvage & Marine Contractors, URS Salvage & Maritime Contracting, and Multiship Salvage.

Algerian go-ahead for private firm

By **Andrew Spurrier** in Paris

THE Algerian government has announced plans to boost national flag shipping capacity by promoting the creation of a privately funded shipping company.

Finance Minister Abdellatif Benacheneu who made the announcement, gave no details of the project but indicated that discussions were already in progress with interested parties.

Speaking to an audience of Algerian business leaders about the government's planned 2005 budget, he regretted that state-owned carrier, CNAN, had a share of no more than 10% of Algeria's imports by volume.

It was not clear, however, if the government is planning to promote the creation of a new stand-alone privately owned shipping company or whether Mr Benacheneu was referring to already announced plans to attract private capital into CNAN's existing activities.

The government announced last year that it was planning to spin off CNAN's main activities into operational subsidiaries in which foreign investors would be allowed to acquire stakes of up to 49%.

Norway

Statoil profits marred by strike action and maintenance delays

Oil producer achieves 32% increase but analysts expected more, writes **Jerry Frank**

BONANZA oil prices have failed to lift Statoil profit as high as hoped with the Norwegian energy group's third-quarter production target marred by strike action and maintenance shutdowns.

Norway's top oil and gas producer booked a 32% increase in operating profit over the three-month period to Nkr16.1bn (\$2.3bn), but the increase fell short of analysts' expectations of Nkr16.6bn.

A four-month rig strike called off by the Oslo government earlier this week took out over the quarter, around 6,000 barrels of oil equivalent per day, while maintenance cut 43,000 barrels a day.

"Production during the period was affected by planned maintenance shutdowns and upgrading work on Norwegian fields and at plants in Norway," said Statoil.

Third-quarter results for the Norwegian group, buoyed by an average oil price of \$41.80 a barrel, compared with a 43% rise in profit booked earlier this week by the world's second largest oil giant BP to \$3.94bn.

New chief executive Helge Lund, who took the helm in August after Olav Fjell's exit last year amid the Iranian bribes-for-oil scandal, also reaffirmed that cost overruns on the huge Snøhvit gas project were Nkr6bn more than anticipated.

Statoil earlier warned that delays on equipment deliveries to the liquefied natural gas processing plant would push the bill for the Barents Sea development up to Nkr45.3bn from initial estimates of Nkr39.5bn.

"I see nothing today that will change what we've previously said," Mr Lund said at news conference in Oslo.

Statoil also faces yet another industrial dispute in the North Sea as 150 Norwegian workers threaten to strike at midnight on Friday over a pensions dispute with US oil services company BJ Services.

The Norwegian Oil Industry Association (OLF) said that the strike could affect Statoil installation Statfjord B, Snorre A and B, Gullfaks B and C, Veslefrikk and Visund.

Norwegian oil workers' union OFS

are expected tomorrow to meet with the OLF just days after the government forced arbitration in the dispute with the Norwegian Shipowners' Association.

Exploration and production activity in Norway improved to Nkr12.5bn between July and September from Nkr1.58bn a year earlier, but fell short of forecasts that average at Nkr13.36bn.

Natural gas activity climbed to Nkr939m compared with Nkr1.34bn a year earlier, and also failed to meet analyst's expectations of Nkr1.12bn.

Mr Lund said Statoil would keep its 1.2m barrels of oil a day production target, but the task would be "demanding". Norway's economic crime squad Økokrim earlier this month hit Statoil with a Nkr20m fine for its role in a bribery deal with Iranian consultants in 2002.

Statoil confirmed that it is still under investigation from the US financial and legal authorities for the \$15.2m payments to Horton Investments for influence in Iran made in 2002.

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