Extra €7.6m from Trafigura settles Probo Koala dumping case

TRAFIGURA has agreed to pay the Ivorian government an additional €7.6m ($12.1m) following independent environmental audits in Abidjan, where slops from the *Probo Koala* were dumped by Compagnie Tommy, *writes Helen Hill.*

This latest sum comes in addition to £100m ($198.5m) paid to Ivory Coast in February 2007. This sum was originally paid for an ongoing environmental audit in Abidjan and was also intended to contribute towards the cost of a new waste treatment plant.

On Wednesday, the commodities trading firm announced that it had now "finalised all outstanding issues and liabilities" with the Ivorian government in relation to the *Probo Koala*, as specified in the Protocol Agreement of February 13, 2007.

Trafigura stated that following "independent environmental audits it was agreed by all parties that only a limited amount of additional work is required".

But because "a thorough risk analysis has already been carried out, together with the majority of agreed remediation operations", it was decided that the Ivorian state would take responsibility for the additional work.

The additional €7.6m is now being paid by Trafigura to fund completion of this work and the undertaking of follow-up monitoring operations.

Trafigura added that Ivory Coast would conduct these follow-up operations and post-works monitoring through its specialist environmental agencies and the contractor Biogénie.

"The state has confirmed that Trafigura has now complied fully with all its obligations under the February 2007 protocol," Trafigura stated.

Last month, Trafigura announced that the Ivorian Court of Appeal had "ruled that due to a lack of evidence no criminal charges will be pursued against the Trafigura group, its companies or any of its employees". This decision had brought the case before the Ivorian criminal courts to a close, it said. The Ivorian courts had already passed a civil decision establishing that Ivory Coast would waive its action for liability and damages, Trafigura said at the time.

Trafigura maintains its position that it is "in no way responsible for the sickness suffered by people in Abidjan".

An earlier statement said: "It is falsely alleged that the *Probo Koala*'s slops made people ill when this liquid was dumped at several sites around Abidjan in August 2006. Trafigura is vigorously defending itself against these damaging and unfounded allegations, as well as the baseless claims for compensation founded upon them."

Trafigura stated that independent experts had analysed the slops and concluded that they could not have caused the alleged illnesses.

The decision to pay the £100m to the Ivorian state "does not represent any admission of liability regarding the Compagnie Tommy incident", the company previously stated.

Aids to Navigation Fund starts with $3.6bn in kitty

Exchange of gifts: chairman of the Aids to Navigation Fund Committee Ahmad Othman (left) and executive director of the Nippon Foundation Masazumi Nagamitsu.

Cash for Malacca and Singapore Straits initiative from charities and UAE, Greece and South Korea

Marcus Hand
Penang

THE user-financed Aids to Navigation Fund for the Malacca and Singapore Straits has kicked off with $3.6m in contributions.

The Aids to Navigation Fund for one of the world's busiest waterways was officially launched in Penang, Malaysia, on Thursday with financial commitments from three user states and two charitable foundations.

The fund will be administered on a rotational basis for a period of three years in turn by the littoral states of Malaysia, Singapore and Indonesia, starting with Malaysia. It comes in response to the high cost of maintaining the straits borne by the littoral states and Japan, despite many other countries benefiting from their use.

Key shipping industry benefactor Nippon Foundation, through a letter of undertaking with the littoral states, made a commitment of $1.4m to fund the cost of a survey of the critical aids to navigation in the Straits.

This comes on top of an earlier pledge to contribute one third of the sum required to maintain the aids to navigation. Japan has been the sole user state to contribute to aids to navigation the straits, donating $200m over the last 40 years.

Both South Korea and the United Arab Emirates made initial contributions of $100,000 each, and last November Greece announced a contribution of $1m to administered through the International Maritime Organization.

Coming into the picture for the first time was the Middle East Navigation Aids Service also with $1m contribution. Menas officials were keen to stress that the money did not come from the money paid by shipowners to maintain navigational aids in the Middle East, but from the surplus generated from the chartering out of a vessel it owns.

"As a registered charity in England we are not allowed to build up reserves with no identifiable objective. We have changed the scope of our activities from the Middle East to global so we are entitled to disburse these funds," said Menas chairman John Gyles.

While this could be seen indirectly as contribution by shipowners, there is still no firm commitment of funding from any industry representative body.

"The Nippon Foundation have approached Intertanko, Intercargo, BIMCO and the International Chamber of Shipping to get support for this fund and we are making some progress," said chairman of the Aids to Navigation Fund Committee Ahmad Othman.

Additionally, both China and Japan are said to be "seriously considering" contributing to the fund. "Hopefully, this will encourage some more user states and other parties to contribute to the fund," Capt Ahmad said.

Malacca Strait 'highway' costs soar

GRAND plans for a so-called Marine Electronic Highway in the Malacca Strait have hit a speed bump over sharply rising costs, *writes Marcus Hand.*

The first stage of an $8m demonstration project is to be cut back because costs have tripled since estimates were initially made in 2003.

The cost of a complete hydrographic survey of the traffic separation scheme in one of the world's busiest waterways is understood to have increased to around $8m against a budgeted $2.8m.

Hartmut Hesse, senior deputy director of the International Maritime Organization's Maritime Safety Division, confirmed that the survey of the TSS would be cut back to around 30% of the waterway concentrated on areas with a depth of less than 25 m. Areas still to be surveyed would include the key One Fathom Bank.

Costs have spiralled from original estimates due to soaring fuel prices and the impact of the high charter market.

The changes were put forward a meeting earlier this week in Malaysia.

"We do not need to survey the whole traffic separation scheme," Mr Hesse said.

He added that experts from the International Hydrographic Organisation confirmed the reduced survey area as not affecting the project as a whole.

The IMO's Marine Electronic Highway project aims to create a regional information network to manage safe and efficient navigation, built around electronic charts, automatic identification systems, satellite positioning, ship-shore data communication and environmental mapping. It aims to aid navigational safety as well as security in the busy strait.

It is primarily funded by a $6.86m grant from the Global Environment Facility of the World Bank, with $8m of funds in total for a four-year-long demonstration project.

According to Mr Hesse there may be some more money available from the World Bank. However, the funds would not be enough to cover a full survey of the TSS.

The project is backed by industry representative bodies such as Intertanko with vessels from 100 of its members planning to take part in the demonstration project. The deepwater lane for very large crude carriers in the Strait is 800m across at its narrowest point.

The Malacca Strait is one of the world's busiest waterways with more than 70,000 vessels transiting it each year. It is the main trade route for crude oil exports from the Middle East to Asia.

Stolt-Nielsen takes profits hit but is bullish on riding out economic crisis

Rajesh Joshi

HIGHER fuel and manning costs amid a looming US and possibly global recession ate away at Stolt-Nielsen's profits during the first quarter, but the group said its reliance on contract coverage for its fleet would keep it insulated from tough times.

Net profit for the first quarter was less than half the figure from a year ago, at $41.9m against $96.3m, but last year's figure included a one-off gain of $51.7m on discontinued operations.

Operating profit was flat at $54.6m for the first quarter this year versus $55.8m a year ago. However, this year's figure comfortably beat the analyst consensus of $49m.

DnB Nor analyst Glenn Lodden said the bank remained bullish on Stolt-Nielsen, maintaining a 'Buy' recommendation with a price target of NKr150. Stolt-Nielsen shares traded up mildly after the results yesterday, to NKr114.50.

"We are positive towards the figures [due to] current trading conditions for stainless steel tonnage and the small orderbook for highly specialised chemical tankers," Mr Lodden said.

Stolt-Nielsen's top line revenues on the quarter were $481.1m against $408m a year ago. However, higher operating costs, particularly bunkers and payrolls, kept profits under pressure, chief executive Niels Stolt-Nielsen said.

Mr Stolt-Nielsen said the company had detected downward pressure in the quarter in the global market for parcel tankers, in which it is a noted player.

However, he added: "I believe our contract portfolio in tankers, combined with the steady cash flow from our terminal and tank container divisions and the historically profitable turbot business will continue to serve us well in an eventual weak global economy.

"I feel comfortable with the company's balance sheet and its ability to finance its capital expenditure commitments over the next four years."

This set of quarterly financials was the first unveiled by Stolt-Nielsen since its long-running criminal antitrust case in the US ended at the end of December last year.

The Department of Justice decided not to appeal a district court decision that dismissed the indictment brought against the company and its executives.

Stolt-Nielsen had by this time spent millions of dollars in its legal defence.

$54.6m

Stolt-Nielsen operating profit for 2008 first quarter

Revenues rocket at OOCL

ORIENT Overseas Container Line saw revenue surge 27.9% to almost $1.39bn in the first quarter following an 11.7% rise in liftings to 1,159,149 teu, *writes Keith Wallis.*

The first quarter figures were also buoyed by robust Asia-Europe trades where revenues soared 40% to $343.52m even though liftings edged down to 191,904 teu, from 191,982 teu in the first quarter last year.

Overall, average revenue per teu climbed 14.5% in the first quarter compared with a year earlier.

The overall load factor dropped 2.6% between January and March, although this followed a 15.4% increase in loadable capacity as newbuildngs were delivered and deployed.

These included the *OOCL Kobe*, *OOCL Yokohama* and *OOCL Houston*, which joined the fleet in July and October last year as the first three in a series of 16 4,578 teu boxships on order at Samsung Heavy Industries.

The first quarter figures were confirmed about six weeks after parent company Orient Overseas (International) Ltd reported a net profit of $2.54bn which included a $1.99bn gain from the disposal of its North American terminals. Liftings rose 18% to 4.6m teu last year.

OOIL chief financial officer Kenneth Cambie told Lloyd's List soon afterwards that his main concern was rising bunker prices rather than the threat of a downturn in box volumes.

Confirming the first quarter figures yesterday, OOIL said the transpacific remained OOCL's biggest revenue generator after revenue rose 19.6% to nearly $496.6m in the first quarter, up from $415.2m last year. This followed a 12.4% increase in liftings to 329,496 teu, up from 293,222 teu.

Intra-Asia and Australasia trades were the second largest revenue earner with revenue rising 34.3% to $378.23m, up from $281.6m. Liftings climbed 16.1% to 538,036 teu, up from 463,393 teu.

Transatlantic services saw a 19.1% rise in revenue to $168.95m compared with $141.9m between January and March last year. Container volumes rose 11.5% to 99,713 teu, up from 89,439 teu.