

Andersen takes the Maersk helm

New chief starts reign by pledging to keep container shipping at heart of the company

Janet Porter

AP Moller-Maersk remains fully committed to container shipping, new chief executive Nils S Andersen assured staff and the outside world yesterday, as he took on one of the most powerful jobs in the business.

High on his agenda will be the task of restoring the Danish company's container transport division to profit, with Mr Andersen confident there are "many things that can be done" to improve the performance after a torrid couple of years for the world's number-one line.

"We need to get closer to the customer," he said. "The needs of the customer are fundamental."

Mr Andersen's appointment was announced earlier this year in the wake of a top-level shake-up that saw the departure of the three senior executives most closely associated with the acquisition of

Anglo/Dutch line P&O Nedlloyd in 2005.

AP Moller-Maersk partners Knud Stubkjaer and Tommy Thomsen left at the end of June, while chief executive Jess Søderberg formally handed over to Mr Andersen yesterday morning.

The decision to choose an outsider to succeed Mr Søderberg stunned the company, which has a vast pool of homegrown talent. Until the sudden announcement five months ago that the chief executive of Carlsberg had been chosen as the next chief executive, it had been widely assumed the post would be filled by one of the members of the executive board.

Speaking to Lloyd's List within a couple of hours of starting his job, Mr Andersen declined to comment on the decision to pick a candidate who had not spent his entire career with AP Moller-Maersk.

He acknowledged, however, that there are times when it may be useful to benefit from the experience of someone who has worked in other industries.

Container shipping remains central to the diversified group, whose interests cover oil and gas exploration, production, shipbuilding and retailing plus involvement in several different sectors of shipping.

Since Maersk Line plunged into the red

when the integration of P&O Nedlloyd coincided with the introduction of a new IT platform, there has been talk in industry circles of disillusionment with container shipping at the highest levels within Denmark's premier company.

That point is reinforced by the fact that the energy side of the business now has a stronger representation on the executive board than liner activities.

Mr Andersen was quick to dispel any shift of focus. "Of course," was his immediate reply in response to a question about whether the group was still fully committed to its liner activities. "Container shipping represents 50% of the business. Maersk Line is number one in the world."

There are no plans fundamentally to reshape the group's activities, with Mr Andersen stressing that, broadly speaking, "where we are today is where we want to be."

Since the announcement of his appointment Mr Andersen has been spending time visiting Maersk offices around the world. "I really wanted to get an impression of the market out in the field," he said.

"We have a lot of resources to call on and very capable people. We must empower



Andersen: recruited from outside.

them to fulfil the needs of the market."

Mr Andersen, who turns 50 next year, sent a clear message to the workforce when he met staff yesterday morning. "This is a very strong and successful group," he reminded them.

Most divisions are performing well, he said, with container shipping proving to be the main exception.

Central to the recovery programme is the need to be "responsive to market needs and to appreciate what action is expected of us," added Mr Andersen.

Maersk Line was hit by a barrage of bad publicity during the amalgamation of P&O Nedlloyd as shippers went public to complain about poor customer service.

The line lost market share when customers defected and fleet capacity was reorganised, but the company has said it has no regrets about the acquisition.

The problems were largely the result of software problems as a new IT system was introduced at the same time as the takeover, Mr Søderberg explained on several occasions.

Maersk Line chief executive Eivind Kolding does not expect the container division to be achieving acceptable results until 2009.

An update on AP Moller-Maersk's financial position and expectations for the full year will be released later this month.

Despite the challenge of Maersk Line's recovery, Mr Andersen described his new job as "a fantastic opportunity to lead a really great company."

"You can't get much better than that," said the new chief executive.

Mitropoulos endorses Namepa launch

A NEW membership-based trade association launched at an elegant ceremony in New York last month has taken on the mantle of raising the environmental profile as well as nourishing the environmental conscience of the shipping industry in North America, writes Rajesh Joshi in New York.

Clay Maitland, managing partner of the Marshall Islands registry through manager International Registries Inc, is the founding chairman of the North American Marine Environment Protection Association. Carleen Lyden Kluss of Morgan Marketing & Communications is its first executive director.

International Maritime Organization Secretary-General Efthimios Mitropoulos was on hand at the Union Club in New York City to sign the Namepa charter and proffer his blessings.

Mr Mitropoulos said: "We have to approach environment protection with a sense of partnership.

"If we can instil in everyone a sense of how important it is that we work towards a cleaner, greener world, then so much the better.

"By establishing Namepa you are showing your commitment to that cause. You have the wholehearted support of IMO, the maritime community, the people of North America and, indeed, of the wider world."

Mr Maitland said: "Whether we believe



From left: Namepa founding chairman Clay Maitland; IMO Secretary-General Efthimios Mitropoulos; Namepa executive director Carleen Lyden Kluss; Intermepa chairman Nicky Pappadakis; Helmepe director-general Dimitris Mitsatsos. Eric Jeong

in global warming or just recognise that man's impact on our planet needs to be addressed, the time is now for our industry to work together in creating solutions.

"Protecting our marine environment is an opportunity to reverse existing trends and activities and begin to work co-operatively towards what is good for all, not just

a few. It is an opportunity to demonstrate our commitment to preserving the seas upon which we depend for our livelihoods."

Namepa hopes to attract membership from corporations as well as individuals as it sets about its mission of "increasing environmental awareness and motivation of the human element within shipping and land-based industries which have a vested interest in the marine environment."

Inspired by the 25-year-old Hellenic Marine Protection Environment, or Helmepe, Namepa hopes to serve as a rallying point for action as well as a clearing

house of information as its members strive to "save the seas."

Namepa lists among its objectives the encouragement of effective compliance by its members of national and international environmental laws and the promotion of "safety-mindedness" among its constituents.

An integral part of Namepa's mission is to foster co-operation and partnerships with educational institutions.

Helmepe director-general Dimitris Mitsatsos and Nicky Pappadakis, chairman of the umbrella International Maritime Protection Agency, were also at the Namepa launch.

Ambitious Aker ASA plans trio of listings

AKER ASA's transformation into a cash-rich industrial holding company is continuing apace, with the Norwegian group confirming plans for separate stock exchange listings for three companies in the maritime and energy sectors, writes Tony Grey.

The group disclosed that Aker Exploration has applied for a listing on the Oslo Stock Exchange during the fourth quarter of this year.

Aker Exploration primarily targets northern parts of the North Sea, the Norwegian Sea, and the Barents Sea, and at the end of October its portfolio comprised ownership interests in five licenses with "promising exploration prospects".

Aker ASA said work had begun on assessing whether Aker American Shipping should be split into two stock exchange-listed corporations: a ship-owning company in American Shipping Corp and shipbuilding in Aker Philadelphia Shipyard.

"Such a split can be regarded as a natural, value-creating step in the further development of Aker American Shipping's activities," the group said.

Aker ASA reported a fall in third-quarter pre-tax profit to Nkr185m from Nkr423m in the third quarter of 2006, with the decline blamed on divestments and weaker seafood results.

The group remains confident about the outlook for its key industries.

Boosted by the sale of a 40% stake in Aker Holding, which houses the group's shares in engineering giant Aker Kvaerner, Aker ASA said cash and cash equivalents should stand at Nkr1.3bn by the year end, up from Nkr0.9bn at January 1.

'Broad brush' analysis is disguising the horrible truth about hull results

A LEADING international insurance broker has warned that the global marine hull market may be heading for oblivion unless underwriters take an unvarnished approach to the facts, writes James Brewer.

Peter Ahlas, of HSBC Insurance Brokers, said that the broad-brush analysis used by underwriters was "masking the predicament of seriously bad hull results".

Mr Ahlas said that underwriters, especially through the International Union of Marine Insurance industry forum, were seeking to show their capital providers that marine business was profitable overall by including its sub-branches and neighbouring classes.

"Stop the mixing and matching of figures," he said. "Stop tinkering with the product — lots of different wordings and smart new solutions are just rearranging the deckchairs on the Titanic."

A more specific focus on hull statistics from IUMI would reveal the true picture.

"Why do we, as brokers, want to have a view? Of course, if rates are too cheap, that is good for our clients, but we are totally dependent, as brokers, on a strong, viable market, with plenty of market players. We need to have a product that can provide

security to our clients, who are getting bigger and financially stronger," Mr Ahlas said.

"They want the market for its technical skill. We do not want capacity, we want capability," he continued. "The way it's going now, there will probably not be many people left writing hull business, and that will not be good for our clients."

"I want cheap rates and good rates that are sustainable, because if they are not, we are going to end up with no market," he said.

Simon Stonehouse, hull underwriter for the Lloyd's and company operations of Brit Insurance, who was recently elected chairman of the London market joint hull committee, said there had been excess capacity but rates were beginning to harden. Underwriters were beginning to dig in their heels on the question of hull value increases and other aspects, he said.

Mr Stonehouse told Lloyd's List the losses of the first half of 2007 were now being paid. "When the money goes out of the bank, it tends to focus the mind," he said.

Mr Ahlas said the number of entrants moving into the Singaporean and Asian markets indicated that many underwriting businesses were looking for a global presence so they could influence rates and levels. "But that would require considerable central and global co-ordination, and not many have achieved that," he said.

Increased capacity has changed the dynamic for the January 2008 renewals in the Asian market, where some carriers are said to be offering reductions of 5% or 10% in rates for good records. This is putting pressure on the markets.

Mr Ahlas said the London market was traditionally able to give very quick service, but the speedier markets in providing terms and superior claims service are overseas. Sometimes action is slower when underwriters fear putting forward terms without referring to the class underwriters.

London still has some way to go, for instance, to match the level of claims service provided by Scandinavian underwriters. Some claim that London is making headway, but, as one broker warned, "it only needs one or two underwriters to fail to deliver a fast and effective claims service to tarnish the London market image."

The simple fact is:

The international market for complex shipbuilding projects and purpose-built ships continues to grow.

The simple question is:

Is it?

This is the world's leading trade fair for advanced maritime technology. We put the shipbuilding industry in a global perspective.

Find the answer at:

EUROPORT MARITIME

Register on-line now!

It is simple and easy at

www.europortmaritime.com

THIS is the future...

Welcome aboard

6 - 9 November 2007 Ahoy Rotterdam

www.europortmaritime.com