Höegh Dialogue

Newsmagazine for Leif Höegh & Co ASA (LHC) No 3 - 2001

CONTENTS

Westye Høegh 2

John Vestby 3

Opinions 4

HUAL in Shanghai 5

Floating LNG-chain 6

HFS Billboard 10

News Watch 12

Market outlook 14

Report 2nd quarter 15

Fleet list 16



International maritime organisations



Promising results from the knowledge management project

At the time of writing, Oslo-based office personnel are having busy days with the implementation of our new Lotus Notes-based knowledge management system. Following a period of organisational- and IT-system development, more than 100 users are now undergoing an internal training program. By July this year, employees in Höegh Fleet Services, Gas, Bulk and Corporate functions will be able to work more efficiently together than before. In time, other parts of the shore-based organisation will be included, as the stepwise project implementation progresses.

The introduction of new systems and ways to work will always put an additional short-term load on already busy schedules. Yet I am confident that the extra efforts now will pay off as we go forward. I am happy to say reports so far tell about enthusiasm and true efforts in learning the system and making it a valuable tool for the whole organisation.

Information is to an increasing extent becoming a strategic asset, and also in our industry we see a rapid introduction of added service demands from our customers. To stay competitive, it will be critical that we excel in the way we handle information. Other important organisational- and IT development projects are also ongoing within our group, and I am excited about the potential that lies in the introduction of these systems. We must, however, always remember that the key to success lies in the way we use the systems, not in the technical solution itself.

T.J. Guttormsen
President
Leif Höegh & Co ASA

Höegh Dialogue Newsmagazine for Leif Höegh & Co ASA No 3 - 2001

Westye Høegh honorary member of Intertanko

Following a two year term as Chairman of Intertanko being finalised at the Tanker Event in Sydney in May, Westye Høegh is now appointed honorary member of the organisation. Some concluding remarks about his term of office are reflected in an interview in the June 2001 issue of Seatrade Review. Westye Høegh is sharing with us the main lines of what was done during his chairmanship.

The real focus during these two years has been on quality and safety in the tanker industry. -The ERIKA incident in 1999 changed everything, Westye Høegh says. -All the issues Intertanko had been working on suddenly gained the attention of many people, especially politicians. Although resulting in the adoption of stricter quality procedures and the use of safer tonnage, it is sad that these things happen.

Høegh indicates that there has been a change of attitudes among the oil majors. Around the Intertanko AGM in 2000, it was evident that the industry entered into a new era where management in major companies not only talked about quality but started to act upon their words. -At one time the top executives of oil majors talked about quality, but their chartering departments went for the cheapest ships, Høegh continues. - All the way to Intertanko's chartering statistics we can see that the trade changed to newer ships, especially double hulled vessels. ERIKA's sisters and her equals were rapidly scrapped.

-We also worked quite a bit with class during my two years as Chairman, Westye Høegh points out. -Again the efforts were aimed at improving quality, and we realised that one of the ways to do this was via class. Together with Ocimf and class, Intertanko drew up a joint paper of proposals to address issues of sub-standard shipping. IACS had no way of being able to become involved, which led to direct talks with ABS, DNV and LR. The result was the 10 point plan announced in May, Høegh continues.



The retired Chairman of Intertanko also reflects an opinion about the age of tankers and vessels in general. It is not true, he states, that age alone makes a ship sub-standard. It is the building quality and the quality of the maintenance that determines the seaworthiness of the ship. The responsibility for maintaining a quality ship rests with several parties in addition to the owner.

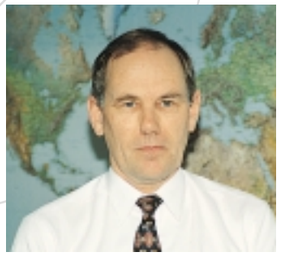
-Too much commercial confidentiality hindering transparency in the industry, Høegh says. -Some yards don't even allow owners to get all the information about their ships. I would prefer a system where yards, class and owners, the three bodies ultimately responsible for maintaining quality in shipping, are able to share data.

-These are just a few measures which should be taken in order for the tanker industry to develop further toward quality and safety, Westye Høegh sums up. -In addition, I believe some fundamental changes to current patterns will occur. I think that oil companies want to get away from security inspections at some point. But this can only happen when tanker owners can prove that such inspections are needless. We are not there yet, but I believe this is where we are heading.

-The pool concept is also a strong motivation to improve ship quality because one operator must be as good as the other. Finally, Høegh concludes, ship managers are a third party developing towards contributing to raised quality. In the past a lot of managers accepted bad owners. Pliable managers are vanishing from the business and the remaining will soon have the power to evade and thereby exclude poor quality owners.

INTERTANKO
The International Association of Independent Tanker Owners
FOR SAFE TRANSPORT, CLEANER SEAS AND FREE COMPETITION

New member of the Editorial Committee



Olav Geir Foss has now fully retired from the company and thereby also from the Editorial Committee, where he has been a key member since the launching of Höegh Dialogue in 1998.

The new member of the Committee is John Sigmund Vestby, head of the QA department since 1999. John Vestby signed on as a deck boy on board Wilhelmsen's TRIANON already in 1958, and stayed with the same company until 1968 when he joined LHC and became third officer on board HÖEGH ELITE. First trip as captain was on board HÖEGH CAIRN in 1981. He came back on shore to work in the LHC office in 1997. We wish him very welcome in the magazine!

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OP!N!ONS

In this coloumn we intend to let the readers speak freely their opinions. (Opinions may be edited due to shortage of column space.)

M/V SPRING BRIDE, Nassau

What else can a seafarer say about his employment in this prestigious company – HFS? Does it really bring enough earnings and abundance in today's lifestyle, in this new Millennium as compared to the saga of the old days? Perhaps yes, of course, taking into account the other side of the coin.

But does the financial turn-around really make both ends meet in your daily life while traversing the vast oceans on a very, very long journey towards the point of your destination, aiming high on the level of self sacrifice when you are a thousand miles away from your family?

Sacrifice and endeavour count for much, but in the end happiness and enjoyment are awaiting on the shores, awaiting for every drop of heavenly pleasure, satisfying the lonely nights pin memories past. And there you are now, dancing in the tune of harbor lights, listening to the mellow sound of the band. Longing to be with somebody else, spending extravagantly and lavishly, until you have lost almost everything. Suddenly you realise that your family, to whom you promised to be good, is waiting for your safe return, while you only give them a passing thought. But can you just ignore the earthly necessity of our physical needs. Alas, damn fool if you don't enjoy the hard beat of the congas, the sound of the sambas, and the silhouette of the dame.

The time comes - you realize your earnings are gone. Suddenly your pockets are empty without trace. Then your mind starts to think black ideas just to maintain your egoistic and charming desires. By hook or by crook as long as you enjoy those satanic acrobats even if its against the company's policy.

Then there comes a sweet and tempting offer to you. Juicy and fat amounts are mentioned, sweet promises are made and thousands of dollars are involved. You were dreaming at that time, imagining you are at the zenith of your life. Not knowing what you have entered and that it is illegal. But can you keep silent about the offer, knowing such activity means your life, your career and your family? Will you still take delight and pleasure in life? Even if it concerns the everybody and everything in your life? Does this mean you feed your family from an illegal source of income? Will you be satisfied if you've done the wrong thing, comrades in arms? So why, there you are again, keeping in touch all the time, walking through the night grasping and holding the "stuff", counting for every tick of time, hoping and wanting to succeed the thorny and black game you have entered not knowing the dangers of its outcome.

But alas, the luck is so cruel to you. It manages to escape. All the sweet promises, juicy and fat amounts discussed are things in the past. Gone were the days when you were considered a macho gigolo. Now, you are inside the cell together with hardened criminals. You feel and realise that the sacrifices you made for your family vanished and disappeared like a passing wind.

But can you still bring back the trust and faith the company showed you beforehand? Can you still live with it, now that you are in the four corners of the world? Do your earnings really make both ends meet now? Do you have that conscience to face the reality?

Capt. Neftalic. Palces,Jr.
Master, M/V SPRING BRIDE

Höegh Lines Open Hatch renews Chile contract

The present COA with Arauco - the largest forest products company in Chile - is expiring at the end of 2001.

LHC has over the last few weeks been negotiating a renewal of this contract and we are pleased to report that an agreement has been reached. This transportation agreement includes all of Arauco's volume to Europe (Mediterranean and North European ports) as well as lumber shipments to Marocco.

The contract represents the foundation of our continuation of the present service between Chile and Europe. To reach our targeted results we continue to require satisfactory cargo liftings on our southbound serviceleg.

Competitive terms are always important in today's environment, but consistent and quality service in all respects, remains the key factor from a demanding customer. This tipped this COA in our favour. Well done!

Arauco

Höegh Dialogue Newsmagazine for Leif Höegh & Co ASA No 3 - 2001

Pacific Commerce Lines (PCL)

On 12 June PCL arranged its annual golf tournament - for the 10th time - for customers, service providers and employees. This time LHC was represented at the event. In this regard, Erik Falkenberg and Jostein Bomstad did the best they could but neither of them was a threat to our customers who came out winning.

The tournament was played at Northview Golf & Country Club outside Vancouver BC. The course is designed by Arnold Palmer and is also the "Home of the Air Canada Championship".

A total of 73 people, which included all our key accounts and our Korean agents, participated in the event and it was a success.

On the commercial front, PCL is coping with reduced volumes of lumber to Japan but has so far this year successfully increased its volumes of bulk cargoes to Japan and we are particularly pleased to see the strong volumes of steel cargoes which have been booked from Japan, Korea, China and Taiwan to US and Canadian West Coast ports.



Clem Trombley (Doman Forest Products), Clyde Jacobs (PCL), Erik Falkenbeg (LHC/PCL) and Russ Jenkins (Skeena Cellolose)

HUAL calling China

China is a potential market for import and export of automobiles. Looking at the population, we have no doubts about its potential. Especially when we see the GDP growth of the past 15 years, it reaffirms our believe in the market possibilities.

When we took over the responsibility of marketing HUAL in China, from 1 January, we started our program by visiting as many manufacturers as possible in order to promote the brand name of HUAL. Through the joint efforts of our staff in the Shanghai Office, we secured the first O/B shipment of 369 vans, 15 trucks and 2 buses from China for HUAL.

On 20 May, we were happy to see HUAL TRAPEZE moored alongside the river of Shanghai Port. This marked a corner stone for HUAL's participation in China automobile transportation market. Many years have past since our vessels last loaded export automobile from China. The loading operations were successful and were completed in 3 hours, ready loaded for Sudan and Malta.

For the moment, we are working on a project of 700 buses to Peru and hopefully we can secure this business by the end of August. We will try our utmost to penetrate the market and to achieve significant results in the coming years.



A floating LNG chain?



The LNG FPSO (Floating Production, Storage and Offloading) was briefly presented in a previous issue of Höegh Dialogue. The LNG FPSO is a floating unit producing LNG. The LNG is transferred directly to an LNG carrier offshore. After a loading time of 12 hours, the ship leaves for the receiving terminal. For an offshore gas field, the LNG FPSO may imply huge cost reductions. The floating unit replaces the traditional well-stream receiving structure as well as the shore-based LNG plant. The pipeline to shore and the harbour facilities is made redundant all together.

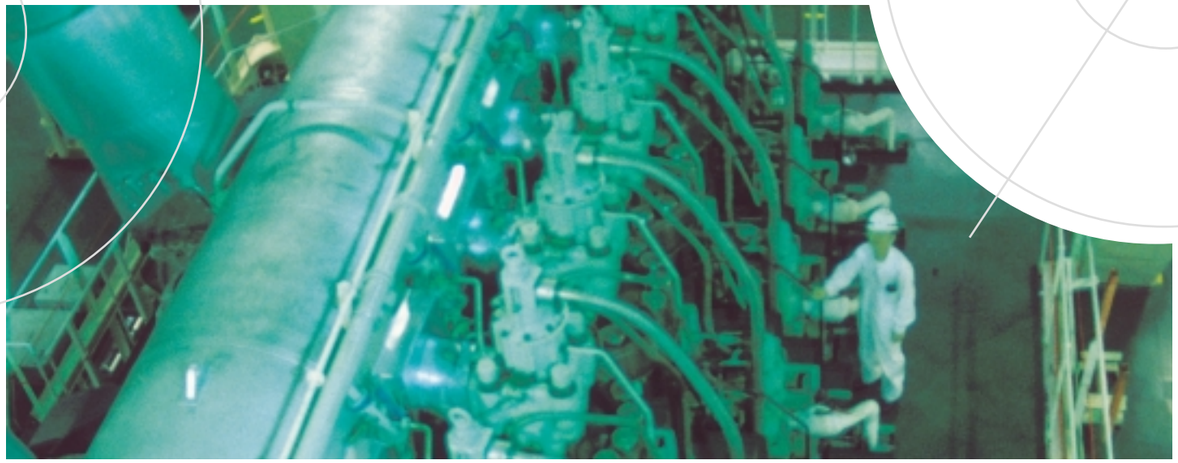
The question over the last 10-15 years has been: "when will the first unit be built?". The LNG13 conference in Seoul in May 2001 gave no definite answer. One thing is clear, however, the major oil companies have the LNG FPSOs high up on their agenda.

On the agenda are also plans for a significant expansion in LNG production in general and increased import of LNG to the USA in particular. According to the LNG analysts Poten & Partners, the production capacity is to be increased by more than 100 million tons per year by the year 2010. This means a doubling of the LNG-production in 10 years! A consequence is a corresponding need for transportation capacity and receiving terminals. An increase in the production capacity of 100 million tons per year implies the need for about 100 new LNG carriers and a large number of new LNG receiving terminals. In addition to the USA, countries like Spain, Italy, Greece, Turkey, Israel, Brazil, Pakistan, India, Taiwan and China plan to expand existing import facilities and build new terminals.

This prospective development brings great opportunities as well as fierce competition to the LNG transporting community. The operator with competitive transport rates, comprehensive operational experience and a well-reputed record list with respect to safety and reliability should have a solid basis for entering into this competitive environment.

But there are further challenges ahead. The diesel-driven LNG-carrier with a reliquification plant onboard has been designed. Estimates show that significant cost cuts may be achieved by burning fuel oil instead of expensive boil-off gas. The first LNG-carrier with a reliquifaction plant onboard was delivered from Mitsubishi late last year. The installation has to be regarded as a test case since the ship has a traditional boiler/steam turbine propulsion system and may thus burn the boil-off gas in the boilers if the reliquefaction should fail. Mitsubishi presented a paper at LNG13 in Seoul on the experience so far. According to Mitsubishi, the reliquefaction plant operates well and should be ready for LNG carriers with diesel propulsion.

Another area of possible cost reduction is on the receiving end of the LNG chain. By introducing floating receiving terminals off the coast with a pipeline to shore, both time and costs may be saved. It is not likely that traditional LNG receiving terminals will be built close to the consumer community as was common practice only some decades ago. Today the public and politicians alike are much more concerned about the environmental impact such terminals may have and new solutions are required. We in Höegh have actively of such new solutions them realised sometime in the near future.
We in Höegh have actively taken part in the development of such new solutions and hope to see them realised sometime in the near future.



Höegh Dialogue Newsmagazine for Leif Höegh & Co ASA No 3 - 2001

Participation at LNG13



The 13th International Conference & Exhibition on Liquefied Natural Gas (LNG13) was held between 14-17 May in Seoul, Korea.

The most important conference and exhibition in the LNG industry it gathered some 2000 executives from all over the world for four days. The conference is held every three years. Although the exhibition was dominated by the large oil majors like Shell, Exxon, Mobil, BP and TotalFinaElf, Leif Höegh & Co was very visible with its 6 metre tall stand which was a replica of the funnel of HÖEGH GALLEON. Focus at the stand was concentrated on the HÖEGH GALLEON rebuilding project and Höegh's 30 year long LNG experience. A reception held at the stand co-hosted by Höegh gathered some 80 people for light food and drinks.



International maritime organisations - an overview

The International Maritime Organisation (IMO)

The International Maritime Organisation is a specialised agency of the United Nations, which is responsible for measures to improve the safety of international shipping and to prevent marine pollution from ships. IMO is also involved in legal matters, including liability and compensation issues and the facilitation of international maritime traffic. The organisation was established in 1948 and has currently 158 Member States. When IMO first began operations, its chief concern was to develop international treaties and other legislation concerning safety and marine pollution prevention. Since the late 1970s, however, the focus has shifted from introducing new regulations to ensuring implementation and compliance from as many countries as possible. IMO was established to adopt legislation. Governments are responsible for implementing it. When a Government accepts an IMO Convention it agrees to make it part of its own national law and to enforce it just like any other law. The problem is that some countries lack the expertise, experience and resources necessary to do this properly. Others, perhaps, put law enforcement fairly low down their list of priorities.

With 158 Governments as Members, IMO has plenty of teeth but some of them don't bite. The result is that serious casualty rates vary enormously from flag to flag. The worst fleets have casualty rates a hundred times worse than those of the best.

IMO is concerned about this problem and in recent years has set up a special Sub-Committee on Flag State Implementation to improve the performance of Governments. Another way of raising standards is through port State control. The most important IMO conventions contain provisions for Governments to inspect foreign ships visiting their ports, to ensure that they meet IMO standards.

IMO has been criticised for always aiming for the lowest denominator. Usually, IMO tries to act on a consensus basis. This is because it is important that measures adopted by the Organisation, which can have a major impact on shipping, achieve as much support as possible. A treaty supported by only 51% of the IMO membership, would be opposed by nearly half the shipping world. Not only would they not ratify the treaty concerned but they might go off and adopt an alternative treaty of their own, thereby dividing the maritime community. The main purpose of IMO is to adopt international treaties which are intended to apply to as many ships as possible. Unanimity of this kind inevitably takes time - it depends on the speed with which Governments act, as well as IMO - and it can only be achieved by ensuring that the regulations are very widely acceptable and this may also take time.

The International Convention for the Prevention of Pollution from Ships (MARPOL)

The MARPOL Convention is IMO's main international convention covering prevention of pollution of the marine environment by ships from operational or accidental causes. It is a combination of two treaties adopted in 1973 and 1978 respectively and updated by amendments through the years.

MARPOL was adopted in 1973 at IMO and covered pollution by oil, chemicals, harmful substances in packaged form, sewage and garbage. The Protocol of 1978 was made in response to a spate of tanker accidents in 1976-1977. As the 1973 MARPOL Convention had not yet entered into force, the 1978 MARPOL Protocol absorbed the parent Convention. The combined instrument is referred to as the International Convention for the Prevention of Marine Pollution from Ships. The Convention includes regulations aimed at preventing and minimising pollution from ships - both accidental pollution and pollution from routine operations - and currently includes six technical Annexes:

Annex I - Regulations for the Prevention of Pollution by Oil
Annex II - Regulations for the Control of Pollution by Noxious Liquid Substances in Bulk
Annex III - Prevention of Pollution by Harmful Substances Carried by Sea in Packaged Form
Annex IV - Prevention of Pollution by Sewage from Ships (not yet in force)
Annex V - Prevention of Pollution by Garbage from Ships
Annex VI - Prevention of Air Pollution from Ships (adopted September 1997 - not yet in force)

States Parties must accept Annexes I and II, but the other Annexes are voluntary. After the Erika sunk off the coast of Brittany in 1999, IMO has been focusing on a speedier outphasing of single-hull tankers, which now is to be obtained by 2015. In time of writing, the process of a full ratification of the MARPOL Annex VI - Prevention of Air Pollution from Ships is ongoing. The upcoming rules will set limits on sulphur oxide and nitrogen oxide (NOx) emissions from ship exhausts and prohibit deliberate emissions of ozone depleting substances.

International Chamber of Shipping (ICS)

The International Chamber of Shipping (ICS) is the international trade association for merchant ship operators. ICS represents the collective views of the international industry from different nations, sectors and trades. ICS membership comprises national shipowners' associations representing over half of the world's merchant fleet. A major focus of ICS activity is the International Maritime Organisation (IMO) - the United Nations agency with responsibility for the safety of life at sea and the protection of the marine environment.

International Shipping Federation (ISF)

ISF is the only international employers' organisation dedicated to maritime manpower issues in the broadest sense, which provides advice and guidance to its members directly, or through its extensive range of contacts world-wide, and represents them in all the relevant international fora where these issues are regulated. The ISF has a co-ordinating function for shipowners' interests towards the International Labour Organization (ILO). ICS membership comprises national shipowners' associations from well over 30 countries. MARISEC is owned jointly by the International Chamber of Shipping (ICS) and the International Shipping Federation (ISF) and provides these organisations with secretariat and staff services. MARISEC is based in London.

In the last few years, activities of importance for the shipping industry has been on the rise in IMO and ILO. Both ICS and ISF have therefore played a vital and important role in co-ordinating and formulating viewpoints from national shipowners' associations.

Council of European and Japanese Shipowners' Associations (CENSA)

CENSA membership comprises 11 European and the Japanese shipowners' associations. The secretariat is also in MARISEC in London. CENSA represents its members interests towards international governmental organisations like OECD and Consultative Shipping Group (CSG), and plays a specially important role following developments in US' shipping politics.

European Community Shipowner's Association (ECSA)

ECSA comprises shipowners' associations from EU member states plus Norway. The organisation's headquarters are in Brussels. ECSAs role is to co-ordinate views and represent the members in different arenas in the EU, ranging from commercial, technical, judicial, social, labour to international issues.

International Association of Independent Tanker Owners (INTERTANKO)

The Association was established in 1970 to represent the interests of independent tanker owners around the world, and full membership is available to all non-oil company and non-state-controlled tanker owners. The main goals for the association is to work for safe transport, cleaner seas and free competition. Intertanko is also committed to strengthening the position of the independent tanker owners in the industry in particular and in society in general.

As of November 2000 Intertanko has some 260 members with 2,070 tankers totalling 162 million tons dead-weight. Intertanko members represent about 76 per cent of the independently owned tanker fleet above 10,000 dwt . The independently owned tanker fleet represents about 72 percents of the total tanker fleet. In addition to its full members, Intertanko offers an associate membership which now stands at some 300 companies. Intertanko is based in Oslo, with branch offices in London, Singapore and Washington D.C.

International Association of Dry Cargo Shipowners (INTERCARGO)

Intercargo is the international shipowners' association representing only the dry bulk sector of the industry; that is, bulk carriers, ore oilers and OBOs (combination carriers) as well as general cargo ships. It's role is to promote and protect the interest of dry cargo shipowners world-wide. Founded in 1980 by the late Antony Chandris, the Association now represents over 100 million dead-weight tonnes of dry bulk shipping, some 150 members in thirty countries. Its prime role is to promote and protect the interests of dry bulk shipowners. With its offices in London, Intercargo has representation at the International Maritime Organisation in London and holds regular seminars and conferences world-wide to address matters of importance of the dry bulk sector, shipping in general, and World trade.

The Baltic and International Maritime Council (BIMCO)

With members comprising over 2700 companies, BIMCO is the worlds largest shipping association, and quite unique in representing shipping companies drawn from all trades and types of ships. BIMCO's objectives are to pursue all issues affecting members, seeking co-operation rather than confrontation, and providing input of a practical nature to ensure that the economic impact of new regulations on shipowners is fully appraised in the process. BIMCO aims at reducing members' exposure to disputes through the development of balanced standard charter parties, Bills of Lading and other shipping documents. Headquarter in Denmark, with offices in Singapore and Washington D.C.



By advisor Trond Øvstedal
Norwegian Shipowners' Association
Sources: Organisation websites

Höegh Dialogue Newsmagazine for Leif Höegh & Co ASA No 3 - 2001

HFS BILLBOARD

MATTHEW

On 6 August last year HFS took over the management of the LNG vessel MATTHEW. Cabot LNG, who owns the vessel, is very satisfied with the performance so far. To show their appreciation, Cabot LNG decided to provide a bonus to the people, who have contributed to achieve this fine result. Naturally the major part of this bonus went to the seafarers on board, who have done a very good job. Cabot LNG also liked to thank the office employees for their effort. It was decided that the best way to distribute the bonus was to invite all office employees for an evening cruise in the Oslo Fjord. On 19 June we went aboard on MS CACUS with really nice weather and good food. On our return to Oslo we were all thankful for the evening.



The following dates have been set for the officer conferences in 2002:

Sr. officer conference

0201 04-08 March
0202 03-07 June
0203 25-29 November

Jr. officer conference

0201 26-27 February
0202 28-29 May
0203 19-20 November

All conferences will be conducted in the Philippines.

Gold Medal/Gold Watch Award

During a ceremony at the office of HFS on 6 June 2001 the service of Alv Erik Strengehagen and Dag Kristoffersen was honoured.

Alv Erik Strengehagen started his seagoing career in Höegh 4 September 1967 as a deck boy on board Höegh Benin. He was promoted to third officer on Höegh Dyke in 1974 and to chief officer in 1983 on board Höegh Pilot. He joined the team of supercargoes assisting the Höegh Lines vessels in 1999. He was awarded with the Gold Medal of the Norwegian Shipowners Association and Gold Watch for 25 years of dedicated service to Höegh.

Dag Kristoffersen started his sea service on 26 October 1966, as a deck boy on Höegh Merit. After one contract with Klaveness, he rejoined Höegh 6 July 1971. He was promoted as third officer on Höegh Opal in 1974, and further to chief officer in 1981. He joined the team of supercargoes assisting the Höegh Lines vessels in 1999. He was awarded the Gold Medal of the Norwegian Shipowners Association.

The gold medal of the Norwegian Shipowners Association is a highly rated and valuable award for seafarers, officers and ratings, who have been on duty for at least 30 years within companies, which are members of the Norwegian Shipowners' Association. At least 20 years have to be served on board and half the time has to be completed in the same company. The awardees must have fulfilled their obligations to the company with great satisfaction. Good behaviour and sound morals are self-evident.



From left: Karl Helge Røyter, Per Otto Karlsen, Alv Erik Strengehagen, Johannes Tvedte, Dag Kristoffersen and Sebjørn Dahl.

Jr. Officers' Conference

Safety was again the main issue of the just concluded Junior Officers' Conference, which took place at the City Garden Hotel in Manila from 20-21 June 2001. Thirty-eight (38) junior officers from the three different fleet of HFS attended.

Updates from Höegh Fleet Services AS and from the three departments of HFSP (Maritime Operations; Finance and Control; and Safety, Quality and Training) were effected. Also included was the company's Personnel Policy. Several safety workshops were carried out in order to refresh the attendees' knowledge of safety on board.

Mr. Ruel Montenegro facilitated a mini-seminar on the second day. The topics were leadership and management. The seminar analysed issues like the differences between a leader and a manager, including the roles of each. Everybody enjoyed the half-day session and the participants gave a positive feedback.

A cocktail and a dinner party concluded the conference. HFSP staff joined the Junior Officers during the party. Everyone was happy and participated for a night of fun, dances, entertainment and games.



Senior Officers' Conference

This year's second Senior Officers' Conference found place in Oslo from 24-29 June. The conference started with an update of the organisation in the various HFS offices and concentrated on the SHIP-SHAPE program with focus on Training and motivation, Amos for Windows, Technical matters, Safety and ISO 14001. Sidsel W Didriksen from the Quality and Safety department presented the development and progress within the Environmental Management System, ISO 14001, with focus on revised significant aspects and new objectives. On Wednesday Open Hatch, HUAL and Lauritzen-Cool met their respective officers for information and discussions. The conference ended with a short cruise on the Oslo Fjord on Thursday evening. Throughout the conference there were lively discussions and the participants were highly committed.



From left: Romil Leonida, Dante Elpedes and Manuel Tinio.

The HFS Loyalty Awards have been awarded to the following two during a ceremony which was part of the Senior Officers' Conference's extended dinner on board M/V CACUS. Chief Officer Dante Elpedes. Joined the company in May 1989 as a Deck Cadet on board WESTWOOD MERIT (HÖEGH MERIT). He passed through all ranks on board the HUAL fleet and is now on board HUAL TRANSPORTER and HUAL TRICORN. Second Engineer Romil Leonida. Joined the company as Engine Cadet on board HÖEGH FALCON in December 1988. He has since served on board both open hatch vessels and car carriers and is now serving on the AUGUST OLDENDORF and MAX OLDENDORF.

Norwegian Hull Club's Crisis Management Seminar

The Norwegian Hull Club conducted the second "Crisis Management Seminar in 2001 at the City Garden Hotel in Manila from 22-23 June right after the Junior Officers' Conference. As in the first seminar in March 2001, the Senior Officers joined the Junior Officers.

A healthy relationship and teamwork developed between them. The interaction was productive and beneficial to both the juniors and seniors in case of an accident on board. Both can act positively, swiftly and decisively to an emergency situation and can complement each other to avert the situation becoming critical. The Crisis Management Seminar was conducted by the Bergen Hull Club for Höegh Fleet Services AS Senior Officers until its merger with Unitas late last year. With the merger the Norwegian Hull Club was born and they conducted the seminars to joint HFS Senior and Junior Officers since March 2001. As in the previous seminars, the feedback has been positive.

Reporting of near accidents

As mentioned in the "Company Management Review 2000" the trend of reporting "Near Accidents" has improved and nearly doubled last year. In order to continue the positive trend, we will also this year keep the focus on reporting "Near Accidents" as one of the main tools in our effort to avoid accidents on board HFS vessels.

The reporting personnel should know that their reports will not affect their employment situation. One of the major obstacles in reporting near accidents is personal pride. When you do something stupid or foolish, it is not easy to report this, even if there are no consequences.

Focus during the last decade has been on "Human Error" as a cause for accidents. We often forget that it is equally Human Intervention that usually prevents accidents. Therefore a Near Accident should be considered a happy event and a good thing.

A NEAR ACCIDENT IS AN UNWANTED SITUATION WITHOUT CONSEQUENCES.



N E W S W A T C H

Trond Evju, LHC, was elected member of the board at BIMCO's General Meeting in Beijing 16 May, 2001. Baltic and International Maritime Council (BIMCO) was founded in Copenhagen in 1905 and is today the largest private shipping organisation in the world. Typical members are owners, brokers, clubs and associates. Owner members alone represent some 467 million dwt .

BIMCO involves itself in nearly all issues, which effect the shipping industry internationally. BIMCO works actively with the International Maritime Organization (IMO) and offers a variety of services to it's members such as advice on security and navigational issues. One of the best known and successful aspects of BIMCO's work is the production of standard shipping documents, now available in an electronic format over the Internet.

BIMCO is an international meeting place for people in the shipping industry, whether it is the 175 shipping people forming the various BIMCO committees, the more than 6000 people who have participated in BIMCO courses or the hundreds of shipping people who gather for BIMCO General Meeting every second year.

Einar Kloster left the LHC Board of Directors 3 April 2001 after having been a member since 4 April 1995.

In the HFS board meeting on 14 June, Thor J. Guttormsen replaced Olav Foss as Chairman of the HFS Board.

Höegh Dialogue Newsmagazine for Leif Höegh & Co ASA No 3 - 2001

Höegh Dialogue reaches the world!



Höegh Dialogue described in the #2 issue in 1999 the dramatic fate of HÖEGH SILVERDAWN. The vessel was sunk by a German raider the night of 15 June 1943. 36 people died, but 22 survived, 19 of them after one of the most heroic lifeboat journeys in history lead by Captain Edgar Waaler.

This article has been read independently by two of Captain Waalers grandsons and we received a letter from their father, Captain Waaler's son, pointing out some further information about the bravery, not even known by the Captain himself, because he died in 1955.
Captain Edgar Waaler went to his grave believing that he was sunk by a Japanese warship. Not until many years later history revealed the fact that the fire came from a German raider in the area. It is also interesting to learn that the log of the lifeboat journey was written on tin foil from chocolate bars in the emergency rations.

Edgar Waaler jr. further on points out that when the lifeboat reached India after 3100 nautical miles, the crew was actually robbed by the natives, and all their belongings including clothes were stolen! This brings a new light on the publicity around Captain Waaler's return to India in 1951 (now as captain of TUCSON VICTORY), where the official version tells that he then got to repay India for their kindness to him during the war! He probably kept his own opinion about this to himself.

Finally, also left out of the article, it is important to note that Captain Edgar Waaler was honoured by King Haakon VII for his bravery and seamanship, and that the King paid special attention to the story told by the courageous captain.

We thank Edgar Waaler jr. for his engagement in supplying this information all the way from his domicile in the state of New York.

Dear Skule, Dear Bjørg

Re: Höegh Dialogue

Paris 23 March 2001

As the title fittingly invites it, the reading of the No 2 issue prompts me to write the following comment.

Before even noticing the headline and the illustrating picture showing one ship conscientiously slicing another one, presumably innocent since looking weaker, in an uncomfortable position, the reader's even distraught attention is immediately drawn to the superb photograph of the both of you!

So one carefully adjusts spectacles and dips eyes and nose into the reading of the corresponding article which, for a change, one runs with haste and greed from beginning to end as though it was a detective story…

I simply had not the faintest idea that only the two of you could manage such a vast and important department, vast in the scope and diversity of the tasks involved, import5ant since it has to take the greatest care, inter alia, of the huge assets of the Company. Any mistake, any omission could result in countless consequences.

The number of ships, the amounts at stake would make anyone endowed with the slightest common sense feel dizzy. And yet at all times you look calm, do not utter a word higher than the next one, keep under all circumstances an absolute self-control, all qualities that I would really envy when having to bear with underwriters' stubbornness all day long!

I am certainly proud and delighted to note that one of the baskets in which you readily put part of your eggs is Paris, and let it remain happily like this for many and many more years to come (at least until you join the EEC…).

Please accept my most sincere congratulations for such an outstanding achievement, as well as be assured that I feel honoured and privileged of having this tremendous opportunity of entertaining with you both a friendly relationship in dealing with our mutual activities.

With kind regards

B Caillet

Market outlook

By Mona Boug Kristiansen

World Economy and World Trade

The ongoing economic weakness in the US is unfolding more slowly and unevenly than most participants in the US financial markets had predicted. The most likely prospect for non-financial economic activity over the coming year is that the current period of weakness will be less pronounced, but last longer than expected. The latest consensus forecast calls for a growth in the US economy of only 1.4% this year, before recovering to 3% in 2002. The economic situation in Japan is deteriorating. South Korea could be headed for economic shock as the country grapples with nation-wide strikes, debt problems and severe drought.

The Car Carrier Market

New car sales in USA and Europe so far this year are lower than a year ago, by 5.6% and 3.4% respectively. Due to a combination of the slowdown in these major markets, rising local production and a continuous global effort to control inventory, Japan's car exports so far this year are 8.9% lower than in the same period a year ago. Korean shipments to Europe are also considerably lower this year. The decline in shipments of factory-new cars from the Far East has been offset by increased shipments of second-hand cars from other areas. Six car carrier newbuildings have been delivered so far this year and another 8 are scheduled for delivery during the rest of 2001. Only three small car carriers have been sold for demolition. The utilization rate in the global car carrier fleet is thus declining (see graph 1).

The Reefer Market

After the disappointing high season this year, the activities in the reefer market picked up in March, with current average spot rates slightly above those prevailing a year ago (see graph 2). Scrapping is still too low, however, and the reefer fleet has increased by 0.2% so far this year. Ecuador, the world's biggest banana exporter, has reached an agreement with the European Commission putting an end to its long-running banana dispute with the EU. Under the new deal, country-by-country quotas will be eliminated and import volumes from Latin America as a whole increase, thereby providing more opportunities for Ecuadorian exports while respecting the terms of the EU's deal with the US.

The Open Hatch Market

Seaborne trade in forest products is negatively affected by the decline in Japan's housing starts, which are now forecast to fall by more than 4% this year, to 1.18 million units. Seaborne trade in steel products has already declined and could be further affected, as a number of US steel producers are again considering filing anti-dumping cases against Japanese producers. The open hatch market is also dependant on the conventional handymax/handysize bulk carrier market and the containerships market, both of which are now weakening.

The LNG Market

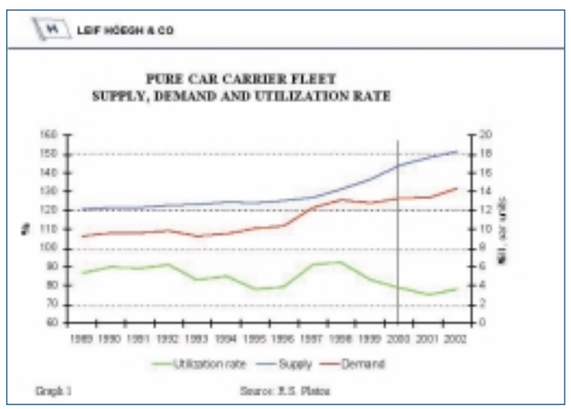
20 large LNG carriers were ordered in 2000, which was a record. The interest for LNG carriers has continued this year, with fourteen new orders plus a number of options being confirmed so far and more orders are believed to be finalized. The orderbook now amounts to 43 vessels, equalling about 42% of the existing fleet. During the past two years the export capacity for LNG has increased by 14% per year. Considering the most likely projects for new LNG export facilities due to come on stream over the next five years, it has been calculated that more than 100 billion cubic meters of export capacity is planned in that period, which equals some 70% of current export capacity. With a forecast growth in the future LNG trade of 6-7% per year, and taking distances into account, there should be room for even more LNG vessels than the current orderbook.

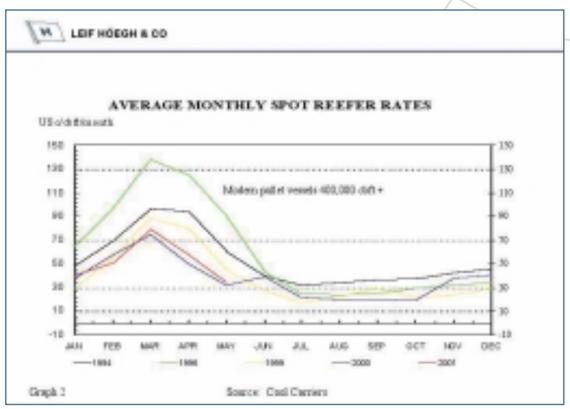
The Dry Bulk Market

The decline in the global steel production is expected to lead to a 2% fall in seaborne shipments of iron ore and coking coal this year. Although reduced growth in electricity demand in Japan is affecting steam coal imports, the global seaborne trade in this commodity is forecast to grow by about 6%. Overall dry bulk demand is thus forecast to remain stagnant this year, whereas the dry bulk fleet is expected to grow with around 4%.

The Tanker Market

The combination of high oil prices and worldwide economic slowdown is leading to lower growth in oil demand and oil imports this year. In addition, the combination of oil inventories "back to normal" and a suspension of Iraq's oil exports has had a detrimental impact on the tanker market during recent weeks. However, falling freight rates have resulted in a pickup in scrapping, and the tanker fleet has increased only marginally so far this year. OPEC has announced that they will increase output to compensate for suspended Iraqi exports if oil prices remain too high for too long. Furthermore, OPEC will have to increase output in the second half of the year to meet winter demand.





Report per 2nd quarter 2001

- Recovery for car transportation in second quarter from first quarter. Operating profit was USD 27 million (USD 17 million in 2000).
- Operating profit before sales gain and depreciation for first half year increased by 22% to USD 78 million.
- Net profit increased by 147% to USD 54 million.
- Net profit per share was USD 1.65

LEIF HÖEGH & CO. CONSOLIDATED - Key Figures

(USD 1 000)	2001		2000		2000
	2.qu	1. half	2.qu	1. half	Total
Freight rev.	168 370	340 312	218 841	368 158	773 646
Operat.costs	(141 677)	(286 334)	(199 587)	(332 113)	(718 069)
Operat. profit	**26 693**	**53 978**	**19 254**	**36 045**	**55 577**
Net fin. items	17 885	(7)	(2 830)	(12 553)	(32 592)
Tax	(1 599)	(42)	(778)	(1 627)	(3 499)
NET PROFIT	**42 979**	**53 929**	**15 647**	**21 865**	**19 486**
Profit share (USD)	**1,33**	**1,65**	**0,47**	**0,68**	**0.60**
Tot. fixed assets		1 115 246		1 151 538	1 170 334
Tot. curr. assets		243 620		328 479	258 025
TOTAL ASSETS		**1 358 866**		**1 480 017**	**1 428 359**
Tot. shareh. cap.		471 920		449 270	419 682
Tot.long term liab.		843 325		919 573	919 270
Tot.current liab.s		43 621		106 723	85 232

Segment information

(USD 1000)		2001		2000	
		2.qu	1.half	2.qu	1.half
HUAL:	Freight rev.	66 151	122 204	62 639	96 297
	Operat. profit	15 751	23 824	14 622	24 633
Contr. Ship.	Freight rev.	11 715	22 006	13 782	23 512
	Operat. profit	4 769	8 449	3 143	7 073
Höegh Lines:	Freight rev.	11 534	24 021	12 975	24 826
	Operat. profit	4 718	5 888	1 194	915
Reefers:	Freight rev.	10 895	21 356	20 915	43 637
	Operat. profit	4 140	18 344	3 256	7 316





HFS and IUM fleet personnel onboard 1 July 2001

HFS

VESSEL	MASTER	CHIEF ENGINEER	CHIEF OFFICER
SG ENTERPRISE	NG, CHOR KUEN	TANG, HING KONG JERRY	CHUNG, FUI TSANG
SG PROSPERITY	CHOW, LAM YUEN	TSUI, MAN FAT	NG, WAI KAP
HÖEGH GALLEON	BENTZRØD, KNUT	HANSEN, ROY	GANGDAL, HANS PETTER
HÖEGH GANDRIA	HANSEN, LEIF STEINAR	ERIKSEN, ODD PER	NIELSEN, KURT-PREBEN
NORMAN LADY	VISTNÆS, JENSEN KJELL	HAVEN, JAN	GRØTTING, KÅRE
NORMAN LADY	SVENNING, TRULS ALBERT		
MATTHEW	ZAAL, PER HENRY	TORP, JOHNY	IVANISEVIC, DALIBOR
AUGUST OLDENDORFF	ALCORIZA, DIODORO ESO	ARAGOZA, CRISOSTOMO ASPER	CANETE, ALBERT MENDOZA
HÖEGH MORUS	NAZ, ELMER DE JESUS	PAGULAYAN, REYMUNDO BANGAYAN	ENGCOY, ETCHEL PEREZ
HÖEGH MARLIN	ESTABAYA, GILBERT JOHNS	DIAZ, THOMAS FRENCH	FERNANDEZ, FERDINAND MANALO
HÖEGH MERCHANT	AGUILA, ALBERTO BRIONES	OBAS, ROGELIO SUATICO	BONDOC, BENITO PANGAN
HÖEGH MERIT	SIBYA, RAFAEL DIANSEN	ALEGRADO, SOCRATES REGIDOR	TAGHAP, HERMENEGILDO JR. BET
HÖEGH MERIT	PALACA, FILOMENO JR. IDULSA		
HÖEGH MUSKETEER	BOLOTAOLO, ALEJANDRO ESTANO	CRISTINO, MANUELO BERDOS	FLORESCA, LUCINO TIU
HØEGH MISTRAL	DAROY, ADOLFO SUEZO	PATUNGAN, ALFREDO BOQUIRIN	SEDONIO, JOEBERT VILLACENDA
MASCOT	LUMA-AD, PIPO UY	VENTULA, REYNALDO GANIRON	BERTUMEN, ROGELIO ROSTROLLO
MAX OLDENDORFF	AMANO, AUTONOMO ABELLAR	BATAC, VIRGILIO DAVID	ASI, RANILO DE CHAVEZ
SAGA CHALLENGER	GALVE, ISMAEL SELAUSO	OCBINA, ISAGANI JALLORINA	SY, RENATO JR PIOL
CRYSTAL PRIDE	TAN, BERNARDO DIAMANTE	CHING, CHARLES BADONG	DIZON, JAMES IBANEZ
CRYSTAL PRIMADONNA	TIMTIMAN, ROBERTO LAPUS	ROBIN, ALEXANDER SANCHEZ	KIERULF, MANUEL LUIS MENCIAS
CRYSTAL PRINCE	STA CRUZ, LUISITO ARGARIN	PASADILLA, DIONE PELEGRINO	DEMEGILLO, BENHUR ABERDE
CRYSTAL PRIVILEGE	RAMBOANGA, DAVID CORPUZ	UMEREZ, GABRIEL VILISANO	ISULAT, LAURO JR MIRAN
IVORY DAWN	TORRES, ROBERTO OMPOC	SANTOS, LAMBERTO ISTOMEN	BATAYOLA, JESSIE NECESARIO
SUMMER MEADOW	HARE, JESSEL CALDEA	CATOLICO, ELY CIERVO	ROLLO, EDGARDO OZUES
SUMMER WIND	MISA, RICARDO DIAZ	BELTRAN, ALBERTO GOCOTANO	ARCAY, VERONICO FUDOTAN
SPRING BRIDE	PALCES , NEFTALI JR CORRO	CARPIO, EDWIN DOMINGO	CATUBIG, ISMAEL ALBERT TIU
SUMMER BAY	PARAGUYA, MIGUEL SILVA	NOLOS, MARCELO MAGAHIS	TENA, RADITO SURA
SUMMER FLOWER	MASNAYON, WILLARD PUNO	ABARINTOS JR, ALIPIO DOLOR	BATOON, ELMER RICO M.
CARIB STAR	PILAPIL, ALBERTO SANORIA	YORO, RAMONITO JABASA	RIEGO, ANACLETO ROLLE
HUAL ASIA	CABARLES, RODRIGO JR DUMARAY	YANGCO, TEODULFO JR LIM	DELA PENA, NICANOR SOMUDIO
HUAL TRICORN	MANALAYSAY, CESAR DUQUE	PAJARILLO, JESUS SALES	MARTIN, MANUEL PILAPIL
HUAL TRACER	CABALLES, RAYMUNDO MAGHANOY	OZARAGA, MARIO GOMEZ	ESTOLAS, BENJAMIN MABUTAS
HUAL TRAPPER	MANGOHIG, QUINTIN ABANGAN	SANTIAGO, ARNEL SR DEL VALLE	
HUAL TRAVELLER	DELIARTE, BENITO ARROJADO	CONCEPCION, LEO QUIJANO	CLEMENTE, WILFREDO JAVIER
HUAL TRIBUTE	ESPARTERO, VICENTE SR MAGTULIS	POLLENTES, CLAUDIO BASIL P	LADINES, EUCLYDES CAMBAL
HUAL TRIDENT	CULAJARA, ZALDY CERVANTES	MAHINAY, VICTORINO JR GENTAPA	GABAYNE, JOSEPH COLLADO
HUAL TROOPER	JONOS, DIONISIO COMPANERO	CRUDO, RENATO ALARCON	GOMEZ, JOEY BARRIOS
HUAL TROTTER	RIVERA, JORGE PARALEJAS	PAJATIN, JOVENCIO JR CALPO	CONCEPCION, ROLANDO VALEROSO
HUAL TRANSIT	MACABABBAD, GIL G.	CIRERA, LEOPOLDO AGPAWA	ENRIQUEZ, ELIGIO EMPENO
HUAL TRADER	NIEDO, JULIUS VINCA	LALIM, CONRADO WONG	ROMERO, ARNALDO BUSTALINO
HUAL TRANSPORTER	REYES, JOSELITO DOLAR	GILBUENA, DONATO GENOVA	CRUZ, APOLINARIO SAN PEDRO

IUM

VESSEL	MASTER	CHIEF ENGINEER	CHIEF OFFICER
HUAL TRAILER	ANDUJARE, DANTE DEVERATURDA	CASTELLANO, WENIFREDO CASTOR	CHIONG, BERNARD BOGO
HUAL TRAPEZE	LUMACANG, FELIPE JR AGRIAM	LOZANO, CAMILO JR ORBES	EVANGELISTA, NECITO TADEO
HUAL TRINITY	TAYO, GORGONIO IZON	PALMES, FERNANDO PANES	YANEZ, HENRY CAPA
HUAL TRITON	IBRAHIM, ZAIDE DELA CRUZ	BATIN, NELSON CARASCO	CARADO, RONILO CORMANES
HUAL TRIUMPH	PEREZ, RIZALDO MAGBANUA	TRASPORTE, ARNULFO MANZANO	PLANTINOS, EDGAR MACAHILO
HUAL TROPHY	GUZMAN , ROLANDO BALDERAS	PERALTA, ISAGANI DAMASCO	LAGLEVA, ERWIN ROMERO
HUAL TROPICANA	BONIFACIO, ROMMEL HIPOLITO	BARNACHEA, DOMINADOR BELARDO	ALISEN, NESTOR ALBAY
HUAL TREASURE	KSIAZKIEWICZ, WOJCIECH	WOZNIAK, EUGENIUS	KIERONSKI, GRZEGORZ
HUAL TRAMPER	SZYMKIEWICZ, ROBERT	LUKASIK, ANDRZEJ	SLIFIERZ, HUBERT
HUAL TREKKER	JUSZKIEWICZ, MAREK	RUZICKA, KAREL	RABUS, ARTUR
HUAL TROVE	BEREZECKI, PIOTR	KANIA, ANDRZEJ	CHOLEWINSKI, RYZARD
HUAL EUROPE	TYSZCZAK, ZDZISLAW	AUGUSTYN, JANUSZ	PEPEL, MIROSLAW
HUAL TRUBADOUR	STARK, JACEK	MIRSKI, RYSZARD	ORLOWSKI, ZBIGNIEW