

**ZIM ISRAEL NAVIGATION COMPANY LTD.**

The fifty-years success story of a shipping company

1945-1995

By

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# DEDICATED

To all staff members of the ZIM Israel Navigation Company, on shore and at sea, at present and in the past.

Thanks to their untiring efforts the Company achieved its present standing and reputation.

Many thanks go to all who assisted me in collecting essential material for this review, such as colleagues in the Press, Public Relations and Publicity Department, in the Historical Archives, in the Central Library, in the Secretariat of the Company, in the Bulk Shipping Directorate as well as to other persons who supplied valuable information which would have been missed without their advice.

C.B.T.

Passage from the certificate presented to all members of the Company upon their retirement:

***“The state of Israel is situated at the seashore.***

***Its most daring dreamers and great builders have always regarded the sea as an integral part of its existence and vitality.***

***The revival of Israeli Shipping and seamanship, its development and prosperity, constitute one of the most wonderful and daring chapters in the history of the Zionist movement’s creative enterprise.”***

THE NECESSITY FOR SEA-TRADING OF A NATION REBORN

The comparatively short history of ZIM is the outstanding story of the maritime development of Israel as a sea-trading nation reborn. Entering the shipping trade with only half an interest in a single passenger ship in l947 ZIM today owns one of the largest most modern, active and efficient merchant fleets, crisscrossing the four corners of the world with its services. This remarkable development was accomplished under severe handicaps and continuous struggle against untold odds.

During the War of Independence in l948 many a shipping line carrying valuable and dearly needed cargoes to Israel suddenly suspended their services, after having called at the Country's ports regularly for years. Israel was faced with acute shortages of supplies in every field and thus learned the hard way, that in times of trouble she stood alone, and had to provide her own lifeline. The British Administration in the then Palestine certainly saw no reason to support Jewish shipping.

And there was still another problem. The Israelis had preserved little maritime experience since the days King Solomon had built a fleet of ships for trading in the Red Sea, about the tenth century before the common era. The Jews of Eastern and Central Europe constituting the majority of the population in Israel at the time of her gaining sovereignty had had little opportunity to acquire any knowledge of maritime operations in their countries of origin.

Under such emergency conditions the founders of the ZIM Israel Navigation Company Limited possessed the courage and vision to build up a merchant fleet under the Israeli flag literally from scratch. None of the first vessels acquired by the Company could be described as competitive, but the immediate need for tonnage was too great to worry about future profits. There was little capital, and hard currency was in very short supply, with no facilities for building ocean-going vessels in the early post World War II years.

FORERUNNERS AND FOUNDING OF THE COMPANY

The clandestine organization for "illegal immigration" into Palestine, then governed by the British Mandate, can be considered as the forerunner of the development of the Israeli National Shipping Company although it never intended or pretended to be that.

The people engaged in the so called "illegal immigration" learned the profession of sea-faring, its dangers, the financing of buying and selling vessels, the employment of officers and ratings and organizational and administrative questions during the ventures of blockade-running, necessitated by the special conditions under the Mandatory regime. They acquired most essential and valuable experience and knowledge of the shipping trade after having organized and operated about 80 vessels, which transported approximately one hundred thousand immigrants to Palestine. Most of the vessels used were outmoded cargo vessels converted into and adapted to man-carrying sea-crafts.

During one of the voyages of the s/s "Har-Zion" owned by the "Maritime Lloyd of Palestine" the "Israel Maritime League"(Hevel Yami Leisrael) was founded on 8.6.l937. The aim of the League was to indoctrinate the Jewish youth with sea-mindedness by means of developing the fishing industry and building small ships and in l938 a school for training ships officers was opened in Haifa.

A further trial to explore the possibility for the renewal of National Hebrew Shipping was made in l942 by convening the representatives of existing private shipping companies, mainly the "Atid Navigation Co" with the object to establish one big national shipping corporation by merger, or to create a holding company without merger.

The negotiations dragged on for two years, and the procrastinated deliberations culminated in the decision to form an independent national shipping company which could control its own development, decide on shipping routes and the kind of vessels to be purchased or built.

Against this background, the "Maritime Committee" of the Jewish Agency under the Chairmanship of David Ben-Gurion resolved to found a National Shipping Company and on 7.6.l945 the ZIM Israel Navigation Company Limited was duly registered in accordance with the British Mandatory Companies Ordinances.

The share capital of the Company was fixed at 50,000 Pounds Sterling, an amount insufficient even in those days to meet the barest minimum requirements, including the purchase of the first vessel, and to cover basic initial and current administration expenses. The three main founding partners were the Jewish Agency, taking up 45% of the share capital; the Histadrut (Jewish Worker's Union) acquired by the medium of their Nakhshon Company also 45% of the shares, leaving the remaining 10% to the Israel Maritime League. The Company was managed after its incorporation by Bar-Kochba Meirowitz representing the Jewish Agency, Gusta Strumpf-Rechav, the Managers of the Nakhson Company, a representative of the Histadrut and Hillel Dan and Eliezer Kaplan, the latter represented by Dr. Naftali Wydra. The name of the gremium was called the "Managing Committee".

THE NAME

The name of the Company was suggested by Israel's first Minister of Transport, David Remez, who apparently based himself on Numeri 24,24 where the word "ZIM" is mentioned meaning "large vessels", well underlining the Company's prime target - to build a large merchant fleet. There exists another explanation for the root of the name "ZIM" namely the acrostic of the Hebrew translation of "Israel Merchant Navy", but this definition was never officially sanctioned.

THE FLAG AND THE SHIPS' STAG INSIGNIA

|  |  |
| --- | --- |
|  | ZIM has adopted as its house flag the pennent envisaged by Theodor Herzl in l896 as the future national ensign for the State of Israel. The banner was designed with seven golden stars in the middle of a white field. The two blue horizontal stripes on the top and the bottom of the flag were added at a later date. The colours of the Company's ships' funnels are a reproduction of the house flag. |

PRE-STATE ACTIVITIES 7.6.l945 - 14.5.l948

Soon after the formation of the Company, negotiations were started for purchasing the first vessels the s/s "Maori" and the s/s "Nordcoast" which failed during the year l946.

In World War II most of the world's passenger ships were sunk by enemies action and an entire series of new vessels had to be built after the recovery of the shipping industry. The waiting time at the shipyards was two till three years, and preference was given to old established shipping companies. Therefore, the necessity arose to search for second-hand passenger vessels which remained afloat after the war, in order to cope with the foreseen mass-immigration immediately after Israel would have won her independence.

After some additional attempts to procure tonnage proved unsuccessful, ZIM's management decided to look for some suitable vessels on the London shipping market and Bar-Kochba Meirowitz was sent off to undertake the mission. After having made next to no progress, the old established London shipping firm of Harris & Dixon was approached with the assistance of an intermediary, and they were willing to enter into a partnership with ZIM in spite of the tense and daily more aggravating political situation prevailing in those years between the Jewish population in Palestine and the British Colonial Office in London.

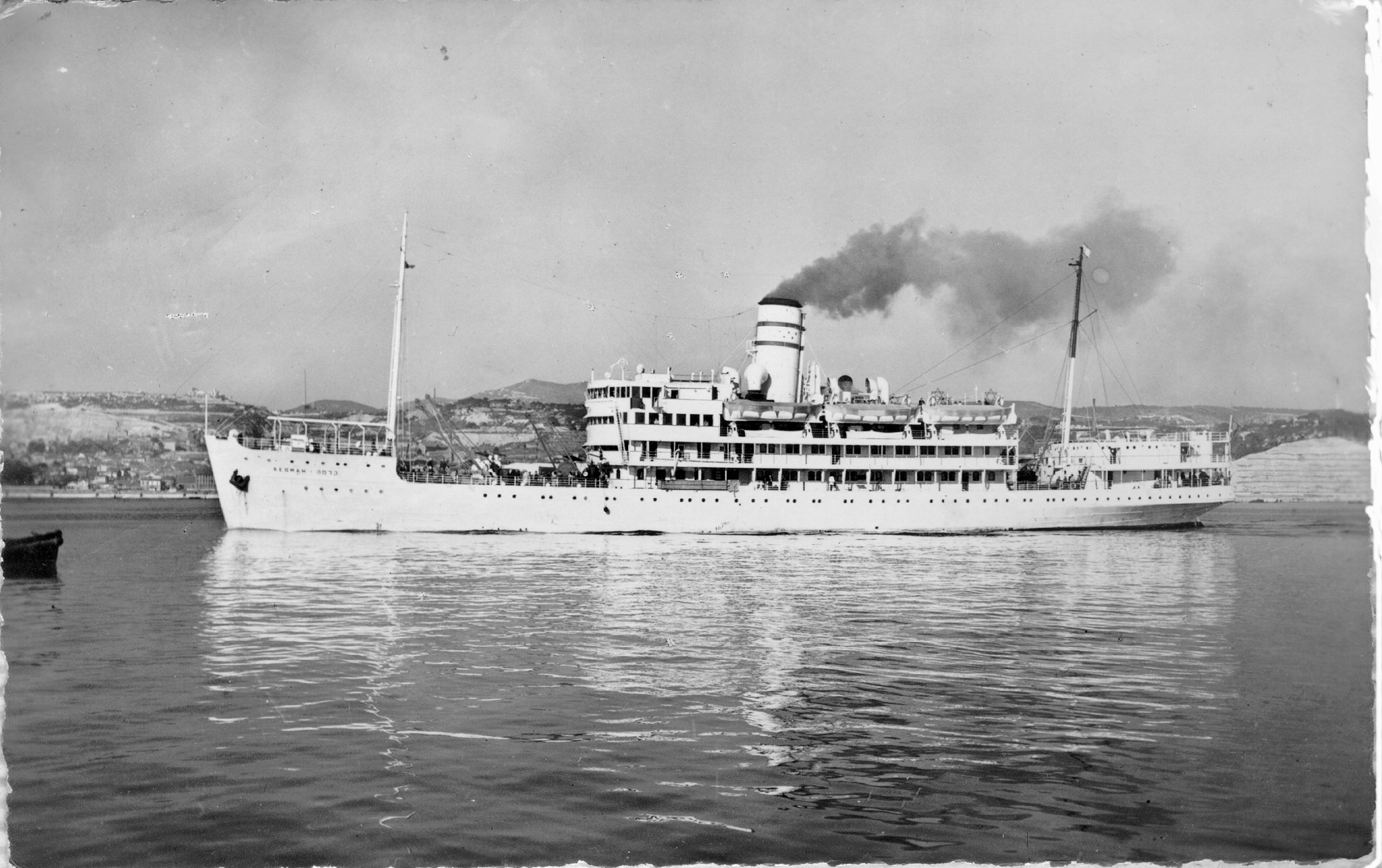
The partnership resulted in the establishment of the "Kedem" Company, which was registered in Haifa in January l947 with a capital of 500,000 Pounds Sterling, each partner contributing 50% to the paid up capital. Harris & Dixon appeared on the London market as the buyer of the British steamer "Kedah" which was purchased for 75,000 Pounds Sterling in July of the same year, after the acquisition had been authorized already in principle in September l946 by the Board of Directors of ZIM. The name of the vessel was changed to "Kedmah" which means "Eastward" and the intention was to run a fortnightly passenger service between Haifa and Marseilles via Genoa. The "Kedem" Company was managed by Dr. Naftali Wydra on behalf of ZIM and by David Austin representing the interests of Harris & Dixon.

THE TS/S "KEDMAH"

As the TS/S "Kedmah" was the first vessel acquired by the Company, and the initial difficulties of her operations were widely publicised in those days. It might be of some interest to review the story of her past. The "Kedah" was built by Vickers-Armstrongs in Barrow in l927 and belonged, before World War II, to the Straits Steamship Company which operated her coastwise between Singapore, Malaya and Burma in a feeder service for the Blue Funnel Line ships.

She was a vessel of 3504 GRT with a length of 317 feet and a breadth of 50 feet. Her draft was only 15 feet and she was designed especially for the shallow seas of the Archipelagoes. This shallow draft proved to be very troublesome for the Israeli crew later. She could carry only 400 tons of cargo and 263 passengers, but later, in active service, she was filled with up to 600 immigrants on each voyage. Her twin screws gave her a speed of 19 knots, which was faster than anything on the Mediterranean at that time, covering the distance between Haifa and Marseilles in four days. Her crew counted 125 - officers and ratings.

When the "Kedmah" slipped down the Thames on her first voyage for her new owners, she raised, besides the Palestinian flag, the blue and white colours which were the prototype of Israel's flag-to-be. At a later date it became known that the s/s "Kedah" went down during World War II and was submerged for some time at the bottom of the sea near India. This necessitated extended repairs after her acquisition, which cost more than the value of the vessel.



From London she sailed to Antwerp for repairs, overhaul and renovations, as well as preparations for taking on passengers. But the repairs-partly temporary-dragged on because of lack of proper spare parts in London shipyards, and later even in Haifa. The "Kedmah" being put into service in mid-summer l947 calling at Haifa every fortnight and carrying tourists and immigrants on every trip after having encountered endless disappointments and doubts. At one stage ZIM wanted to resell its share in the venture to Harris & Dixon, but the latter refused.

The "Kedmah" later established for herself an excellent reputation of service,

Her first Master was the late Commander Miller, who later became ZIM’s first marine superintendent.

Commander Miller (center) & officers on board s/s "Kedmah".

After five years of service, ZIM sold its part in the vessel to Harris & Dixon at the end of l952 for a price, which covered the original investment, including amounts spent for repairs. The five years of the vessel's operation in ZIM'sservices proved to have been profitable as well. The s/s "Kedmah" was renamed "Golden Isles" by her new owners, who some time had her chartered back to ZIM, until her service was no more required following the acquisition of more suitable tonnage for carrying passengers.

EXPANSION OF THE PASSENGER FLEET

After the establishment of the State of Israel ZIM's primary concern was to meet the demands of the unforeseen pressure for immigration.

In the days immediately following the Declaration of Independence, the vessels that carried "illegal immigrants", caught by the British during their Mandate in Palestine, were reactivated by the same men who were previously in charge of that "illegal immigration". They continued their job of transporting-now legal-immigrants under the style of a newly formed Company called "Ships & Vessels". But it was correctly foreseen by the first Minister of Transport, David Remez, that the prevailing circumstances at that time necessitated the concentration of all efforts on building up one big National Shipping Line, and with his active assistance “Ships & Vessels” and ZIM merged officially on 15.8.1948. The vessels of both companies were then operated by the “Shoham Maritime Services Ltd.” company, a wholly owned subsidiary of Zim, especially set up for this purpose. The management of ZIM was subsequently taken over by the same people who had gained their experience during their work in the “illegal immigration”. The moving spirit who joined the company was Zeev Shind, who became “Chairman of the Management Board”. Under the management of Mr. Zeev Shind and Dr. Naftali Wydra the Company got a new drive, and already at the end of l948 two additional passenger vessels were purchased, financed by a loan of one million Dollars granted by the Jewish Agency. These swift acquisitions were essential in order to cope with the increasing demand for accommodations for immigrants on the one hand, and with an eye on the future, when ZIM would have to attract passengers on its own merits on the other hand.

Z. Shind

Zeev Shind

The first of the two vessels was called the s/s "Negbah" (meaning "Southward") with a GRT of 5544. The s/s "Negbah" reached Haifa during the height of the battle for the Negev (the southern part of Israel), hence the choice for naming her "Negbah". She was launched as the s/s "Ecuador" and changed her owners several times during her "lifetime". Built in l915 by the Royal de Schelde yards in Flushing for the Pacific Mail Line, which went bankrupt the following year, she was taken over by the Grace Line and her name was changed to "Santa Olivia". In her subsequent history she served as a supply ship for the Libby Canneries in Alaska under the name of "David W. Branch", and at the end of World War II she was in the U.S. Government's reserve fleet as the s/s "Luxor".

When she was bought by ZIM she was ripe for the breaker's yard. When the s/s "Negbah" was still the s/s "Ecuador" she had a service speed of 14 knots, but when ZIM acquired her, she was capable of a little over 11.5 knots only. She could carry up to 1350 passengers and about 1000 tons of cargo. The s/s "Negbah" ran the same service as the s/s "Kedmah" and although 14 years older than the "Kedmah" she proved far more reliable than the latter ship. Her passenger quarters were refurnished twice during her service with ZIM. The s/s "Negbah" was registered under the Israeli flag on 26.10.l948.

The other "old lady" joining ZIM's newly built up "Passenger Fleet", was a then 35-year-old Hudson River excursion ship, renamed by ZIM the s/s "Galilah". Built at Wilmington, Delaware, in 1913 as the s/s "Manhattan" with a GRT of 3899 she served as an excursion vessel of an American Railroad Company. She was converted in World War I to a U.S. Navy troop carrier owned by the Hudson River Day Line of New York. The vessel was then named "De Witt Clinton", and she was employed after the First World War for excursions to Hudson River resorts up-state New York. After the early thirties, she was laid up during the years of the economic depression, and World War II found her trooping again under the name of "Col. Frederic C. Johnson". She was bought by ZIM as the "Derecktor" still in the state of a troop carrier and her dormitories were converted from troop quarters to passenger accommodations with about 500 berths, but during the peak of the immigration season, between December l948 and April l949 she actually carried about 1300 passengers from various Mediterranean ports on each voyage. The s/s "Galilah" was registered in Israel on 30.ll.l948.

With the increasing tourism to Israel, ZIM bought in l949 at a cost of over one million Dollars the 3214 GRT passenger steamer “Artza”, which was the most ambitious purchase todate. Her "birthplace" was Vegesack in Germany, in 1930 being called the s/s "Panther" upon her launching, and her first owners were the German Laeisz Lines. Some years later she was converted into the U-boat tender “Lech” and when ZIM bought her, she was plying the Mediterranean as the Italian “Mare Ligure”. Her Italian owners had actually operated her for some time prior to the purchase by ZIM as a mixed passenger/cargo vessel between Italian ports and Haifa. She had a speed of 11 knots and accommodation for 394 passengers, but during her 14 years of service with ZIM she transported about 550 immigrants and passengers on each voyage and held the record of having carried altogether 100,000 persons. She entered the Israeli register on 14.12.l949.

With these four passenger vessels: "Kedmah", "Negbah", "Galilah" and "Artza", ZIM was able to run a weekly service from Haifa to Naples, Genoa, Marseilles and back. Those ships brought 93,000 immigrants into the country during the 15 months preceding the 31st December, l949, in addition to their carrying 11,630 passengers during the same period.



A commercial Advertisement by Zim with sketches of the first 4 vessels of the Company

THE ISRAEL AMERICA LINE

During Israel's War of Independence the majority of foreign shipping lines ceased to call at Israeli ports, some of them after 40 years of continuous service. Cargoes awaiting urgent shipments to Israel were abandoned in various Mediterranean ports, and the need for the speedy transport of the scattered cargo to Israel was felt. To satisfy this necessity, the Israel-America Line Ltd. was formed in the beginning of l949 with a capital of 300,000 Pounds Sterling. The three shareholders in this company - in equal parts - were the ZIM Israel Navigation Company Limited, the Palestine Discount Bank Nominees Limited, and the American-Israeli Shipping Company Incorporated. The shareholders in the American-Israeli Shipping Company, Inc. were the Palestine Purchasing Service, Inc. New York (50%), the Histadrut owned American-Palestine Trading Corporation "Ampal" New York (25%), and the Palestine Economic Corporation, New York (25%).

The first cargo vessel acquired by the Israel-America Line, which arrived at Haifa on 27.4.l949, after having crossed the Atlantic, under Israeli flag, was the s/s "Haifa". The 7153 GRT vessel was bought for $ 650,000 and had a speed of about 10 knots. Launched in l943 as the Canadian "Nanaimo County", she was employed by her owners, the Acadia Overseas Freighters Ltd. of Halifax N.S. in the coal trade between the United States and England during World War II. After the war she changed owners and when she was taken over by the Israeli-America Line Ltd., she bore the name "Fort Yukon". It might be mentioned that she was an excellent object for training the inexperienced Israeli crew in her engine room, being outfitted with a simple triple-expansion engine.

The other two vessels purchased by the Israel-America Line Ltd., from the same owners till the end of l949 were the similar Canadian built "Victory" ships of the "Park" class, the s/s "Tel Aviv" ex "Hants County" and the s/s "Yaffo" ex "Westminster County". All three vessels were managed by the Shoham Maritime Services Ltd.

In addition the American-Israeli Shipping Company, Inc. maintained a three weekly service to Israel and vice versa with chartered ships, as they had no vessels of their own.

THE ISRAEL SHIPOWNERS POOL LTD.

To ensure the safe arrival of cargoes bound for Israel from European countries, the Israel Shipowners Pool Ltd., was established in May l948 - jointly by ZIM, the Nakhshon Company Ltd. and the Atid Navigation Company Ltd.(The "Atid" company was the first private Jewish-Palestinian shipping company which maintained a regular cargo service between all Levant ports prior to World War II). The "Pool" fulfilled the important task of collecting the cargoes dispersed in the various Mediterranean ports carrying same to Israel, and undertook the chartering of additional tonnage for this purpose. On 31st August l949, the Managing Committee of the "Pool" decided to dissolve the Company which was created as an emergency measure, and from now on each partner was free to develop his own business. During the 15 months of the existence of the Israel Shipowners Pool Ltd. it carried 125,000 tons of cargo on 34 ships from Northern Europe and Mediterranean ports to Israel.

INITIATION OF ZIM'S OWN CARGO FLEET

After the dissolution of the Israel Shipowners Pool Ltd. ZIM embarked on acquisition of cargo vessels of its own. The first vessel purchased was the s/s "Dromit"(meaning "Southerly") of 3804 GRT built in 1917 at Alameda, California, as the s/s "Dicto". When ZIM acquired her she was flying the Panamanian flag and was named "Kefalos", plying with a speed of eight knots. After having changed owners and names from "Dicto" to ""Mallard" and to "Larranaga" and by ZIM to "Dromit", she was the first cargo vessel fully-owned by the Company in the services to Northern and Western Europe.

The other two cargo vessels acquired solely by ZIM were two sisterships both built in l901 with a GRT of 4570, renamed "Atzmaut" which means "Independence" and "Komemiut" meaning "Sovereignty". These sisterships, bought as the s/s "Pan Crescent" and s/s "Pan York" respectively, were built at Newport News, Virginia, as the "El Valle" and "El Dia" for the old Morgan Line operating between the Gulf ports and the East Coast of the United States. They were later owned by the United Fruit Company and the Waterman Lines.

FROM THE ANNALS OF THE "PAN" VESSELS

The pre-state history of the two "Pan" vessels is a typical illustration of the saga of illegal immigration and is worthwhile recollecting. Both "Pan" vessels were bought by Zeev Shind (later Chairman of ZIM's Management Board), in the United States and were registered in the name of an American Jewish citizen. They were the biggest vessels ever acquired for the purpose of transporting immigrants and also the last ones. Their length was 110 meters and their breadth 18 meters each. Originally built for the banana trade, they had four holds and four decks and were equipped with an expanded ventilation system. Their fuel consumption was 40 tons per day, and they could reach a speed of 14 knots. Before leaving the States for their new "assignment", they were loaded with phosphates and general cargo, and a consignment of buses was placed on their decks in order to conceal the real purpose of their future employment. Their destination was Constantza in the Black Sea, and their present cargoes were to be discharged en route in French and Italian ports. British agents soon found out the actual identity and mission of the ships, and the "Pan Crescent" was mined and damaged during discharging operations in Venice. The vessel was repaired and proceeded as scheduled to Constantza where she arrived on 25.9.l947 (the "Pan York" arrived on 10.10.l947). During their stay in Rumania all necessary installations for transporting immigrants were carried out. Because of the congestion under deck-altogether 15.240 immigrants boarded the ships, about 2000 more than planned-each person was allocated a sleeping space of 40 centimeter only.

After their having passed the Bosphorus, entering the Mediterranean, the vessels were "welcomed" by three British destroyers and two cruisers which had followed them since leaving French ports and now ordered them to sail to Cyprus, where they arrived beginning January l948. There the people were taken off the vessels to be interned in camps especially built for this purpose. The vessels were likewise retained in Cyprus until the date of the establishment of the State of Israel when they were redelivered to their rightful owners.

Still being in the open sea, orders had arrived to change the names of the ships from "Pan Crescent" to "Atzmaut" and from "Pan York" to "Kibbutz Galuyot" (meaning "Ingathering of the Exiles"). At a later date the "Kibbutz Galuyot" was renamed "Komemiut". All those names were chosen by the Jewish Authorities to designate some of the goals of the State "underway".

ZIM - hard pressed for ships - did not worry about the vessels' long history, and the steamers were quickly put into the immigrant service, although they could have carried some 5400 tons of cargo each.

THE FLEET OF ZIM ON 31st DECEMBER 1 9 4 9

Owned by ZIM Israel Navigation Company Ltd.

|  |  |  |
| --- | --- | --- |
| Passenger Vessels | GRT | Built |
| s.s. "Artza" | 3213 | 1930 |
| s.s. "Galilah" | 3899 | 1913 |
| s.s. "Negbah" | 5544 | 1915 |
|  |  |  |
| Cargo Vessels |  |  |
| s.s. "Atzmaut" | 4570 | 1901 |
| s.s. "Dromit" | 3804 | 1917 |
| s.s. "Hadar " | 2574 | 1949 |
| s.s. "Komemiut" | 4570 | 1901 |

Owned by Kedem Israel Line Ltd.(50% ownership by ZIM)

|  |  |  |
| --- | --- | --- |
| s.s. "Kedmah" | 3504 | 1927 |

Owned by Israel-America Line Ltd.(33 1/3% ownership by ZIM)

|  |  |  |
| --- | --- | --- |
| s.s. "Haifa" | 7153 | 1943 |
| s.s. "Tel Aviv" | 7187 | 1943 |
| s.s. "Yaffo" | 7190 | 1943 |

As can be seen from the above summary, 5 of the 7 vessels owned by ZIM at the end of 1949 were over 30 years old, and the necessity for the rejuvenation of the fleet therefore ranked high on the agenda of the management of ZIM.

The number of seafarers employed at the end of l949 on those vessels was 734 of which 606 were Israelis and 128 (about 17%) foreign nationals.

Until the end of 1949 ZIM had established its own offices in Brussels, Antwerp, London, Paris, Marseilles, Rome, Trieste, Genoa and New York.

THE FIRST FRUIT CARRIER

Citrus fruits and citrus by-products are one of Israel's main export commodities. For many years their transport to the markets in North-West Europe was the monopoly of British and Scandinavian shipping lines, and now ZIM wanted its share in the trade. The first modern fruit carrier acquired for this purpose by the Company was the newly launched steamer "George", renamed by Zim "Hadar" meaning "Citrus". The 2574 GRT vessel was built at Sunderland and was sold to ZIM in the same year l949.

1 9 5 0 - FURTHER GROWTH OF THE CARGO FLEET

The year l950 saw the beginning of the gradual building of a cargo fleet for ZIM, including the acquisition of the first specialized vessels for carrying Israel's citrus export, and the establishment of regular trade routes to Northern Europe and to North America.

The Korean war which started in June l950, caused freight rates all over the world to rise to unprecedented heights, and the prosperity enjoyed by the shipping industry was shared by ZIM. The profits of the Company were derived up till now from freight earnings together with the prudently invested surplus of proceeds from immigration. They were the basis for defraying the cost of the further development of ZIM's cargo fleet, which was to be the mainstay of the Company's future.

The second citrus carrier acquired by ZIM was the 1901 GRT motor ship "Carlshamn" with a speed of 14 knots. The vessel was built in Stockholm and was bought by ZIM directly from the Swedish shipbuilders, after the initial owners disposed of her before taking delivery. She was named "Etrog”, which is the Hebrew equivalent for a certain kind of citrus fruit, and the ship was added to the service of the Company's North Europe Line.

At the same time, a general trader built in l937 was purchased by ZIM and renamed "Tsfonit" (meaning "Northerly"). She was originally built as the "L.M. Russ" and had a GRT of 2991. She had changed ownership twice before, plying under the names "Empire Roding" and "Eastport". Another old-timer joining the ZIM fleet in the same year was the one year younger 1341 GRT "Nakhshon", which had also changed hands and names before from "Esox" to "Hovmoy". The vessel was named "Nakhshon" after the leader of the tribe of Judah in the wilderness, who was, in accordance with the Jewish tradition, the first one to plunge into the Red Sea when its waters were parting for the passing of the children of Israel, following their exodus from Egypt. The vessel was acquired from the "Nakhshon Company" after her grounding off Tel Aviv, and when her repairs were completed in l951, she entered the Company's Mediterranean Service. Another small coaster, the s/s "Hashlosha" (meaning the "The Three"), named by the cooperative which owned the vessel, in memory of three seamen who were members of this cooperative, and who drowned after their vessel met disaster at sea), was purchased jointly with the cooperative "Ophir", in equal parts and a separate company the "Hashlosha Maritime Transport Co. Ltd." was formed by the partners for her operation.

RESUME OF 1 9 5 0

While during the years l948 and 1949 the main activity of ZIM focused on the carriage of immigrants, a move towards the development of passenger and cargo services was felt during l950. The number of immigrants transported in l950 fell by over 40% to 54.600, and the number of passengers carried increased by over 35% to 15,400. ZIM's cargo ships carried 112,000 tons of cargo on their North European and Mediterranean Services, of which 7,000 tons represented export, and 156,000 tons of cargo were shipped on the vessels of the Israel America Line. The percentage of foreign crew employed on ZIM vessels decreased from 17% in 1949 to 13% in l950. At the end of the year ZIM owned 19 vessels with a total GRT of 63,684, wholly owned or in partnership.

The s/s "Atsmaut" was sold in l950 and broken up at Haifa. The Israel-America Line acquired an additional Canadian "Victory" vessel during the year, the s/s "Akko" ex "Vancouver County" with a GRT of 7169, built in l944.

1 9 5 1 - ZIM’S FIRST OWN NEWBUILDINGS

Already during the year l950 orders were placed with two Dutch shipyards for the building of a pair of cargo vessels suitable for the carriage of citrus. These were the first two ships designed and specifically built for ZIM. The cost of each vessel was over one million dollars, and a group of Dutch banks agreed to finance fifty percent of the building cost on terms much to the advantage of the Company.

These vessels taken over by ZIM in the summer and autumn of l951 - in time to join the citrus season (October to March) of that year - had the features of the latest type of fruit carriers to date. They had a GRT of 2373 tons and a total dead weight of 3900 tons each. Built as shelter deckers, their holds were mechanically ventilated, they had some reefer space for perishables and last but not least, electrically operated cargo handling gear.

The two motor-ships, with a maximum speed of about 14 knots, were named "Rimon" (meaning "Pomegranate") and "Tamar"(meaning "Date"). They reduced, together with the other vessels lately acquired, the old age of the fleet and increased its average speed.

ADDITIONAL ACQUISITION BY THE ISRAEL-AMERICA LINE LTD

The Israel-America Line acquired her fifth, and hitherto biggest vessel under the Israel flag, the s/s "Eilath". The ship was built in 1926 at Wesermunde for the Hansa Line as the s/s "Treuenfels" and came under the British flag as a war prize, changing her name to "Empire Garry" and then to "Vergray". She had a GRT of 8551 and was very suitable for carrying bulk cargoes. Her speed was about 2 1/2 knots more than that of the Canadian "Victories" bought by the line in 1949 and l950.

ESTABLISHMENT OF THE WEST AFRICA LINE

A new service, the West Africa Line, was opened at the end of the year mainly for the import of logs for Israel's growing plywood industry. The vessel, inaugurating the newly established line, was the s/s "Kinereth" of 2436 GRT built in l921. She was purchased as the "Hermann Burmester", having been called before also "Tenerife" and "Baalbeck". She was renamed by ZIM the s/s "Kinereth", which is the Hebrew name for the "Lake of Galilee", because the first and main importer of logs to be carried from West Africa was the "Kelet Afikim" factory situated in the vicinity of the Lake.

FURTHER EXPANSION OF THE COMPANY

Due to the "sellers" market conditions prevailing during the year l951 the demands for new and second-hand tonnage soared, and cost doubled. Because of the prosperity enjoyed by the shipping world, the Company was very cautious in its policy of acquiring additional tonnage. ZIM, therefore, embarked on further investments in associated and subsidiary companies, and acquired shareholdings in enterprises with which close business relations already existed. The Company increased its interests in the El-Al Israeli Airlines Ltd., and a merger was effected between the United Shipyards of Israel "Ogen" Ltd, in which ZIM held a 50% interest and the "Haifa Engineering Works" creating a new company called "Hayama Israel Shipyards and Engineering Works Ltd." The purpose of the newly founded Company was mainly the performance of ships' repairs, which, by being carried out locally, saved the spending of precious foreign currency.

The Company acquired shareholdings in the newly built "Dagon Batey Mamgorot Leisrael Ltd."(Owning a silo for grain storage) and in the "Israel Fuel Corporation Ltd". Another Company in which ZIM bought interests was the "Alhout Yam Ltd", whose function is, until today, the supply and maintenance of ships' radio and their electronic and navigational equipment. A steam laundry, the "Hakishon Ltd". was set up to take care of the ships' laundry especially that of passenger vessels.

ZIM's first investment abroad was its participation in the establishment of the passenger and cargo agencies on Israel's neighboring island Cyprus, under the name of "Shoham (Cyprus) Ltd." in Famagusta and Limassol.

The authorized share capital of ZIM was increased during the year l951 to one million Israeli pounds.

1 9 5 2 CAPITAL RAISING

The first negotiations for raising new share capital and loans were started in the United States in the summer of l951 and successfully concluded during l952. This operation was sponsored by the American Palestine Trading Corporation (Ampal) and the holders of the shares issued were the Israel Maritime Company Inc., formed for this purpose. The amount of shares issued was $504,000.-, in addition to a ten-years loan of $1,500,000-granted by "Ampal".

ACQUISITION AND DISPOSITION OF VESSELS

During the year, the s/s "Atsmaut"(II) ex "Suncrest", built in 1940 with a GRT of 5117 and the s/s "Geffen" (meaning "Grapevine"), ex "Mim", a fruit carrier, built in l951 with a GRT of 2067, were purchased by the Company, strengthening the ZIM fleet. The s/s "Kedmah", the Company's first vessel acquired in l946, was sold after having carried 46,000 passengers and immigrants during her service under ZIM's flag. The fifty-one years old s/s "Komemiut" was broken up at Britan Ferry, after having served with the Company as a transporter for immigrants, and later been converted into a cargo vessel.

THE ACQUISITION OF M. DIZENGOFF & COMPANY LIMITED

Until November l952 ZIM's interest in the cargo line operating between America and Israel had been confined to its one-third share in the Israel-America Line Ltd. Competition on this line was tough between the two existing companies; the Israel-America Line Ltd. and the well reputed M. Dizengoff & Co. Ltd. The first mentioned company was now operating six ships, after having acquired the 1918 built s/s"Atlit" with a GRT of 7592, while Dizengoff employed three. At the end of l952 the owners of M. Dizengoff & Co. Ltd. approached ZIM suggesting that the Company purchases their vessels and agencies. ZIM accepted the offer, and with the acquisition of M. Dizengoff & Co. Ltd., some most valuable agencies and representations - shipping and commercial - were purchased by ZIM, in addition to the three previously Dizengoff owned vessels; the s/s "Meir Dizengoff", the s/s "Henrietta Szold" and the s/s "Abraham Graetz".

The s/s "Atlantic City" and the s/s "Montgomery City", both of 5686 GRT, were built in l921 and 1920 respectively at Chickasaw, Alabama, for the huge American Isthmian Steamship Company, a subsidiary of United States Steel. The s/s "Atlantic City" became the s/s "Meir Dizengoff" in the beginning of l950 when M. Dizengoff & Co. Ltd. purchased her from Isthmian and remained under this name even after having changed ownership and having been taken over by ZIM. Isthmian's s/s "Montgomery City" changed her name to s/s "Henrietta Szold" when coming under Israel flag under the ownership of M. Dizengoff & Co. Ltd. in 1951, maintaining her name when joining the ZIM fleet. Later in 1951 the s/s "Steel Mariner", built in 1920 by the Federal Shipbuilding Company of Kearney, New Jersey, was added to the Dizengoff fleet as the s/s "Abraham Graetz".

These three vessels had served Isthmian's world-wide trade for more than 30 years, and were very similar to the "Liberty" type vessels built by the United States Navy during World War II. They were not faster than the "Liberties", about 10 knots, but they were better built and had three decks.

THE ISRAEL - AMERICA LINE LTD.

As mentioned before, the Israel America Line was now operating six vessels between America and Israel after having purchased the s/s "Atlit" which was considered the running mate of the 1951 bought s/s "Eilath". She was about the same size as the s/s "Eilath", 7592 GRT, but ten years older, and when she came under Israeli flag her speed was only nine knots. The vessel was built by the Bethlehem Steel Corporation's yards at Alameda, California, and had served a long succession of owners, none of whom seems to have invested too much in her upkeep and maintenance. Her previous names under the various ownerships were "Invincible", "Empire Porpoise", "Chrysanthemum" and "Chryss".

The situation prevailing in ZIM's America Line at the end of l952 was a paradoxical one. ZIM was the sole owner of the three ex-Dizengoff vessels and a one-third partner in the Israel-America Line's six vessels, both companies competing with each other. This impossible situation was remedied by changing ownership of the Israel-America Line Ltd. a year later.

THE AMERICAN-ISRAELI SHIPPING COMPANY INCORPORATED

NEW-YORK

One of ZIM's partners in the Israel-America Line Ltd., the American-Israeli Shipping Company Inc. - itself consisting of three partners - was purchased by and re-organized as ZIM's representative in the United States and Canada taking over the management and safeguarding of the Company's interest as from 10.12.l952. This decision relieved ZIM of setting up its own shore organization in the United States and proved later to have been the right move, when in l961 the American company was entrusted with the general cargo and passenger agency of ZIM in the Western Hemisphere. ZIM acquired the sole ownership of the American corporation on 6.2.l953.

SUMMING UP THE YEAR l 9 5 2

At the end of l952 ZIM wholly owned 19 vessels with a GRT of 57.735 and was partner in another 7 vessels having a total of 45.364 GRT.

Passengers and immigrants transported in l952 were 27,000 and 14,900 respectively. The percentage of foreign crew employed on ZIM vessels remained static at 11% as in the previous year.

Due to the widening scope of the Company's activities the Board of Managing Directors was increased from four to six members during that year.

Until the end of l952 ZIM adhered to a policy of rapid expansion rather than modernization. This policy was mainly dictated by Israel's urgent need for tonnage to carry her own cargoes, and as a means of saving foreign currency. The Company's limited resources precluded a new building program at this stage. But ZIM's directors had already prepared detailed plans for a modern, efficient fleet to be built for the cargo trade and tourist business, which would be implemented sooner than anticipated.

1 9 5 3

The year 1953 was a year of some major events and vital decisions with respect to the expansion and scope of the Company. The main developments were the satisfactory conclusion of the negotiations with the Israeli Government for the building of new tonnage in Germany through the medium of the Restitution Payments Agreements, the acquisition of the Israel-America Line by ZIM in sole ownership and the purchase of the s/s "Jerusalem" together with the inauguration of the Trans-Atlantic passenger service by her.

THE RESTITUTION PAYMENTS AGREEMENT WITH GERMANY

On 10.9.l952 the Restitution Payments Agreement between Germany and Israel was signed and ratified by the Governments of both countries within a short period. The first Israeli cargo ship loading goods under this agreement was the s/s "Haifa" - the same "Haifa" which had been the first cargo vessel to cross the Atlantic under Israeli flag - taking in a parcel of iron parts on 30.7.l953 in the port of Bremen. This event was ceremonialized by the invitation of about 25 dignitaries in public life, including the Mayor and Senators of the city of Bremen on board the vessel. During the lively conversation at the banquet, the question was raised by one of the guests, who of the notabilities present was born in Bremen, and it so turned out that nobody of the entire party hailed from Bremen - except the Israeli Captain of the s/s "Haifa".

Shipping figured high on the list for the use of the reparations fund and ZIM, as the national shipping line, was the principal beneficiary in this field. Soon negotiations were under way with the Israeli Government for building new tonnage in Germany, as part of the Restitution Payments Agreement. Orders for new buildings were placed by the Company for 12 vessels in the first stage. The delivery of these vessels would permit the Company to dispose of the oldest and least profitable ships, replacing them with faster and more modern tonnage. This 26 million dollar program was finally extended to exceed one hundred million dollars, when altogether 37 ships were built for ZIM under the Reparation Payments Agreement, the last of which was delivered in l961.

ZIM had, of course, to pay the Israeli Government for the ships, but the terms arranged with the Government enabled ZIM to undertake its fleet modernization program immediately. The negotiations for the building of the ships were conducted directly between ZIM and the shipyards in West Germany in consultation with British and German naval architects. The construction of the vessels was supervised by ZIM's own engineering staff.

THE ACQUISITION OF THE ISRAEL-AMERICA LINE LTD.

During that year, ZIM acquired - as mentioned before - the remaining two thirds of the share capital of the Israel-America Line Ltd., thus converting this company into a wholly owned subsidiary. This transaction consolidated ZIM's entire control of the Trans-Atlantic passenger and cargo business. ZIM now remained with six cargo ships on the America line: "Eilath", "Haifa", "Atlit" and the three ex-Dizengoff vessels. The three other vessels formerly owned by the Israel-America Line: "Yaffo", "Akko" and "Tel-Aviv" were taken over by a newly formed company, "Cargo Ships El-Yam Ltd", which was one of the previous partners in the Israel-America Line Ltd. The Separation Agreement stipulated that "El-Yam" could not enter the liner service for three years, therefore "El Yam" engages in world wide tramping until today.

The new situation promised a more successful and profitable operation of the America Line for ZIM and it became, therefore, imperative to co-ordinate the activities of both companies - ZIM and the Israel America Line - under one management, thus eliminating duplication of offices and staff.

In the same year, the entire port agency work in Israel was transferred to the newly acquired Dizengoff Company, and Shoham Maritime Services were thus relieved from this task, enabling them to dedicate themselves mainly to fleet management.

THE S/S "JERUSALEM"

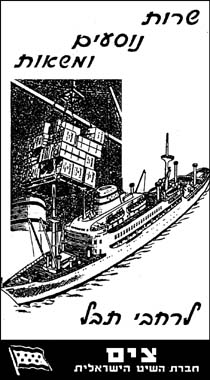
When the Ts/s "Kedmah" was sold in l952 because of diminishing demand for immigrant and passenger service ZIM decided to establish itself as a passenger carrier in the North Atlantic between Haifa and New York. For this purpose ZIM bought the 40-year-old s/s "Argentina" for over one million dollars. The 11013 GRT steamer, with accommodations for 750 passengers, was built in l913 by Cammel Laird & Co. of Birkenhead as the s/s "Bergensfjord", and was destined to run the then newly organized Norwegian America Line. She was one of the few passenger lines maintaining regular sailings between New York and Norway back during World War I, and for 20 years thereafter. In 1940 she left Bergen two days before the Germans invaded Norway, arriving safely in New York. Until then, she had made 237 roundtrips, carrying approximately 175,000 passengers. In December 1940 she came into the service of the British Ministry of War Transport, beginning a troop carrying career for five years.

After the war, the vessel was taken over by the Home Lines, renamed "Argentina" by her new owners and operated mainly in the immigrant service between Italy and South America, occasionally running the New York - Mediterranean route in the height of the tourist season. When ZIM bought her, she was renamed "Jerusalem" and inaugurated the Trans-Atlantic passenger service between Israel and the United States, leaving Haifa on 29.4.l953 for New York. At this opportunity, ZIM applied and was admitted to membership in the North Atlantic Passenger Conference. In accordance with the rules of this conference, the s/s "Jerusalem" had to cross the ocean at least six times a year which left her time to fill in five trips a year on the Company's Haifa - Naples - Marseilles run.

With the acquisition of a new passenger vessel from restitution payments named "Jerusalem (II), the old "Jerusalem" (I) was renamed "Aliya" (meaning "Immigration") in 1955, after having left New York on 31.8.55 for her last Trans-Atlantic sailing, having made 14 round-voyages. She remained in ZIM’s services until l959 when she was sold after having carried over 118,000 passengers and immigrants. She was a staunch vessel and could not conceal her age, but was exceptionally dependable, never missing a sailing or being delayed by mechanical difficulties, plying at 15-16 knots. In spite of her high consumption of fuel and boiler water, she was profitable on most of her voyages, and had a long and uneventful career. A happy ship!

SUMMARY 1 9 5 3

In 1953 ZIM carried over 700,000 tons of cargo on its own ships (excluding chartered tonnage) against 300,000 tons in 1952. The 1953 figure includes cargo carried on the America Line, whereas the 1952 figure does not, because vessels under Israel flag on that line were not as yet under ZIM's ownership. But when even adding the tonnage carried on the American run in l952, the total tonnage reaches the figure of 590,000 tons only, thus there was an increase of about 20% of cargo carried during the two years. In 1953 ZIM vessels carried 30% of Israel's import and 23% of its export.



A Zim Advertisement, 1953

At the end of the year, ZIM owned 21 vessels, nine of which were over 30 years old, with a total GRT of 87711. The number of ports of call by ZIM vessels all over the world increased to ninety in that year.

During the year, the passenger vessel "Galilah" was sold to Italian breakers.

In addition to ZIM's membership in the Trans-Atlantic Passenger Conference, the Company became a member of a number of other shipping

conferences.

On 20.12.1953 the former Chairman of the Board of Management, Zeev Shind, passed away after a short illness at the age of only 44. The death of this dynamic and well-liked personality was greatly mourned by all his colleagues and friends.

1 9 5 4 - ZIM'S BUILDING PROGRAM IN WEST GERMANY - FIRST STAGE

Of the 12 ships ordered by ZIM from West Germany in 1953 under the Reparation Payments Agreement, eight were dry cargo carriers, two combined passenger-cargo liners, one passenger vessel and an 18.700 DWAT tanker, the first liquid bulk carrier to fly the Israeli flag. Out of the eight dry cargo carriers, six were designed for the transport of citrus, with mechanically ventilated holds and refrigerated space. But they were also suited to carry general cargo, loads in bulk and timber above and under deck. These six vessels were of two classes, three of them, the m/v. "Dagan" (meaning "Grain"), the m/v "Tappuz" (meaning "Orange") and the m/v "Yehuda", with a GRT of 5013 and a speed of 15 knots each, and the slightly improved m/v "Shomron" of 5430 GRT with a speed of 16 1/2 knots, on the one hand, and two vessels, the m/v "Galila" and the m/v "Kedma" of 3130 GRT each capable of 14 1/2 knots, on the other hand. The first four vessels had accommodation for 12 passengers each. The last two vessels out of the eight, the m/v "Atlit" and the m/v "Ashkelon" had a GRT of 499 each and were plying with a speed of 12 knots.

The two combined passenger-cargo liners, sister-ships named "Israel" and "Zion" respectively, were of 9831 GRT each and had a service speed of 17 knots, although the s/s "Israel" on her trial trip reached a record of 21 knots. Both liners could accommodate 313 passengers each, in addition to their cargo capacity of about 4000 weight tons, or a volume of about 278,000 cu.ft.(bale) and approximately 19,000 cu.ft. refrigerated space. Both vessels were fully equipped with all necessary passenger facilities such as bars, smoking rooms, sport decks, swimming pools, children's playrooms, hairdressing salons and a gift shop. The four passenger decks were served by an elevator, quite a unique feature in vessels of their size.

The passenger vessel was named "Theodor Herzl", in honour of the visionary of the Jewish State, and had about the same dimensions and speed as the s/s "Israel" and the s/s "Zion". She could accommodate 550 passengers, and her cargo capacity was 800 tons. The last vessel of the new ZIM fleet built in the first stage of the Reparation Payments Agreement was the 12.724 GRT tanker "Haifa" plying with a speed of 16 knots.

THE DESIGNATION OF THE NEWBUILDINGS TO THE VARIOUS SHIPPING LINES

Of these 12 vessels ordered only two the m/v "Dagan" and the m/v "Tappuz", were delivered in l954. During the citrus export season, they were employed on the North European run and until the delivery of the two mixed passenger-cargo vessels in 1955 and 1956 respectively; they were switched during the summer season to the North America Line. When the s/s "Israel" and the s/s "Zion" came into operation on this line, the m/v "Dagan" and m/v "Tappuz" were assigned to the Gulf Line, unless they were at times used to satisfy the increased traffic requirements from North Europe, resulting from the transportation of materials purchased under the Restitution Payments Agreement.

Upon delivery of the m/v "Yehuda" and m/v "Shomron" in 1955, both vessels were designated to the same trade as their two predecessors, whereas the m/v "Kedma" and m/v "Galila" were employed in the North European trade.

From the beginning the two smaller vessels "Atlit" and "Ashkelon", were assigned mainly to the Mediterranean and Black Sea routes. The two sister-passenger-cargo liners, "Israel" and "Zion", were operated on the North Atlantic run. They were scheduled to make eight round voyages a year from Haifa to New York and back, with calls at Naples, Gibraltar, Piraeus, the Azores, Baltimore and Philadelphia. Each round voyage lasted about 45 days: two crossings of the Atlantic, with calls at intermediary ports of about 29 days, and 16 days stay in ports, for loading and discharging operations, at both ends. The passenger liner "Theodor Herzl" was scheduled for 30 round-trips per year between Haifa, Naples, Marseilles and vice versa. During the slack winter season in this region, she was used for cruising from New York to the West Indies.

The tanker "Haifa" was designated to transport crude oil to the refineries at Haifa, and to carry petroleum products for export. However, when the vessel was delivered in l956, freight rates for carrying grain on the charter market were on the high side in comparison with those for transporting crude oil, and the Company decided, therefore, to employ her in the grain trade between America and North Europe, until the Suez crisis broke out. The crisis endangered the fuel supply to Israel and, by a quick move; the "Haifa" was switched from carrying grain to fuel transport, for which she was originally built. She accomplished the carriage of 86,000 tons of grain and 17,000 tons of fuel during that year. The "Haifa" was later chartered out to the Shell Company for an extended period.

THE CARGO LINES

ZIM had now established four permanent cargo lines and was determined to widen the net of its shipping routes in future years. In addition to her own vessels, a number of carriers which performed 140 voyages during the year were chartered by ZIM as a result of the increasing activities of the Company; and the total cargo carried by ZIM on all vessels in 1954, including goods transported between foreign ports, reached the respectable figure of 932,000 tons. About 40% of Israel's import was carried by ZIM's tonnage. ZIM's share in Israel's export, with the exception of citrus, reached 16% only. ZIM's share of the citrus export that year was 22%.

The four cargo lines finally established were the North European Line including the United Kingdom, the North America Line, the Mediterranean and Black Sea Line and the West Africa Line. The traffic on the North European Line doubled from 1953 to 1954 to 465,000 tons, owing mainly to the transport of materials purchased under the Restitution Payments Agreement. The traffic on the Mediterranean and Black Sea Line increased during l954 by 25% and that of the Africa Line by 40%: 39,000 tons of logs. Imports from America decreased during this period as a result of increased traffic from Northern Europe.

The first steps taken by the Company to penetrate the East African market with Israeli products were carried out by chartered vessels which passed through the Suez Canal continuing their way around the Cape, returning to Israel via West Africa. The first vessel leaving for the Far East from Haifa - destination Rangoon - was the m/v "Etrog" making the 26,000 miles round-trip around Africa as a trial for further development of this line.

THE PASSENGER LINES

ZIM's share of the passenger traffic in the Mediterranean Line decreased from 80% in 1952 to 67% in 1953 and fell to 62% in 1954. The decrease was mainly due to the nature of the old passenger vessels employed on this Line; but the prospects for the future were bright, as great hope was attached to the modern passenger vessels under construction for the Line. The management of the Company was convinced that the new, fast and comfortable liners would attract prospective passengers and tourists.

|  |
| --- |
| the s/s “Zion” |

As far as the America Line was concerned, the s/s "Jerusalem" has paved the way for the introduction of the s/s "Israel" and s/s "Zion", which came into operation in l956 and l957 respectively. The s/s "Jerusalem" made five crossings in l954 carrying 5000 passengers. The two new combined passenger- cargo vessels were able to carry, during their eight yearly scheduled voyages, about 10,000 passengers per annum. The total number of passengers carried by ZIM in l954 was a 30,400 and 12,700 immigrant.

ZIM'S FLEET AT THE END OF 1954

The old s/s "Atlit" of 7592 GRT was sold to Italian breakers and was broken up at Trieste, and the old cargo vessel "Haifa" was disposed of to foreign owners. Thus ZIM's fleet consisted, at the end of the year, of 20 owned vessels, with a total GRT of 84,630.

Additional ZIM offices were opened in Buenos Aires and Copenhagen for attending to passenger business and in Hamburg for supervision of the new buildings. Seafarers employed by ZIM on all vessels reached 1100, and the staff on shore grew to 200 employees.

1 9 5 5 REJUVENATION OF THE FLEET

During this year, six more new-buildings, built under the Restitution Payments Agreement, were delivered to the Company and four "old timers", averaging 35 years, were sold.

The six vessels delivered were the m/v "Yehuda", the m/v "Shomron", the m/v "Galila", the m/v "Kedma", the m/v "Atlit" and the first mixed cargo/passenger vessel, the s/s "Israel", which started the American run in October of that year. A seventh vessel, the m/v "Ashkelon", a sistership of the m/v "Atlit", was acquired in equal partnership with the "Ophir" company. The four vessels sold were the s/s "Meir Dizengoff" which was renamed by her new owners the Neptune Transportation S.A., Panama, s/s "Neptune". The s/s "Henrietta Szold" was sold to Marinos & Frangos Ltd. and her new name under British flag was "Tinamar". The first ZIM-owned s/s "Dromit" was purchased by Traders & Shippers (Tanker) Ltd. Haifa, and her new owners gave her the name "Dvora". The first log-carrier, the s/s "Kineret" changed her name to "Adlai" by her new owners, the Fedalco Co. Ltd., Costa Rica.

Whereas in 1949 only 2.7% of ZIM's fleet were under five years old, the percentage at the end of 1955 reached 48%. On the other hand, vessels of over 21 years of age in 1949 accounted for 86.8% of the Company's entire fleet as against only 36.7% on 31.12.l955.

As a result of this transformation of the fleet, the average speed of the Company's vessels increased from 9.5 knots to 15 knots.

ZIM'S BUILDING PROGRAM IN WEST GERMANY-SECOND STAGE

Under the Reparation Payments Agreement, nine more vessels were ordered by the Company from German shipyards, in consent with the Israeli Government.

The specifications of those vessels were :-

\* 2 cargo vessels of 14.500 DWAT each

\* 3 cargo vessels of l.500 DWAT each

\* 1 tanker of 18.500 DWAT

\* 2 reefer vessels of 500 DWAT each

\* 1 liquid gas tanker of 350 DWAT

The Company had already under order the sistership of the s/s "Israel" to be called s/s "Zion" and to be delivered in March 1956 and the twin-ship of the s/s "Theodor Herzl", to be named s/s "Jerusalem (II)" and to be taken over by the Company in 1957.

REVIEW 1 9 5 5

There was a temporary decrease in tonnage carried by ZIM due to the sale of two bulk carriers in 1954 (the s/s "Atlit" and the s/s "Haifa"), and the transfer of other vessels from the short Mediterranean Line to the much longer America Line, to substitute for the disposed of vessels.

In view of the expected increase in demand for additional tonnage to satisfy the transport requirements of the continuous growth of Israeli import and export, and in order to decrease the employment of foreign chartered vessels, it was necessary to augment the number of the Company's owned vessels. The export of citrus, which reached 7.5 million cases during the season 1955/56, was foreseen to increase in the future. Were ZIM to participate with only 50% in this export, additional tonnage of 20 vessels of the "Dagan" type would be required. Additional foreign tonnage of passenger vessels had also to be chartered on the Mediterranean run during the peak summer season.

ZIM slowly increased its proportionate participation in all lines, and a new policy was adopted during the year under review. The Company, as national carrier, commenced to grant considerable reductions of freights on cargoes carried from Israel, in order to further the export trade.

At the end of 1955, ZIM's fleet consisted of 20 cargo vessels with a total GRT of 98,217. Only five of those vessels were over 20 years old. In addition ZIM had widened its network of calls to 150 ports by the end of the year.

1 9 5 6 ZIM'S BUILDING PROGRAM IN WEST GERMANY - THIRD STAGE

In 1956 19 additional vessels, of the following categories were ordered from German yards under the Reparation Payments Agreement; 9 cargo vessels, 7 bulk carriers and 3 tankers, to be delivered between 1958 and 1963. It is generally accepted today, that with the acquisition of over 60 vessels by 5 Israeli shipping companies under the Reparation Payments Agreement, the foundation was laid for the Israeli Merchant Navy, and this basis also gave ZIM the impetus for further development of its fleet at that time. The vessels bought under the Reparation Payments Agreement were partly employed for carrying other materials purchased under the same Agreement.

In 1956 two further vessels ordered under the first stage of the Restitution Payments Agreement with Germany were delivered to the Company. These vessels were the mixed passenger/cargo liner "Zion", the sister ship to the s/s "Israel", and the tanker "Haifa". The two old vessels s/s "Atsmaut" (II) built in 1940, and the s/s "Eilat" built in 1928, were sold, the latter to Japan for use as a cannery.

PROSPERITY AND POLICY

Due to the favorable conditions in the shipping industry prevailing during the year, the Company enjoyed a period of prosperity, and in spite of the full employment of its vessels, suffered from shortage of cargo carrying capacity. Therefore, ZIM was hampered in expanding the existing lines and was prevented from developing new lines. Furthermore, as the Company's cargo vessels operated primarily to serve trade from and to Israel, freight carried between foreign ports was limited. Consequently, in order to meet all demands made upon the Company - foreign ships had to be hired at relatively high rates. Those chartered vessels carried about 14 % of ZIM's total cargo volume.

From the beginning, it had been the policy of the Company to keep freight rates to, and especially from Israel low, in order to further the fledgling exports of the State of Israel. By successfully withstanding the pressure for freight rate increases, ZIM played an important role in safeguarding the national interest.

This encouragement of exports, by granting special concessions in freight rates, resulted in an increase of 16% between 1955 and 1956 of ZIM's participation in carrying cargoes from Israel.

PASSENGER TRAFFIC

The total number of passengers carried on ZIM vessels during 1956 was nearly 40,000 which was about 70% of all passengers traveling to or from Israel by sea. This was a rise of about 10% against 1955. The number of immigrants carried by ZIM in the same year totaled 36,000, which was a substantial increase against the preceding year.

The total tonnage of ZIM's fleet showed little change in 1956 due to the addition of 2 vessels and the sale of 2 old ships.

1 9 5 7 RECESSION

During the year 1957 the boom, which had prevailed in the shipping industry since 1954, receded completely. Suddenly a surplus of shipping space developed and, in addition to a steep drop in the freight rates on the free market, also conference rates applied on regular lines declined substantially. As a result, the income of the various shipping lines - and ZIM was no exception - fell.

In view of the growing competition caused by the shrinking demand for cargo space and the development of bulk carriers for liner cargo, the older ships had to be laid up. As ZIM's vessels were needed mainly for the trade to and from Israel, the Company was affected only slightly by the downward trend, but operational costs of its vessels increased by almost 15% due to a new factor. The gap, which developed between the official rate of exchange of the Israeli pound and the real rate, which determined the expenses, narrowed the profitability of the Company considerably.

More and more it became evident that the operation of the older ships was unprofitable, and the Company's policy for a complete renewal of its fleet was fully justified.

Peculiarly enough, the Company experienced also in this year a shortage of shipping space and, therefore, old ships, which were intended for sale, had to be kept in operation in spite of the high maintenance cost. Additional vessels had to be chartered as in the previous years; and those chartered vessels carried about 25% of the total volume of ZIM's cargo.

NEW CARGO LINES

During the year, three new lines were inaugurated by ZIM. After the lifting of the blockade on Eilat, a line to the East African and Persian Gulf ports was started. Another line commenced operations to Scandinavian countries and Poland and a third line was operated for the time being only with chartered ships to the Great Lakes, with a view to extending this service after the intended opening of the St. Lawrence Seaway in l959.

ZIM's share of Israel's foreign trade remained at 33% with no change from the previous year, although the total volume handled by the Company increased by 18% in terms of freight tons as against 1956.

PASSENGER LINES

The number of passengers carried on Company's ships in the Mediterranean and to and from the United States increased to 46,000, of which 8,000 crossed the Atlantic on the newly acquired s/s "Israel" and s/s "Zion". The number of immigrants carried on ZIM ships dropped by 17% to 30,000 against 36,000 in 1956. The operating results of the four new passenger vessels were very promising, and high hopes were placed in the further development of this branch of the Company's shipping activities.

ZIM'S FLEET AS AT 31.12.l957

The first stage of the building program under the Reparation Payments Agreement with Germany which began in l953, was implemented during the year by taking delivery of the sister passenger liners s/s "Theodor Herzl" and s/s "Jerusalem".

As can be seen, only 3 of the 23 vessels owned by ZIM at the end of l957 were 25 years old and 5 over 20 years.

|  |  |  |
| --- | --- | --- |
| Passenger Vessels | GRT | Built |
|  |  |  |
| s.s. Artsa | 3213 | 1930 |
| s.s. Aliya | 11015 | 1913 |
| s.s. Jerusalem\* | 9920 | 1957 |
| s.s. Theodor Herzl\* | 9914 | 1957 |
|  |  |  |
| Cargo Vessels |  |  |
|  |  |  |
| s.s. Abraham Graetz | 5686 | 1920 |
| m.s. Atlit\* | 898 | 1955 |
| m.s. Dagan\* | 5013 | 1954 |
| m.s. Etrog | 1845 | 1950 |
| m.s. Galila\* | 3128 | 1955 |
| s.s. Geffen | 2067 | 1951 |
| s.s. Hadar | 2574 | 1949 |
| m.s. Kedma\* | 3126 | 1955 |
| s.s. Nakhshon | 1341 | 1937 |
| m.s. Rimon | 2373 | 1951 |
| m.s. Shomron\* | 5430 | 1955 |
| m.s. Tamar | 2372 | 1951 |
| m.s. Tappuz\* | 5013 | 1954 |
| s.s. Tsfonit | 2991 | 1937 |
| m.s. Yehuda\* | 5013 | 1955 |
| m.s. Ashkelon\* | 898 | 1955 ( 50% ownership ZIM) |
|  |  |  |
|  |  |  |
| Passenger-Cargo Vessels |  |  |
|  |  |  |
| s.s. Israel\* | 9831 | 1956 |
| s.s. Zion\* | 9855 | 1955 |
|  |  |  |
| Tankers |  |  |
|  |  |  |
| s.t. Haifa\* | 12676 | 1956 |
|  |  |  |

\* Vessels received under the Reparation Payments Agreement from Germany

CHOOSING NAMES FOR THE VESSELS

The choosing of names for the new vessels was no easy task, because the name of a vessel brings her country's message to the world and to the ports where she anchors. The names were generally chosen in groups of subjects, and some have been mentioned in previous chapters. There is a group of geographical areas of Israel, like Yehuda, Galil, Shomron, Arad ; there are harbors or towns at the seashore such as Yafo, Akko, Ashdod, Haifa, and there are the symbols of Israeli statehood like Israel, Zion, Jerusalem, Theodor Herzl and even Shalom for the passenger vessels.

Another headache was the orthography of the names to be adopted i.e. whether the transcription of the Hebrew pronunciation should be applied for the official English version. In order to illustrate some examples for decisions to be taken, the name of the vessel "Akko" is cited, which is the Hebrew name for the historical port of Acre, or should the "Shomron" be called Samaria as the area is shown on international maps according to its Latin origin.

THE BLACK STAR LINE

In 1957 ZIM entered a new field of activities, the management of, and the partnership with a foreign national shipping line. The Government of Ghana approached ZIM with a request for assistance in building up a shipping industry of their own, and ZIM gladly complied.

The new Ghanaian shipping enterprise was called "Black Star Line", and ZIM's share in the partnership was 40%. ZIM was entrusted with the management of the operations of the vessels plying for the "Black Star Line", with the supervision of the building of their vessels in the shipyards and the setting up of a nautical school in Ghana for training seamen.

In spite of everybody's prophesy that this new venture would be doomed to failure, the project succeeded beyond measure. The duration of ZIM's relationship with the Black Star Line lasted under varying circumstances and changing conditions for about 10 years, and actually has not ceased, as "Black Star" is ZIM's appointed agent in Ghana until today.

The number of seafarers employed on ZIM's vessels reached about 1400, and members of the office staff increased to about 400 by the end of the year.

1 9 5 8 CONTINUATION OF THE SHIPPING SLUMP

In spite of the continuous shipping slump during the year ZIM consolidated its position on the international freight and passenger market. On the one hand, a growing number of vessels of the world fleet were laid up, and, on the other hand, many new buildings were added to the world fleet. This absurd situation led to strong competition between the various shipping lines, and the freight rates, also in the liner trade, continued to drop - in many cases below profitability.

ZIM met this worldwide setback with confidence due to its advantage of owning a diversified fleet, and its widespread network of cargo lines. Moreover, due to the low rates prevailing on the charter market, ZIM chartered foreign vessels to cover its demand for cargo space. In order to develop and consolidate the existing lines, with the aim of ensuring future employment of its own vessels after their delivery from the shipyards, it was necessary to show the flag in an increasing number of ports.

ACQUISITION AND DISPOSITION OF VESSELS

During the year, ZIM took delivery of six vessels built under the Reparation Payments Agreement - the reefer "Lakhish" and the following cargo vessels: three sister ships - "Akko", "Kesarya" and "Ashdod", and the two bulk carriers, the "Ampal" and the "Negba" (II). The "Abraham Graetz" was laid up and rented out for storage of grain.

CARGO LINES

In conformity with the Company's policy of expanding its international lines, two new lines were inaugurated during the year: the Gold Star Line was to serve the trade between Japan and West African ports and the Seven Star Line was to ply between West Africa and the east coast of the United States. Both lines started off well, and were very promising from the beginning. ZIM carried 1,160,000 tons of cargo on its own and chartered ships during 1958, an increase of 14% over the figure for 1957. Out of this total of 1,160,000 tons, 260,000 tons were carried between foreign ports.

PASSENGER LINES

Contrary to the depression in the cargo lines business, the passenger traffic did not suffer any setback. The number of passengers carried by passenger vessels on the Mediterranean Line - none of which served the full 12 months of the year - increased by 26 percent against 1957 to about 59,000, and 9,000 immigrants. On the American line ZIM carried on the modern mixed vessels "Zion" and "Israel", about 12,000 passengers.

For the first time ZIM entered the international cruise market from the United States to the Caribbean Islands with three cruises during the winter season of 1958/59.

CREW TRAINING PROGRAM

ZIM initiated an intensive crew training program for ships' personnel in all departments, in order to meet the increasing demand for its new ships. About 100 ratings, and an equal number of officers, completed official courses for services on deck and in the engine room, conducted under the auspices of the Ministry of Transport; and about 150 crew members from the Catering Department underwent training programs instituted by the Ministry of Labour.

At the end of the year 371 officers and 1067 ratings were on ZIM's crew payroll; and the office staff numbered 422 employees.

1 9 5 9 GENERAL REVIEW

For the third successive year the entire shipping industry was suffering from depression. Although the demand for shipping space on the international market increased, the boost in the new building market of the world merchant fleet, which was over and above all requirements, offset the demand. As a result, the inadequate profitability of the vessels' operation was also strongly felt by ZIM, in spite of the fact that the Company was not so badly affected in previous years. Earnings from cargo vessels of the Company declined by about 14%. On the other hand, passenger ships had not been affected by the protracted slump.

Despite the continuing world-wide decline in the shipping business. ZIM extended its scope of operations on all lines. Without laying up any vessel of its existing fleet, employment for all new buildings delivered during the year was secured. Moreover, a considerable number of chartered vessels had been employed by ZIM in order to establish firm trade routes all over the world. In this financially unsatisfactory state of affairs, the Israeli Government encouraged and assisted the Company in the expansion of its fleet. The Government agreed to convert part of its long-term loans into shares, and to buy debentures of the Company. According to the agreement concluded with the present shareholders, the issued share capital was increased by 50% and the Government acquired one third in equity.

THE FLEET

During the year the Company took delivery of three vessels: the sister ships "Yarden" and "Kineret" and a second reefer, the m/v "Tsefat". The 46 year old passenger ship "Jerusalem"(I)-"Aliya" was sold for scrap; and the m/v "Hadar" (I) was sold to the Black Star Line and renamed "Tano River". Thus, ZIM's fleet consisted, at the end of the year, of 29 vessels with a GRT of 137,839.

THE LINES

The number of passengers carried by ZIM on its various passenger lines increased by 5% to almost 62,000, partly as a result of the operations of the s/s "Jerusalem" on Caribbean cruises during the winter season. In view of the development in the passenger service, and in order to meet the increasing competition on that line, ZIM ordered an additional passenger vessel for popular tourism in the Mediterranean. The passenger service proved profitable throughout the year.

On the cargo lines, the volume of tonnage carried during the year increased by more than 15% from 1,164,000 tons in 1958 to 1,343,000 tons in 1959.

As a result of the development of the international lines, ZIM increased the cargo volume carried between foreign ports to 20% of the total freight carried. The newly inaugurated Gold Star Line, operating between Japan and West Africa, was firmly established; and the line increased the volume of cargo carried sixfold during the year.

The Great Lakes Line was operated that year with ZIM's own vessels, instead of with chartered vessels and, here too, the cargo volume was doubled. A new cargo line, in partnership with the "Atid" Company was established. The vessels of this joint venture plied between Mediterranean ports and the ports of West Britain under the name "Zim-Atid Line".

BURMA FIVE STAR LINE

As in the case of the "Black Star Line", Ghana, two years before, ZIM was approached by the "Burma Five Star Line" to assist them in establishing a national shipping line. ZIM responded to the request and put at the Line’s disposal skilled labour, technical staff and other services. The Lines, opened by the Burmese Shipping Company developed successfully.

At the end of the year, the Company had 19 branch offices in various countries, and owned 10 subsidiaries in Israel and abroad. The number of associated companies had increased to eleven.

1 9 6 0 - FINANCING AND PROFITABILITY

In spite of the fact that ZIM was considered since its foundation as the national carrier of Israel, the Israeli Government was no partner in the Company until 1959. Contrary to the situation in most companies, which consider the first years of their activities as investment and process of consolidation, expecting the financial results to be negative, ZIM showed profits already in the first years of its operations. ZIM's first profits came from the transport of immigrants, and out of these profits the Company bought its first vessels. Therefore, ZIM was not dependent on subsidies or similar financial help from the Government.

The situation changed radically at the end of the fifties mainly because of ZIM being compelled - due to pressure by the Government - to cut down freight rates on export cargoes in order to assist the local economy. On the other hand, the Government was not inclined to compensate ZIM for its loss of income, and the result of this policy was the Company's struggle to remain profitable. Many efforts were made by the Company to convince the Government to recognize the justification of ZIM's claim for compensation on the loss of income, but to no avail.

THE FLEET

The eight ships received during the year came smoothly into operation on the different routes of the Company's cargo services. The vessels delivered to the Company by the various German shipyards were the sister ships "Netanya" and "Nahariya" and the sister ships of a different type "Gadera" and "Deganya", the log carrier "Alon" and the sister bulkcarriers "Eilat" and "Metzada". In addition, ZIM received the tanker "Fabio". On the other hand, two old ships the "Abraham Graetz" and the "Tsfonit", after 40 and 23 years of service respectively, were sold. After having absorbed all the above vessels in the various lines, it appeared that the wide scope of the Company's activities still required the employment of chartered tonnage of about 130,000 DWT tons.

In order to develop the scheduled new lines to be introduced into the services of the Company, ZIM planned at this stage to order 23 additional cargo ships of various types. We read in the Report of the Directors for the year under review that "the sixteenth year of the Company's existence has been a milestone on the road to the realization of the vision of our Company to establish Israel as a seafaring nation. Thanks to the keen interest shown by the (Israeli) Government, the doubling of the present Israeli merchant fleet would now seem to be a near reality.”

Against this optimistic outlook the severe depression in the international shipping market continued, but thanks to the diversified shipping business, which characterized the Company, the bad conditions in one branch were offset by the more favourable situation in other branches.

THE LINES

During the year, ZIM carried on its own and chartered vessels 2,539,000 weight tons of cargo against 1,690,000 weight tons in 1959 which represented an increase of 50%. The expansion of ZIM's cargo lines continued by adding two new services: -

\* From Mediterranean ports to Central America through the Panama Canal and ports on the West Coast of North America.

\* From Eilat to East Africa ports, Ceylon, Malaya and Hong-Kong.

The relatively limited carrying capacity for passengers prevented the Company from sharing in the growing passenger traffic to and from Israel which increased by 28 percent over the previous year. Therefore, the number of passengers carried by ZIM's passenger vessels remained at about 55,000, as in 1959, and the growth in passenger traffic went to foreign shipping lines. To keep pace with the developing passenger traffic, ZIM ordered two additional passenger vessels for the Mediterranean and Transatlantic service, thus trying to regain its share in the trade and to strengthen its position. During the winter months, when the traveling season in the Mediterranean slackens, the s/s "Jerusalem" was again diverted to cruises between the Caribbean Islands.

ZIM further expanded its activities in tramp shipping by putting the new bulkcarriers "Eilat" and "Metzada" into service. The tankers "Haifa" and "Fabio" continued to operate in the transportation of fuel oil, and the reefers "Lakhish" and "Tsefat" were mainly employed in carrying reefer cargoes between Central and North America.

REPRESENTATION ABROAD

For the first time ZIM set up its own shipping agencies in foreign countries, which were supposed to handle the Company's vessels when calling abroad. Besides the Representatives and Branch offices in over 20 locations all over the world and the existing owned shipping agency in Japan, which was established already in 1958, ZIM opened during the year l960 its own agencies in Antwerp, Lagos and London partly in partnership with local agents who had served the Company in the past. This net of owned agencies, which was considerably broadened during the ensuing years, turned out to be a blessing for the Company. It led to the expansion of business on the one hand and simultaneously protected the special interests of the company on the other hand.

1 9 6 1 FROM THE DIRECTORS REPORT

The delivery of the last five vessels ordered under the Reparation Payments Agreement with Germany marked the termination of the Company's original expansion program. At the same time, the first vessel built under ZIM's new fleet expansion program, the s/s "Moledet" was received in 1961.

The progress of the Company is well illustrated by the fact that its own and chartered vessels carried 35% cargo volume above that of the previous year. Thanks to the quick absorption of the new tonnage added during the year there were no problems of employment of the vessels despite the stiff competition in the freight market. It is worth mentioning that the increased cargo volume derived mainly from tonnage carried on the Company's international lines, which reached 40% of the total cargo volume carried by ZIM in the year under review.

Simultaneously, ZIM's organization abroad was expanded and additional agencies and branches were established. Shipping agencies, in partnership with local interests, were established in Hamburg, Marseilles and Rotterdam. This widespread business organization greatly assisted the fast growth of ZIM's shipping business by providing services to the Company's own fleet and acting also as agents for foreign shipping companies. As in previous years, during the decline of profitability on the freight market, ZIM was less affected than other shipping companies owing to its diversification of activities in the various branches of shipping.

The Government finally recognized the right of the shipping industry to receive the long outstanding export premium, and thanks to this compensation and other factors mentioned above, the financial results of the year were satisfactory.

THE FLEET

The six vessels added to the Company's fleet were the sister logcarriers m/s"Eshel" (meaning "Tamarisk") and m/s "Shiqma"(meaning "Sycamore"), sister ships of the m/s "Alon" received in 1960. The sister ships m/s "Beer Sheva" and m/s "Teverya" belonged to the same class as the m/s "Gedera" and m/s "Deganya brought into operation the year before. The bulkcarrier m/s "Timna" was a sister ship of the m/s "Eilat" and m/s "Metzada" delivered the previous year. Another bulkcarrier the m/s "Ein Gedi" was transferred shortly after her delivery to the American flag and after ZIM having entered into partnership with Mr. Ira Guilden the well known Zionist and philanthrop, she was renamed "Tamara Guilden". The ownership of the vessel was called "Transport Commercial Corporation Inc. "

Moreover, the passenger vessel s/s "Moledet" (meaning "Homeland") with accommodations for 594 passengers, the first vessel built under the new development program entered the service of ZIM. In the same year, four liberty ships, the s/s "Fede", s/s "Fenice, s/s "Pan" and the s/s "Velos" were purchased from the Government and reequipped at the Ateliers et Chantiers de Bretagne, Nantes with new engines.

VESSELS BUILT UNDER THE REPARATION PAYMENTS AGREEMENT WITH GERMANY 1954-1961

First Stage Ordered 1954/ 12 Vessels

|  |  |  |  |
| --- | --- | --- | --- |
| **NAME**  **OF VESSEL** | **YEAR BUILT** | **G.R.T** | **B U I L T B Y** |

|  |  |  |  |
| --- | --- | --- | --- |
| DAGAN | 1954 | 5099 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| TAPPUZ | 1954 | 5099 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| YEHUDA | 1955 | 5104 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| SHOMRON | 1955 | 5430 | Kieler Howaldtswerke A.G. Kiel |
| GALILA (II) | 1955 | 3128 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| KEDMA (II) | 1955 | 3145 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| ATLIT | 1955 | 898 | D.W. Kremer Sohn, Elmshorn |
| ASHKELON | 1955 | 898 | D.W. Kremer Sohn, Elmshorn |
| ISRAEL | 1955 | 9853 | Deutsche Werft, Hamburg |
| ZION | 1956 | 9855 | Deutsche Werft, Hamburg |
| HAIFA (II) (Tanker) | 1956 | 12676 | Deutsche Werft, Hamburg |
| THEODOR HERZL | 1957 | 9914 | Deutsche Werft, Hamburg |
|  |  |  |  |

Second Stage Ordered 1955/9 Vessels

|  |  |  |  |
| --- | --- | --- | --- |
| JERUSALEM (II) | 1957 | 9920 | Deutsche Werft, Hamburg |
| NEGBA | 1958 | 11004 | Bremer Vulkan, Schiffbau und Maschinenfabrik, Bremen- Vegesack |
| AMPAL | 1958 | 11006 | Bremer Vulkan, Schiffbau und Maschinenfabrik, Bremen- Vegesack |
| AKKO | 1958 | 1894 | Jos. L. Meyer, Papenburg |
| ASHDOD | 1958 | 1902 | Jos. L. Meyer, Papenburg |
| KESARYA | 1958 | 1894 | Jos. L. Meyer, Papenburg |
| LAKHISH (Reefer) | 1958 | 1346 | Mutzelfeldtwerft GmbH, Cuxhaven |
| TSEFAT(Reefer) | 1959 | 1346 | Mutzelfeldtwerft GmbH, Cuxhaven |
| GALGAS (Gas Carrier) | 1959 | 1112 | D.W. Kremer Sohn, Elmshorn |
|  |  |  |  |

Third Stage Ordered 1956/16 Vessels

|  |  |  |  |
| --- | --- | --- | --- |
| Yarden | 1959 | 3355 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| Kineret (Ii) | 1959 | 3356 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| Alon | 1960 | 5838 | H.C. Stulcken Sohn, Hamburg |
| Deganya | 1960 | 8237 | Bremer Vulkan, Schiffbau und Maschinenfabrik, Bremen- Vegesack |
| Gedera | 1960 | 8237 | Bremer Vulkan, Schiffbau und Maschinenfabrik, Bremen-Vegesack |
| Netanya | 1960 | 4089 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| Nahariya | 1960 | 4089 | Orenstein-Koppel u. Lubecker Maschinenbau AG.,Lubeck |
| Metzada | 1960 | 15264 | Deutsche Werft, Hamburg |
| Elat | 1960 | 15263 | Deutsche Werft, Hamburg |
| Fabio (Tanker) | 1960 | 13178 | Deutsche Werft, Hamburg |
| Timna | 1961 | 16266 | Deutsche Werft, Hamburg |
| Eshel | 1961 | 5828 | H.C. Stulcken Sohn, Hamburg |
| Shiqma | 1961 | 5836 | H.C. Stulcken Sohn, Hamburg |
| Beersheva | 1961 | 8220 | Bremer Vulkan, Schiffbau und Maschinenfabrik Bremen-Vegesack |
| Teverya | 1961 | 8220 | Bremer Vulkan, Schiffbau und Maschinenfabrik Bremen-Vegesack |
| Ein Gedi | 1961 | 15035 | Deutsche Werft, Hamburg |

In addition to the vessels received under the Reparation Payments Agreement during the period 1954 - 1961, the following ships were acquired by ZIM in 1961:-

|  |  |  |  |
| --- | --- | --- | --- |
| **Name**  **Of Vessel** | G.R.T | **YEAR BUILT** | B U I L T B Y |
| "Fede"  (Ex Abbeville) | 7303 | 1943 | the South Portland Ship Building Corporation |
| "Fenice"  (Ex Caen ) | 7219 | 1943 | the South Eastern Ship Building Corp. Savannah, GA. |
| "Pan"  (Ex Auray) | 7219 | 1943 | the Permanente Shipyard, Richmond |
| "Velos"  (Ex Sein ) | 7219 | 1943 | the North Carolina Shipbuilding Co. Wilmington N.C. |
| "Moledet" | 7812 | 1961 | Ateliers et Chantiers de Bretagne Nantes |

The s/s "Fede" was renamed in 1961 "Pagan" and was bought in 1964 by the Union of Burma Five Star Line Corp.

The s/s "Fenice" was sold in 1966 to Pateras Bros. Ltd., Piraeus, as Managers for Marcalibre Cia. Nav. S.A., Panama.

The s/s "Pan" was renamed "Orchidea" in l964 and sold in 1967 to Pateras Bros. Ltd., Piraeus as Managers for Prosperomar Cia. Nav. S.A., Panama.

The s/s "Velos" was renamed "Fede" in 1964 and sold in l966 to Pateras Bros. Ltd. Piraeus, as Managers for Astrocredo Cia. Nav. S.A., Panama.

The s/s "Etrog" caught fire, which destroyed her inner structure completely. She was bought from the Insurance Company by the Mediterranean Seaways Co. Ltd., which outfitted her and changed her name to s/s "Liora". She had been in ZIM's service for more than ten years.

Consequently the Company's fleet comprised 43 vessels at the end of l961 with a total dead weight tonnage for cargo ships and GRT for the passenger liners of 365,000 tons. In addition, the Company participated in joint ownership of vessels totaling 70,000 DWT. In order to maintain the regular services on the various cargo lines, tonnage of 140,000 was chartered during the year.

Thus the Company remained at the end of the year with only two old vessels, the passenger s/s "Artsa" (built 1930) and the cargo s/s "Nakhshon" (built 1937). Both vessels were disposed of in 1963.

Cargoes carried during the year on ZIM's owned and chartered vessels, totaled 2,900,000 tons of which: -

\* 659,000 tons were import cargo to Israel

\* 392,000 tons were export cargo from Israel

\* 1,813,000 tons were cargoes transported between foreign ports.

THE PASSENGER LINES

56,000 passengers traveled on the Mediterranean routes and 10,000 crossed the Atlantic on ZIM vessels. This result was mainly due to the addition of the s/s "Moledet" to ZIM's passenger fleet. The s/s "Jerusalem" was again diverted to the cruise season in the Caribbean during the winter months.

MANAGEMENT OF FOREIGN SHIPPING COMPANIES

ZIM continued to further develop the Black Star Line of Ghana and the Five Star Line of Burma. The two companies enlarged the tonnage of their respective fleets and made good progress in staff training. The volume of freight doubled and tripled under ZIM's management during 1961 against the previous year.

1 9 6 2 - THE FLEET

Only one cargo vessel was added during the year to ZIM's fleet, the m/v "Shavit", (meaning "Comet") with a carrying capacity of 9650 deadweight tons. This was the first cargo vessel to be built outside the framework of the Reparation Payments Agreement. Thus, at the end of the year, the Company's fleet comprised 44 vessels with an aggregate tonnage of about 283,000 GRT.

THE CARGO LINES

Dry cargoes carried on ZIM's vessels increased by 22% over the year as against 1961 and reached 2.2 million tons in 1962. The rapid growth of cargoes transported between foreign ports on the international lines is noteworthy and reached over 600,000 tons out of the total carried. On the Pacific Star Line, plying between Japan and the United States, cargoes transported reached 200,000 tons alone.

In a daring decision towards the end of the year, a new line was inaugurated between Eilat and Australia, expanding the trade from Israel to Australia.

In summarizing the performance for the year 1962, we learn that the entire liner cargo fleet of ZIM executed more than 300 voyages during the year, calling at 220 ports, and its gross income from shipping operations exceeded 60 million dollars.

As in previous years, ZIM's vessels did not suffer from lack of employment, and the situation was similar to that prevailing before, i.e. despite a worldwide slump in the Shipping industry for the seventh consecutive year, ZIM could not cope with all the demands for its services and had again to charter a number of foreign ships.

THE PASSENGER LINES

The situation in the passenger department was encouraging, as the number of sea-borne passengers carried by the Company's vessels rose considerably in 1962. The Company's passenger ships carried more than 105,000 passengers (including immigrants) during the year, which meant an increase of 45% over 1961-mainly due to the addition of the s/s "Moledet" as a third liner to the Mediterranean Passenger Line. This single-class vessel, built in France for a price of 5 million dollars, was particularly designed for popular tourism, but had all the amenities of the other luxurious passenger liners built previously under the Restitution Payments Agreement with Germany. There was one large dining room, 2 lounges, a movie theatre, a synagogue and a special dining room for children. A beauty parlour and a swimming pool contributed to the pleasantness of the voyage.

In spite of frequent engine troubles, the vessel enjoyed a great deal of popularity amongst her passengers. The s/s "Moledet" plied the route Haifa-Marseilles-Haifa with an additional stopover in Genoa or Naples, for about 9 years. She was sold in 1970, after having made 225 voyages, to Greek owners, the Epyrotiki Line, for 1.4 million Dollars and was renamed "Jupiter".

The occupancy rate on the s/s "Israel" and s/s "Zion" reached 88% on the Transatlantic Route, whereas the break-even point for the profitability of both passenger liners was 78%.

An experimental winter sailing by the s/s "Theodor Herzl" to South America was quite successful and, at that time, there was hope that the transportation of tourists and immigrants between South America and Israel would develop favourably and would enable the Company to introduce further sailings on this line in the coming years.

In order to find profitable employment for the Company's passenger fleet during the winter months, the s/s "Jerusalem" was again placed into service for cruises between the islands in the Caribbean Sea, but the results in 1962 were less satisfactory than those in the previous year.

A new passenger line was introduced between Eilat and East African ports by chartered vessel on an experimental basis, but the ship proved unsuitable and the idea was abandoned.

To illustrate the traffic on the passenger line in 1962, the following statistic is added to the above description :-

Mediterranean Line 86,800

Transatlantic Line 11,800

Red Sea Line 1,500

Between Foreign Ports 4,000

Caribbean Cruises 2,300

-----------------------------------------------------------------------------------------------

T o t a l 106,400

THE CREW

In view of the rapid expansion of the various lines, an acute shortage of professional Israeli crewmembers was felt, and the Company had no recourse but to hire again a relatively high number of foreign seamen and officers in order to properly operate its vessels. About one third of the total manpower employed on ZIM vessels was foreign. Therefore, the extensive training program, in cooperation with the Ministries of Transport and Labour, with the aim of preparing the required manpower for the merchant fleet, continued. About 200 men and over 100 cadets received practical training on the Company's vessels, which partly operated as training ships.

SUMMARY

In general, the cargo lines proved profitable, and the shipping slump was felt mostly in the tramp trade of the bulk carriers and the international lines, owing to the low freight rates, for which cargo had to be carried due to the keen competition of operators outside the cargo conferences. Hopes were entertained that the Gold Star Line would contribute to an improvement of the situation in the next year.

One of the main events in the economic field in Israel was the devaluation of the Israeli pound from IL 1.80 to the Dollar to IL 3.00. This step influenced the Company's financial situation to a great extent. As passenger fares and freights were quoted mainly in dollars at the time, and Israeli clients paid in local currency, the new exchange rate increased the Company's income accordingly, and the premiums formerly granted by the Government to compensate the shipping industry for the previous unrealistic exchange rate became unnecessary. The Company could also adjust the value of its fleet correspondingly when converting same into local currency.

1 9 6 3 - TOWARDS A BRIGHTER FUTURE

The end of the year showed the first encouraging signs of recovery from the depression in the shipping world, which had prevailed during the past seven years. The reason for the improvement was the increasing demand for shipping space to carry grain from Canada and the United States, mainly to China and Russia. This new trend had its beneficial effect also on the liner trade, and freight rates rose by some 10%, but the results would be felt only in 1964.

On the other hand, the first signs of a downward trend were realized in the passenger traffic at sea, but ZIM as yet was not affected by this decline. Recollecting the number of passenger vessels employed in 1963, we receive the following picture on the various routes: -

On the Mediterranean Line: -

m/v Moledet - All year

s/s Jerusalem - 6 months

s/s Theodor Herzl - 8 months

During the winter months, the s/s "Jerusalem" was employed once again as a cruise vessel between the Caribbean Islands and the s/s "Theodor Herzl" on voyages to South American countries. In May of this year the s/s "Jerusalem" made one historic voyage to Black Sea ports under charter to British operators.

On the North Atlantic Line the s/s "Israel" and s/s "Zion" were employed all year, and both vessels were supplemented from time to time by the s/s "Jerusalem" according to traffic demands.

TRAMP SHIPPING

The tankers s/s "Haifa" and s/s "Fabio" continued the carriage of fuel oil within the framework of the agreement between tanker owners and the Israeli Government. In the international market, full employment was found for the refrigerated vessels m/v "Lakhish" and m/v "Tsefat" and the bulk carriers m/v "Eilat", m/v "Metzada" and m/v "Timna" were engaged in carrying grain mainly to Israel and partly in the international market. The operating results of the bulk carriers for the year were satisfactory but these vessels, which were built during the peak of the shipbuilding boom at high prices in German shipyards occasioned a heavy financial charge, which affected their ultimate profitability. In order to overcome this handicap and to increase their profitability, the Company decided to exploit the technical feasibility of increasing the vessels cargo-carrying capacity by 5,000 tons after modifications at a Japanese shipyard (see under 1965). During the year the operating results of these vessels have benefited from higher freight rates.

THE FLEET

During the year, two new cargo vessels were delivered to the Company, the m/v "Sahar" (meaning "Crescent") and the m/v "Tsedek", (meaning "Jupiter"), both sister ships of the m/v "Shavit" which was taken into service in 1962. Both vessels started their service in the Gold Star Line plying between Japan and West Africa. As already mentioned previously, the s/s "Artsa" and the s/s "Nakhshon" were sold and, with the sale of these ships, ZIM disposed of all its old-timers built before 1950. Therefore, the number of vessels and the deadweight tonnage owned by the Company at the end of the year did not change much compared to the situation in 1962. The Company still had to resort to chartering additional tonnage in order to meet demands for cargo volume, and about 136,000 deadweight tons of chartered vessels were in its service.

The financial results attained in 1963 gave cause for satisfaction, especially due to the fact that the outlook for l964 had improved considerably. The Company proceeded with its plans for the development and expansion of its fleet and for the replacement of older vessels. The plan foresaw an order of 26 vessels with a total dead weight of 435,000 tons.

ORGANIZATION

During the year, the Company's overseas organization had been slightly expanded. New offices for handling passenger bookings had been opened in the United States in preparation for the introduction of the s/s "Shalom" on the Transatlantic Route. The Company's international organization, which comprised at the end of 1963 39 branches and 22 subsidiaries or affiliates besides some 200 agents acting on its behalf continued to provide competent services also to the companies managed by ZIM, namely the "Black Star Line Ltd." and the "Burma Five Star Line Ltd". The Layam Co. Ltd., fully owned by ZIM was set up with the purpose of supplying vessels and the Diplomatic Corps with duty free stores and provisions.

1 9 6 4 - THE S/S "SHALOM"

1964 was the year of the s/s "Shalom". On the third of March of that year the Israeli flag was hoisted on her stern, and for the coming three and a half years she was the flag ship of the Israeli Merchant Navy. The s/s "Shalom", of 25,320 GRT, was built in the same shipyard where the French luxury liners were constructed - the Chantiers de l'Atlantique in St. Nazaire. The final cost was $14,000,000.-, an enormous amount at the time. The investment was shared in the ratio of 74% by the Israeli Government and 26% by ZIM. She had 10 decks, partly open and partly closed, and accommodations for 1050 passengers. This figure was reduced to about 650 during the cruise season. Her crew was 450 officers and ratings, which were temporarily increased to over 500, many of them Chinese subjects, because of the acute shortage of trained Israelis. She plied with a speed of 21 knots and was outfitted with the most modern comfort and equipment; a real luxury liner. The cabins on the promenade deck and the sun deck were even equipped with television sets, a feature of extreme comfort at that time.



The s/s "Shalom" went into service on the 17th April 1964 and it was hoped that she would attract a new traveling public. It so turned out that, during the first year of her run on the Transatlantic Route, her occupancy was above the forecast, but shortcomings because of the low standard of the services given by her catering crew soon became apparent.

Additional crew was hired to improve the service, resulting in considerable rise in operation cost. Some improvement was noticed, but when the ship was starting her first winter cruise in the Caribbean, the tragic collision with the Norwegian tanker “Stolt Dagali” occurred on Thanksgiving Day November 26. In a heavy fog she sliced through the tanker and the stern section of the “Stolt Dagali” sank with a loss of 19 crewmen.

During the cruise seasons of the s/s "Shalom" she acquired an unexpected amount of goodwill amongst the sea-going public. The kitchen of the vessel during these cruises was mainly non-kosher in order to satisfy the international clientele.

The initial "kitchen-crisis", before putting the s/s "Shalom" into service, should not remain unmentioned, because it caused at the time a stormy public dissent, not only in Israel but also abroad. he writer remembers that on a certain shabbat the rabbi in a New York synagogue speaking from the pulpit denounced publicly the idea of utilizing two kitchens on the s/s "Shalom" - one kosher and one non-kosher.

During her visits in various ports, the s/s "Shalom" brought the message of Israel to many corners of the world, and it is obvious that the Jewish population in the different countries was very proud.

In order to balance the income with the expenditure of the s/s "Shalom", occupancy of 85% was required, but only 63% of the vessels accommodation was occupied after the demand for berths decreased. This deficit connected with the unexpected higher operation cost brought about the decision to dispose of the vessel, after her service with ZIM for three and a half years, a fact, which was very much regretted by all sea-going people. Her buyer was the German Hanseatic Schiffahrtsgesellschaft m.b.H., Hamburg, which paid in 1967 US$.15,200,000.- for this luxury liner. The new owners changed her name to "Hanseatic" and she plied in the beginning between Hamburg and the United States. Two years later she was employed during the summer months on the German Norwegian Line and in the winter months she cruised around the world.

The "Hanseatic" was sold in 1973 to Panamanian owners, the Home Lines, Inc., who renamed her the s/s "Doric". In 1981 she again changed her ownership and was acquired by the Greek Lido Maritime, Inc., which invested about 30 million dollars in refurbishing her. She was renamed in 1983 the s/s "Royal Odyssey" and given in management to the Royal Cruise Line Ltd., Piraeus. As the "Royal Odyssey" she visited her first homeport Haifa several times.

THE FLEET

In addition to the s/s "Shalom", ZIM's fleet was considerably enlarged by the acquisition of 15 cargo vessels of various sizes in this year. 13 of those vessels were newbuildings ordered by the Company, and two sister ships, the m/v "Dahlia" and the m/v "Nurit" of 13730 DWAT each, built in 1961, were acquired from Allseas Shipping Co. (Israel) Ltd. The 13 cargo vessels comprised: -

4 sister ships: the m/v "Eshkol" (meaning "Cluster of Grapes"), the m/v "Etrog" (meaning "Citron"), the m/v "Hadar" (meaning "Citrus Fruit") and the m/v "Yafo" of about 7,500 DWAT each, destined mainly for the quick transportation of citrus.

3 sister ships: the m/v "Mazal"(meaning "Constellation"), the m/v "Nogah" (meaning "Venus")and the m/v "Queshet"(meaning "Rainbow") of about 9,400 DWAT each.

4 sister ships of the "Mother Type", so called because they were named after famous mothers mentioned in the Bible: the m/v "Sara", the m/v "Rivka", and the m/v "Lea" of about 3,000 DWAT each and the m/v "Rachel" which measured over 3,300 DWAT.

2 bulk carriers: the m/v "Avedat" and the m/v "En-Gedi" (II) of about 33,500 DWAT each. These two vessels, acquired in joint ownership with a foreign group, were at the time the largest vessels sailing under the Israeli flag.

All these vessels were successfully employed on the regular lines of the Company. As in previous years the Company had about 130,000 tons under charter in order to cope with its expanding activities.

THE DECLINING PASSENGER LINES

As already mentioned above, the world-wide seaborne passenger traffic declined by 10% in 1964 against 1963 because of the increasing number of passengers who crossed the Atlantic by air. The year 1964 was actually the breaking point between sea and airborne travel and ZIM started to be affected by this downward trend in this year as the statistics show herebelow:-

PASSENGER TRAFFIC ON COMPANY'S SERVICE

PASSENGERS CARRIED TO AND FROM ISRAEL:

1963 1964 change in %

in thousands

Mediterranean 85.5 76.5 -10.5

Transatlantic 13.9 16.1 +15.8

Red Sea 0.3 --

--------------------------------

99.7 92.6 -7.1

PASSENGERS CARRIED IN FOREIGN TRAFFIC:

Between foreign ports 3.7 6.6 +78.4

Cruises (Caribbean & Mexico) 1.9 2.6 +36.8

5.6 9.2 +64.

----------------------------------

Total l05.3 101.8 -3.3

The main drop occurred in the Mediterranean service where the Company's ships carried 10% less passengers than the year before. The Mediterranean routes were then operated with:-

the m/v "Moledet" throughout the year

the s/s "Jerusalem" for 8 months

& the s/s "Theodor Herzl" for 5 months

In the winter months the s/s "Theodor Herzl" was chartered out for cruises on the American West Coast and the s/s "Jerusalem" plied her regular winter service to South America where she, in spite of a reduced number of voyages, was more profitable than the year before. On the other hand, the number of passengers on the Transatlantic Route grew by 15% and the Company's vessels carried 4,000 more passengers on this line than the year before.

To further illustrate the development and decline of ZIM's passenger service against total passengers carried to and from Israel between 1951 and 1964 by sea, the following diagram is added :-

SEABORNE PASSENGERS TO AND FROM ISRAEL (in thousands )

Years 1951 - 1964



A special committee was set up by ZIM's Board of Directors to review the situation and to find a solution to the upcoming problems. The idea of completely reorganizing the trade was aired, and that such reorganization would necessitate a separate management for the passenger traffic by establishing a different ownership company for passenger vessels.

THE CARGO LINES

With the gradual recovery of the freight market, which commenced towards the end of 1963 and continued during the year under review, the situation in the shipping industry changed for the better. The world-wide seaborne trade increased by 111/2%, but the growth of the world merchant fleet rose only by 5% and this was one of the factors which assisted in restoring the balance between supply of shipping space and its demand. Even dry cargo vessels previously laid up for lack of employment were refloated and, consequently, freight rates improved slightly.

In this upward trend Israel's dry cargo traffic increased by 8% from 3.6 million tons to 3.9 million tons. It is interesting to mention that cargoes carried on the international routes by the Company's vessels were more than one million tons representing 42% of its total cargo volume. There was the problem of finding supplementary employment after the citrus season for the new fast citrus carriers delivered this year, and as a trial, a new line from Europe to the Great Lakes was introduced, but this line had a very short lifetime.

To illustrate the upward trend of dry cargoes carried by the Company's vessels, a statistical comparison between 1963 and 1964 is outlined below:-

DRY CARGO CARRIED BY THE COMPANY

TOTAL CARGO CARRIED THEREOF IN FOREIGN TRADE

Increase or Increase or

1963 1964 decrease 1963 1964 decrease

In thousand In thousand

tons In % tons In %

LINER TRAFFIC

a) On trade routes via

Mediterranean 1,082 1,247 +15.2 257 262 + 1.9

b) On trade routes via

Red Sea 123 125 + 1.6 16 17 + 6.3

c) On international

routes 481 568 +18.1 481 568 +18.1

TRAMP TRAFFIC 554 528 -4.7 198 194 -2.0

T o t a l 2,240 2,468 +10.2 952 1,041 + 9.3

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Thus, the financial results of the cargo lines considerably improved during the year and were very encouraging.

Z I M F L E E T A S A T 31. 12. 1 9 6 4

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| V E S S E L | Y E A R B U I L T | Y E A R  P U R C H A S E D | | GRT | | DWAT | | BERTHS FOR PASSENGERS |
| PASSENGER SHIPS |  |  | |  | |  | |  |
| S.S. "JERUSALEM | 1957 | 1957 | 9,900 | | 2,900 | | 566 | |
| M.V. "MOLEDET" | 1961 | 1961 | 7,810 | | 2,104 | | 594 | |
| S.S. "TH. HERZL" | 1957 | 1957 | 9,914 | | 2,913 | | 571 | |
| **T O T A L (3)** |  |  | **27,624** | | **7,917** | | **1,731** | |
| MIXED SHIPS |  |  |  | |  | |  | |
| S.S. "ISRAEL" | 1955 | 1955 | 9,853 | | 6,658 | | 323 | |
| S.S. "ZION" | 1956 | 1956 | 9,855 | | 6,713 | | 323 | |
| **T O T A L (2)** |  |  | **19,708** | | **13,371** | | **646** | |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| V E S S E L | Y E A R B U I L T | Y E A R  P U R C H A S E D | GRT | DWAT | BERTHS FOR PASSENGERS |
| CARGO SHIPS |  |  |  |  |  |
| M.V. "AKKO" | 1958 | 1958 | l,894 | 2,610 |  |
| M.V. "ALON" | 1960 | 1960 | 5,838 | 7,234 |  |
| M.V. "AMPAL" | 1958 | 1958 | 11,006 | 15,050 |  |
| M.V. "ASHDOD" | 1958 | 1958 | 1,902 | 2,610 |  |
| M.V. "ATLIT" | 1955 | 1955 | 897 | 1,580 |  |
| M.V."BEER-SHEVA" | 1961 | 1961 | 8,220 | 10,330 |  |
| M.V. "DAGAN" | 1954 | 1954 | 5,099 | 6,924 |  |
| M.V. "DAHLIA" | 1961 | 1964 | 9,378 | 13,731 |  |
| M.V. "DEGANYA" | 1960 | 1960 | 8,237 | 10,295 |  |
| M.V. "ELAT" | 1960 | 1960 | 19,234 | 28,305 |  |
| M.V. "ESHEL" | 1961 | 1961 | 5,828 | 7,234 |  |
| M.V. "ESHKOL" | 1964 | 1964 | 6,269 | 7,497 |  |
| M.V. "ETROG" | 1964 | 1964 | 6,269 | 7,497 |  |
| M.V. "FEDE" | 1943 | 1961 | 7,307 | 10,871 |  |
| M.V. "FENICE" | 1943 | 1961 | 7,285 | 10,480 |  |
| M.V. "GALILA" | 1955 | 1955 | 3,126 | 4,350 |  |
| M.V. "GEDERA" | 1960 | 1960 | 8,237 | 10,295 |  |
| M.V. "GEFFEN" | 1951 | 1952 | 2,062 | 3,600 |  |
| M.V. "HADAR" | 1964 | 1964 | 6,269 | 7,497 |  |
| M.V. "KEDMA" | 1955 | 1955 | 3,126 | 4,350 |  |
| M.V. "KESARYA" | 1958 | 1958 | 1,898 | 2,650 |  |
| M.V. "KINERET"(II) | 1959 | 1959 | 3,356 | 4,435 |  |
| M.V. "LAKHISH" | 1958 | 1958 | 1,346 | 917 |  |
| M.V. "LEA" | 1964 | 1964 | 2,038 | 2,985 |  |
| M.V. "MAZAL" | 1964 | 1964 | 7,356 | 9,382 |  |
| M.V. "METZADA" | 1960 | 1960 | 15,263 | 22,954 |  |
| M.V. "NAHARIYA" | 1960 | 1960 | 4,089 | 5,394 |  |
| M.V. "NEGBA" | 1958 | 1958 | 11,004 | 14,960 |  |
| M.V. "NETANYA" | 1960 | 1960 | 4,089 | 5,394 |  |
| M.V. "NOGAH" | 1964 | 1964 | 7,356 | 9,366 |  |
| M.V. "NURITH" | 1961 | 1964 | 9,378 | 13,731 |  |
| M.V. "ORCHIDEA" | 1944 | 1961 | 7,219 | 10,411 |  |
| M.V. "QESHET" | 1964 | 1964 | 7,356 | 9,381 |  |
| M.V. "RAHEL" | 1964 | 1964 | 2,304 | 3,336 |  |
| M.V. "RIMON" | 1951 | 1951 | 2,373 | 3,998 |  |
| M.V. "RIVKA" | 1964 | 1964 | 2,038 | 2,985 |  |
| M.V. "SAHAR" | 1963 | 1963 | 7,242 | 9,555 |  |
| M.V. "SARA" | 1964 | 1964 | 2,038 | 2,985 |  |
| M.V. "SHAVIT" | 1962 | 1962 | 7,254 | 9,550 |  |
| M.V. "SHIQMA | 1961 | 1961 | 5,836 | 7,324 |  |
| M.V. "SHOMRON | 1955 | 1955 | 5,329 | 6,960 |  |
| M.V. "TAMAR" | 1951 | 1951 | 2,373 | 3,998 |  |
| M.V. "TAPPUZ" | 1954 | 1954 | 5,099 | 6,924 |  |
| M.V. "TEVERYA" | 1961 | 1961 | 8,220 | 10,330 |  |
| M.V. "TIMNA" | 1961 | 1961 | 15,266 | 22,954 |  |
| M.V. "TSEDEK" | 1963 | 1963 | 7,237 | 9,555 |  |
| M.V. "TSEFAT" | 1959 | 1959 | 1,346 | 917 |  |
| M.V. "YAFO" | 1964 | 1964 | 6,259 | 7,497 |  |
| M.V. "YARDEN" | 1959 | 1959 | 3,355 | 4,435 |  |
| M.V. "YEHUDA" | 1955 | 1955 | 5,104 | 7,037 |  |
| **T O T A L (50)** |  |  | **297,914** | **404,550** |  |
| TANKERS |  |  |  |  |  |
| M.T. "DARIEN" | 1960 | 1960 | 13,178 | 19,340 |  |
| S.T. "HAIFA" | 1956 | 1956 | 12,676 | 18,700 |  |
| T O T A L (2) |  |  | 25,854 | 38,040 |  |

TO THE ABOVE LIST, THREE VESSELS

IN JOINT OWNERSHIP WITH A FOREIGN

GROUP HAVE TO BE ADDED -

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| V E S S E L | Y E A R B U I L T | Y E A R  P U R C H A S E D | GRT | DWAT | | BERTHS FOR PASSENGERS | | |
| S.S. "SHALOM" | 1964 | 1964 | 25,320 | 7,500 | | 1,050 | | |
| M.V. "AVEDAT" | 1964 | 1964 | 23,537 | 33,477 | |  | | |
| M.V. "EN GEDI" | 1964 | 1964 | 23,537 | 33,477 | |  | | |
| **T O T A L (3)** |  |  | **72,394** | **74,454** | | **1,050** | | |
| G R A N D T O T A L(60 SHIPS) | | | 443,494 | | 538,332 | | 3,519 |  | |

CREW AND STAFF TRAINING

During the year under review 280 junior seamen and 150 cadets were trained and qualified under the Company's training program in co-operation with the Ministries of Transport and Labour. Part of this program, particularly that for deck and engine personnel, was carried out on board of the Company's freighters, on so-called 'floating schools', which were established for this purpose. It was realized that the training of an adequate number of officers and ratings was of decisive importance for the future of the Company's vessels. In the Directors' Report for the year, the very satisfactory relations, which prevailed with the Seamen's Union, were especially recorded. This understanding was based on mutual perception and a sense of common responsibility for Israel's shipping industry. For the first time, opportunities for advanced training for all levels of the Company's staff were provided. Courses were held for the shore personnel to improve their qualifications in Management and Administration. 380 employees took part in these courses during the year.

ORGANIZATION

ZIM's Management had prepared a Master Plan for the reorganization of its accounting system by introducing the use of a new computer and a line of accounting machines for data processing. For this purpose the Company engaged the services of the distinguished English accounting firm-Coopers and Lybrand-who were also experienced consultants for Management and Mechanization.

The new system, which these experts recommended after a thorough study of the resent administration and business activities, supplied all of ZIM's departments with detailed up-to-date data on the results of their operations. It also provided a rapid and thorough budget control by checking the performance reports and actual results with the figures budgeted in advance, and in addition made available a steady flow of valuable statistical information.

1 9 6 5 CRISIS

The quick development of the various lines, the big number of newbuildings acquired almost every year and the growing deficit of the passenger lines required enormous investments or the increase of the Company's capital, none of which were readily available. This financial crisis created inner tension in the Company, which finally culminated in the "change of guards" in its Management.

In retrospect, it can be said that, behind the scenes, power struggles on the highest Government level were the reason for these changes, because the Government, apparently, came to the conclusion that the time was ripe to inject new blood into the administration of the Company. The "operation" finally affected not only the Management of "ZIM" but also its Board of Directors.

The causes for the aggravating crisis were mainly the following: -

1. ZIM came to the conclusion that the premium due to the Company from the Government till 1960 amounted to about thirty million pounds.
2. The vessels acquired from the Government in the frame of the Restitution Payments Agreement were about 15% more expensive than if same would have been built on the free market. The difference for all vessels acquired under this arrangement was about 16 million dollars, to which about 10% for interest and depreciation had to be added.
3. ZIM claimed further, that the Government demands from the Company an interest rate which was 2% till 3% higher than the current bank interest.
4. Part of the cargo lines have been opened by ZIM under Government Pressure for political reasaons and were not always profitable, but ZIM had to bear the deficiency without receiving compensation.
5. ZIM's passenger services were not subsidized by the Government as customary in other countries.

Consequently, ZIM demanded that the partners in the Company increase their share capital.

In January, an arrangement was made with the Government to solve the above problems, but nothing actually moved, and in May the General Manager of the Company, Dr. Naftali Wydra, tendered his resignation. Under pressure, promises and a drive of persuasion from higher circles, Dr. Wydra revoked his resignation.

THE BOARD OF DIRECTORS

A few words should be said about the Board of Directors of the Company as from its beginning.

In 1950 the entire Board of Directors consisted of 21 members and one additional member with consulting rights. The Management consisted of 4 members.

In 1957 an Executive Committee was chosen dealing with the business running of the Company, and part of the 4 members of the Management was changed.

Two years later, the Management was divided: two members were appointed Co-General Managers and two remained Managers.

In 1963 Dr. Jaakov Arnon was nominated Chairman of the Board, and Dr. Naftali Wydra became sole General Manager; five other members of the Board were nominated Co-Managers. The Board of Directors consisted then of 14 members.

THE FLEET



During the year the Company took delivery of five vessels:

Four sister ships of the series of the coasters (previously called the "Mother-Type" vessels), and the tanker "Nora". The coasters were the m/v "Miryam", the m/v "Dvora", the m/v "Esther" and the m/v

"Hana". The last mentioned two vessels were the first built for ZIM by the Israeli Shipyards The m/v "Tamar", and the m/v "Rimon", the first vessels built in 1951 for the Company in Holland, were disposed of after 14 years of service with ZIM.

The Launching Ceremony of m/v "Esther" at the Israeli Shipyards in 1965.

The bulk carriers m/v "Timna", m/v "Metzada" and m/v "Eilat" were "jumboized" in a Japanese shipyard with the aim to increase their carrying capacity and to make them more profitable. Their GRT were after the addition of cargo space -

m.v. "Timna" 19,235 instead of 15,266 before

m.v. "Metzada" 19,247 " " 15,264 "

m.v. "Eilat" 19,243 " " 15,263 "

1 9 6 6 - THE LIQUIDATION OF THE PASSENGER LINES

As mentioned before, the occupancy of the passenger vessels of the world’s shipping companies began to dwindle since 1964, and ZIM's passenger vessels were no exception. The reason for the change in the habits of the traveling public was the development of cheap and quick transport by air and the upcoming competition by the various airlines. ZIM lost in 1966 about twenty million pounds from the operation of its passenger lines in the Mediterranean and Transatlantic Services, and, therefore, the Company took the fateful decision to dispose of its passenger vessels.

The Government attributed much importance to the continuation of the passenger service in order to maintain the connection with other parts of the world by sea - in the absence of any continental link-and, therefore, contributed 11 million pounds during the year to cover partly the accruing losses of the Company and in addition agreed to exchange a debt of 27 million pounds into shares. In spite of this substantial "injection" the decision was not reversed and in hindsight might have been the correct one.

The s/s "Israel" was sold after 11 years of service with the Company and was purchased by the Portuguese firm Empresa Insulana de Navigation and was renamed the s/s "Angra do Heroismo". She serviced, in the beginning, the stretch Lisbon-Madeira, occasionally extending her calls till Angola.

The s/s "Zion" was taken over - after 10 years in ZIM's service - by the Soc. Geral de Commercio, Industria e Transportes and was given by her new owners the name "Amelia de Mello". She was plying between Lisbon and the Portuguese colonies Angola and Mozambique until she changed owners again in 1972, still remaining under the flag of Portugal. Her new owners were the biggest Portuguese Shipping Company, Cia. Nacional de Nevegacao, and later the same year she was sold to the Greek Cia. de Vap. Realma S.A, which gave her the name "Ithaca".

The s/s "Jerusalem" was chartered out - under Israeli flag - to the Peninsular & Occidental Steamship Co. under the name of s/s "Miami". The vessel was employed in the cruise service in the Caribbean. She was finally sold in 1968 to the Miami Steamship Corp., a daughter company of the well-known Eastern Steamship Corporation. The vessel changed her flag to Liberian and got the new name "New Bahama Star". In 1970 she again changed owners having been taken over by the Bahama Shipping Corporation.

The writer of this historical review dwelt purposely on the fate of those beautiful vessels, as it reflects strikingly the changes a vessel undergoes during her "life-time".

The year 1966 saw the change in the Management of the Company. In January, Dr. Wydra tendered his resignation again - this time for good. The Government, as the main shareholder of ZIM, appointed Mr. Meir Gueron formerly General Manager of the Oil Refineries Ltd., in Haifa, as the new General Manager of the Company. At the same time, the Chairman of the Board of Directors, Dr. Yaakov Arnon was replaced by Mr. Michael Tzur. Mr. Gueron took over the Management from Dr. N. Wydra on February 10th, and, with the leaving of Dr. Wydra, the last member of the founders of the Company left ZIM.

These "exchanges of command" were accompanied by protracted and unpleasant polemics in the local press, and the whole matter was handled in a very inelegant manner

Professor Naftali Wydra

This may be a proper place for a short review of Dr. Wydra’s life and achievements. Dr. - later Professor - Wydra was born in Leipzig, Germany, in 1909. He studied law and economics at the universities of Leipzig, Heidelberg and Berlin. In 1933 he received his Doctorate of Law, and at the same year he left Germany for Palestine.

He commenced his public career as manager of the Marine Department of the Jewish Agency in Haifa. He dealt with the development of the fishing industry and was very active in the field of maritime training of Jewish youth as well as in the endeavor to promote Jewish labour in the seaports and other maritime professions.

In 1947 he played a key role in the establishment of ZIM and the Kedem Company, as described earlier in these pages. Since the early years he was a member of the Management Board of ZIM, and in 1963 he became officially the sole General-Manager of the Company. His resignation in 1966 was considered a shock by many people, as through the years he has become the leading figure in the Israeli shipping industry arena at large. After his resignation he held many other public offices, among them General Manager of the Port Authority, a Member of the Board of Trusties of the Israeli technological institute - the Technion, a founding member of the “Dagon” silo management, and more. He established and headed the Israeli Institute for Shipping and Aviation Research (now named after him). He was appointed a professor at the Faculty of Economics at the Haifa university, and through the years has received many honorary titles, among these - “Man of the Sea” in 1983 - in appreciation of his life’s achievements. He died of illness in 1987.

It was actually the decision of the new Management - having been entitled to completely reorganize the Company - to liquidate the passenger lines. The main task of the new Management was to restore the Company and convert the chronic losses of the previous years into a profit making enterprise. Surprisingly, they succeeded in a very short time, and since those fateful years the Company is keeping afloat without any outside financial support of subsistence.

The only vessel acquired in 1966 was the m/v "Haviva", and the single vessel sold during the year was the s/s "Geffen".

SUMMARY OF NON-RESTITUTION VESSELS ACQUIRED AND DISPOSED OF DURING THE PERIOD 1947 - 1966

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| NAME OF VESSEL | GRT | YEAR BUILT | BUILT BY | YEAR PURCHASED | | YEAR SOLD | BUYER | |
| ABRAHAM GRAETZ | 5686 | 1920 | Federal Shipbuilding Co. Kearny N.J. | 1952 | 1960 | | Scrap | |
| ARTZA | 3213 | 1930 | Bremer Vulkan, Bremen-Vegesack | 1949 | 1963 | | Israel Shipyards, Haifa | |
| ATLIT | 7592 | 1918 | Bethlehem Steel Corp., Alameda, California | 1953 | 1954 | | Scrap | |
| ATSMAUT | 4570 | 1901 | Newport News S.B. & D.D. Co., Newport News, Virg. | 1948 | 1950 | | Scrap | |
| ATSMAUT (II) | 5117 | 1940 | Bruntisland S.B. Co. Ltd., Bruntisland | 1952 | 1956 | | - |
| DROMIT | 3804 | 1917 | Union Iron Works, Alameda, California | 1948 | 1955 | | Traders & Shippers  (Tankers) Ltd. Haifa |
| EILAT | 8551 | 1928 | Deutsche Schiffs-und Maschinenbau A.G.Wesermunde | 1953 | 1956 | | Nichiro Gyogyo  Kabushiki Kaisha, Tokyo |
| ETROG | 1901 | 1950 | Ekenberg Varf. A.B Stockholm | 1950 | 1961 | | Mediterranean Seaways Co. Ltd., Haifa from Insurance Co. after fire. |
| GALILAH | 3899 | 1913 | Harlan & Hollingworth Corp., Wilmington, Del. | 1948 | 1953 | | Scrap |
| GEFFEN | 2067 | 1951 | Trondjems, Trondheim | 1952 | 1965 | | Rahcassi Shipping Co. S.A.  Panama |
| HADAR | 2574 | 1949 | Short Bros., Ltd., Sunderland | 1949 | 1959 | | Black Star Line, Accra |
| HAIFA | 7153 | 1943 | Burrard D.D. Co. | 1953 | 1954 | | Genoa Bosso Comm. Guiseppe, |
| HENRIETTA SZOLD | 5686 | 1920 | Chikasaw, Alabama | 1952 | 1955 | | Marinos & Frangos Ltd., London |
| JERUSALEM (ALIYA) | 11013 | 1913 | Cannel Laird & Co., Birkenhead | 1953 | 1959 | | Scrap |
| KEDMAH (50%) | 3504 | 1927 | Vickers-Armstrong, Barrow | 1947 | 1952 | | Harris & Dixon, London |
| KINERET | 2436 | 1921 | Norddeutsche Werft, Wismar | 1951 | 1955 | |  |
| KOMEMIYUT | 4570 | 1901 | Newport News S.S.  &.D.D.Co.,Newport News, Virginia | 1949 | 1952 | | Scrap |
| MEIR DIZENGOFF | 5686 | 1921 | Chikasaw, Alabama | 1952 | 1955 | | Neptune Transportation S.A., Panama |
| NAKHSON | 1341 | 1937 | Nylands Verks, Oslo | 1950 | 1943 | | Ioannis Marcoussis & Eammanouil Sardis,Piraeus |
| NEGBAH | 5544 | 1915 | Royal de Schelde Yards, Flushing | 1948 | 1956 | | - |
| RIMON | 2373 | 1951 | Rotterdamsche Droog Dock Maatshappij | 1951 | 1965 | | Krethon Compania Marittima S.A. Panama |
| TAMAR | 2372 | 1951 | De Merwede V.Vliet & Co., Hardinxfeld | 1951 | 1965 | | Kronios Compania Marittima S.A. Piraeus |
| TSFONIT | 2991 | 1937 | Flensburger Schiffahrtsgesellschaft | 1950 | 1960 | | Andermatt Shipping Co., Monrovia |

1 9 6 7 - FINANCIAL ACHIEVEMENTS

This year was one of accomplishments and progress for the Company in all fields of its activities. The effects of the reorganization carried out the previous year were directly felt and the consequences of the Six Days War on world shipping after the closing of the Suez Canal indirectly.

The Government contributed also, in this year, 11 million pounds in support of passenger vessels operations, but the entire loss in operating the s/s "Shalom" had to be borne by the Company after the latter had acquired the Government's share in the vessel. In previous years the Company had to bear its share of 26% in the loss only. An additional attempt to increase the profitability of the vessel was made in this year by having her scheduled for several trips from the United States to Montreal, carrying visitors to the International Exhibition. However, it so turned out that the s/s "Shalom" could not be operated without incurring heavy losses and was, therefore, sold.

The year closed with a profit of 7 million pounds compared with a profit of 1.6 million pounds the previous year. ZIM could reduce the accumulated losses of past years, and it seemed that the prospects for gradually liquidating its losses were very promising. The changes in the Company initiated in 1966 also contributed to the improvement of the financial results in the current year and the Company continued to reorganize its administration and business organization at home and abroad. A tight control and monthly follow-up of the Company's budget was introduced and deviations from the original financial plan were immediately investigated and remedied. The financing of the newbuildings was considerably eased with the Government's help and by its granting the necessary guarantees. The Company was also aided by shipyards, foreign banks and governments abroad in its shipbuilding programs as customary in this industry.

It should only be fair to add some lines about the performance of ZIM's fleet during the weeks of emergency preceding the Six Days War and the war itself. ZIM's vessels provided the country in this period of crises with her essential needs, both military and civilian.

The interruption of the fixed schedules of the Company's vessels was the cause of losses sometimes resulting in the cancellation of some contracts, and the raise in insurance premiums contributed considerably to the cost of the vessels' operation, but the additional cost factors were amply compensated by higher freight rates and Government assistance. In these times of emergency, the importance of the Company's safeguarding the country's interests was again proved beyond doubt, and its national status was confirmed.

Summarizing the year's achievements the following passage from the Director's Report is worthwhile quoting:

"During the year under the review, the Company's financial recovery continued, mainly thanks to the considerable improvement in operations results and owing to the better ratio between investments in permanent Company assets (its fleet) and their financing by independent means and long term loans. The improved results of the Company's operations deserve special note in view of the fact that shipping is one of the few export industries that do not enjoy export incentives."

The Overseas Commerce Co. Ltd., was set up in equal partnership between ZIM and The Clal Israel Ltd. with the purpose of serving the container trade (stuffing and unstuffing) and operating a bonded warehouse in Ashdod.

THE FLEET

Five new freighters were added to the Company's fleet during the year:-

Two sisterships, the m/v "Rimon" (II) and the m/v "Tamar"(II) of 5485 GRT each, and the m/v "Galila" (III) with a GRT of 4925.

Those three vessels were especially constructed to test modern loading and unloading techniques (at the time). Besides these vessels the Company took delivery of two sister bulk carriers, the m/b "Oron" and the m/b "Besor" (35121 GRT). The latter two vessels were jointly owned by ZIM and foreign interests. No cargo vessels were sold during the year. At the end of the year the Company's fleet consisted of the following vessels:-

|  |
| --- |
|  |
| 3 Passenger vessels with a total GRT of 27,624 |
| 45 Cargo vessels with total GRT of 236,898 |
| 2 Reefer vessels with a total GRT of 2,692 |
| 3 Bulk carriers with a total GRT of 57,716 |
| 8 Partially owned bulk carriers and tankers |
| with a total GRT of 195,274 |
| 2 Tankers owned by subsidiary companies |
| with a total GRT of 25,855 |
|  |
| 63 vessels t o t a l l i n g 546,059 GRT |

CARGOES

The total tonnage carried by ZIM in 1967 (excluding fuel) amounted to 3,336,000 weight tons against 2,696,000 weight tons in 1966, or an increase of 23.7%. Most of the increase came from trade between foreign ports and from the transport of bulk cargoes on the international market. To illustrate the expansion in the various trades the following statistic is outlined below:-

1 9 6 7 1 9 6 6 increase in %

in 1,000 w/t in 1,000 w/t

Israeli trade - import 1,069 943 13.4

Israeli trade - export 747 618 20.9

Foreign trade 1,520 1,134 34.0

3,336 2,695 23.7

A new cargo line to Peru from Israel was operated during the year, and the activities on the line from Eilat to Australia and the Far East were expanded. The tankers continued to operate in the frame of the existing agreement between the Government and tanker owners, and the Israeli Government gained considerable financial savings in view of the rise of freight rates on the world market.

Results obtained from the bulkcarriers improved compared with those of the previous year and were not affected by the fluctuations in tramp shipping freight rates because of the existing long-term charter agreements.

PASSENGERS

In 1967, the Company still managed to carry about 48 thousand passengers on 4 passenger vessels (one chartered), which was only 8% less than in the previous year. This drop was attributed mainly to the reduction of available passenger space after the sale of the vessels plying the Transatlantic Route, but as the total number of passengers coming to and leaving from Israel decreased by an even higher rate, ZIM's share in the sea passenger traffic actually increased from 35% to 53% this year. The s/s "Theodor Herzl" performed 13 voyages - from these 4 to South America during the winter season - the s/s "Moledet" made 29 trips and the s/s "Dan" (ex "Bilu"-chartered by ZIM) 22 voyages. The comparatively small number of voyages was mainly due to the cancellation of some voyages during the Six Days War.

It is worthy recalling that the financial results of the passenger vessels' operation on the Mediterranean routes were better than last year.

VESSELS ACQUIRED DURING THE PERIOD 1 9 6 2 - 1 9 6 7

Name of Year GRT Built by

Vessel built

Nurit 1961 9348 Forges et Chantiers de la Mediterranee,La Sayne a/mer

Dahlia 1961 9378 Forges et Chantiers de la Mediterranee,La Sayne a/mer

Shavit 1962 7254 Uraga Dock Co. Ltd, Yokosuka

Sahar 1963 7242 Uraga Shipbuilding Yard, Tokyo

Tsedek 1963 7237 Uraga Dock Co. Ltd., Yokosuka

Mazal 1964 7356 Forges et Chantiers de la Mediterranee,La Sayne a/mer

Nogah 1964 7356 Forges et Chantiers de la Mediterranee,La Sayne a/mer

Qeshet 1964 7356 Forges et Chantiers de la Mediterranee,La Sayne a/mer

Hadar(II) 1964 6269 Ateliers et Chantiers de Nantes

Etrog(II) 1964 6269 Ateliers et Chantiers de Nantes

Eshkol 1964 6269 Ateliers et Chantiers de Nantes

Yafo 1964 6269 Ateliers et Chantiers de Nantes

Sara 1964 2038 Scheepwerk "De Hoop", Lobith

Rivka 1964 2038 Scheepwerk "De Hoop", Lobith

Rahel 1964 2304 Amsterdamsche Drogdok Mij. N.V.,Amsterdam

Lea 1964 2038 Scheepwerk "De Hoop". Lobith

Avedat\* 1964 23537 "Navalmeccanica"Cant. Navale, Castellamare

En Gedi(II)\* 1964 23537 "Navalmeccanica"Cant. Navale, Castellamare

Shalom 1964 25320 Chantiers de l'Atlantique, St. Nazaire

Miryam 1965 2038 Scheepswerk "De Hoop", Lobith

Devora 1965 2304 Scheepswerk "De Hoop", Lobith

Hanna 1965 2025 Israel Shipyards Ltd., Haifa

Esther 1965 2025 Israel Shipyards Ltd., Haifa

Haviva 1966 2023 Israel Shipyards Ltd., Haifa

Rimon(II) 1967 5485 Brodogradiliste Split, Yugoslavia

Tamar(II) 1967 5485 Brodogradiliste Split, Yugoslavia

Galila (III) 1967 4925 Orenstein-Koppel & Luebecker Maschinenbau, Luebeck

Oron\* 1967 35480 Maizuru Jukogyo Ltd., Japan

Besor\* 1967 35121 Maizuru Jukugyo Ltd., Japan

\* = partially owned

1 9 6 8 - THE "OPHIR" COOPERATIVE - "OPHIR CARGO VESSELS LTD."

In 1946 the cooperative "Ophir" was founded by seven ex-marines of the Israeli Navy. The first ship acquired by the Cooperative was a Danish Vessel which was given the name m/v "Metzada". The vessel drowned under mysterious circumstances in the Eastern Mediterranean in March 1950 in quiet waters, and three of the founding members of the cooperative went down with her.

In October, the same year, the cooperative went into partnership with ZIM, and together they acquired the Danish m/v "Jaspos" of 546 GRT renaming her the m/v "Hashlosha" (meaning "The Three") in memory of the three drowned sailors of the m/v "Metzada". In 1956 the vessel was sold to the newly established "Mediterranean Seaways Ltd." which renamed her the m/v "Eyal". The cooperative prospered and in 1955 it purchased in equal partnership with ZIM the newbuilding m/v "Ashkelon"of 898 GRT built by D.W. Kremer Sohn, Elmshorn in Germany under the Reparation Payments Agreement. ZIM acquired the full ownership of the vessel in 1968, and one year later she was sold to Messrs. Anastasios M. Nomikos, Piraeus.

The fourth vessel, the m/v "Ophir" of 1369 GRT was built in 1962 for the cooperative by At. Duchesne & Bossiere, Le Havre, and was taken over the same year by the "Ophir Cargo Vessels Ltd". In 1968 ZIM acquired the ownership of the vessel, and in 1972 she was sold to Greek owners.

An additional vessel, the m/v "Hashloshah" (II) (ex "Dammtor") of 1338 GRT was purchased by the Cooperative in 1963. She was originally built for German owners by Jos. L. Meyer, Papenburg in 1953. The vessel drowned in 1967 with her entire crew.

The m/v "Nakhshon" (ex "Ravensburg") with a GRT of 2472 built in 1955 by the Schiffswerft A. Pohl at Hamburg, was bought by "Ophir" in 1965. She was taken over by ZIM in 1968, and one year later she was sold to the Hope Shipping Company S.A., Piraeus which renamed her the m/v "Dolphin".

The partnership between "Ophir" and ZIM did not last, and the joint venture was dissolved after about 10 years.

"ANAT LINE LTD."

In 1964 ZIM bought the Harwich - Hamburg Line Ltd., and changed the name of the company in 1965 to Zim-Hamburg Line Ltd. Three years later, in 1968, the name of the company was again changed to Anat Line Ltd., and in the same year the Anat Line acquired the s/s "Sicilia" of 6120 GRT. The vessel was built in 1965 by Bertram and Sons Ltd. in Glasgow for the Anchor Line Ltd. and was flying the British flag. With her acquisition by ZIM she was renamed the s/s "Anat". In 1973 the name of the vessel was changed to s/s "Gold Star" and the flag to Liberian. She was then transferred to the ownership of the Gold Star Line Ltd., Hong Kong. In 1981 she was sold to the Fragga Shipping Company of Piraeus.

During the year the m/v "Atlit" was sold to Anastasios M. Nomikos, Piraeus, after her service with the Company for 13 years.

"THE "SELA" COMPANY

On l.1.l968 ZIM bought the "Sela" Company (the shipping company of the United Kibbutz Movement) and all cargo transports in the Mediterranean, previously carried by both lines separately, were now merged into one shipping line.

1 9 6 9 THE PASSENGER TRAFFIC

Seaborne passenger traffic continued to decline worldwide during the year in favour of air transport, except for luxury cruises and short distant voyages. This unwelcome development did not by-pass ZIM, and the contribution of the passenger trade to the turnover of the Company decreased to 6%, down from 7.6% in 1968 and 16% in 1967. The number of passengers carried by ZIM's passenger vessels declined to 45,000, 13,000 less than the year before, and the losses of the passenger branch increased by one million Israeli Pounds in addition to the accumulated losses from previous years. The Management of the Company decided, therefore, to finally dispose of the two remaining passenger vessels, the s/s "Theodor Herzl" and the s/s "Moledet".

A new Company was formed, owned jointly by the Israeli Government and ZIM under the name of "ZIM Passenger Lines (1970) Ltd." This Company was supposed to operate the passenger traffic by two ferry boats chartered from the Government, as it was assumed that the operation of these ferry boats would reduce the expenses and the consequent losses of this service.

THE EXIT OF THE S/S "THEODOR HERZL"

The last of the Company's passenger vessels, the s/s "Theodor Herzl", completed her final voyage for ZIM on November, 27th this year and was sold to the American International Service Travel Board, Monrovia. Like her sistership, the s/s "Jerusalem" (II), she, too, was employed by her new owners in the Caribbean as a floating luxury hotel under her new name "Carnivale". In 1971, the vessel again changed hands and was taken over by the New Horizons Shipping Ltd., Monrovia.

The s/s "Theodor Herzl" was the first modern passenger vessel acquired by the Company in 1956 under the Restitution Payments Agreement with Germany, and was the last one to be sold.

With the disposition of ZIM's last passenger vessel, and the subsequent liquidation of the Company's passenger branch, ended a heroic and romantic chapter of the Company's history. ZIM had laid its foundation in 1947 with one passenger ship and had emerged during the years into a renowned shipping company. ZIM was now compelled to terminate a branch of the shipping trade due to the ever growing downward trend in demand for seaborne traffic because of the faster and cheaper air transport. 'Sic transit gloria mundi'.

KEDEM LANDBRIDGE COMPANY LTD

The "Kedem Landbridge Company" was inaugurated in December this year with the purpose to develop Israel as a 'Land-Bridge' between the shipping services in the Mediterranean to and from the Continent and the United Kingdom north of the Suez Canal, and East and South Africa, the Far East and Australia in the south, and vice versa. The opening of the 'Land-Bridge' was considered as a welcome solution to the closing of the Suez Canal in the wake of the Six Days War, and by trucking cargoes overland from Ashdod to Eilat and vice versa, the rounding of the Cape of Good Hope was avoided. This new way of transportation proved successful, and tonnage using the 'Land-Bridge' increased from year to year in both directions. It was, therefore, decided to maintain this method of transportation also after the reopening of the Suez Canal and even to modernize the fleet serving the 'Land-Bridge' at both ends.

In the first year of its activities 16,500 freight tons moved over the 'Land-Bridge', and with the increasing demand for transport facilities the frequency of the sailings expanded. With the development of the Container Service most cargoes were carried in boxes and this mode of transportation considerably eased the transfer of the goods moving over the 'Land-Bridge'.

THE CARGO LINES

The cargo transport was influenced by the prevailing world trend, which showed some improvement in the current year against the condition prevalent the previous year. Freight rates increased somewhat and ZIM's turnover was higher, although not as much as expected. This was mainly due to the prolonged longshoremen's strike of 56 days in the United States and the calling of the vessels at two Israeli ports instead of at one. ZIM's vessels carried 3,600,000 tons of cargo to and from Israel compared to 3,100,000 in 1968. This was an increase of 15%, and the Company's share of Israel's seaborne trade grew by 16.5% against 1968 and was now 51% of the entire shipping trade of the Country. The total cargo carried by ZIM vessels during 1969 was about 8,500,000 tons, including bulk and international trade. The Company's vessels performed 935 sailings during the year against 675 voyages the year before.

ZIM entered into an agreement with the "Sela" and "Mediterranean Seaways” companies, enabling the three firms to organize the schedules of their vessels plying in the Mediterranean more efficiently. However, as most of the shipments consisted of small units, the paperwork connected with the handling of thousands of delivery orders and invoices necessitated even an increase in manpower in order to cope with the expanded turnover.

The North European and North American Lines showed some improvement contrary to the results of the West Africa, Eilat and Pacific Lines, which were less satisfactory. On the West African run the disproportion between outbound and inbound cargo had still not found a solution.

THE BULKCARRIERS TRADE

The year was favourable for the bulkcarriers trade and tankers as well. Time charter rates improved, but most of the dry cargo carriers and tankers had been chartered out by the Company on long terms, mainly in order to safeguard the interests of the State of Israel for the transportation of grain and fuel against unforeseen developments. Therefore, the rates fixed on long terms were considerably below the current market level. On the other hand the long-term contracts ensured the continuous employment of the Company's tankers and bulk carriers.

THE FINANCIAL SITUATION

For the first time after several years the accumulated losses of the Company had been eliminated and as a result of this positive development ZIM was again considered an attractive investment. As shipping is one of the industries not enjoying any export incentive in Israel, it is worthwhile mentioning, that the Company contributed about 22% of its turnover as "added value" to the foreign currency earnings of the State of Israel.

The profit for the year was 12.6 million Israeli Pounds after having made special provisions for unforeseen contingencies, and after having brought forward the losses of 8.7 million Israeli Pounds accumulated from previous years, there remained an earned surplus of 3.9 million Israeli Pounds. The total turnover of the Company in 1969 was 410 million Israeli Pounds to which the various branches contributed as follows :-

Cargo trade 79%

Bulk carriers 15%

Passenger traffic 6%

THE FLEET

ZIM operated in the year under review a total of 150 vessels with a total tonnage of 1.4 million DWAT. Of these vessels, 65 were owned by the Company and the remainder was chartered on short, medium and long terms.

The s/s "Geffen" (II) of 2958 GRT (ex "Amal"), built by the Hanseatische Werft GmbH, Hamburg in 1959 was acquired from the Atid Cargo Lines and the following vessels were sold the same year :-

The m/v "Akko", the m/v "Ashkelon", the m/v "Ashdod" the m/v" Dagan", the m/v"Tappuz" and the m/v "Yehuda". For further details see list after the year 1970. The reefer m/v "Tsefat" caught fire and burnt out completely. She was a total loss.

PLANNING THE FUTURE

New transportation methods slowly developed in the shipping world, and this modern concept required remodeled types of vessels, such as roll on/roll off ships, lash carriers and container vessels. The trend was to increase the speed of cargo handling and to reduce the time vessels spent in ports. An additional objective was the raising of the cruising speed at sea and building larger vessels, which were likely to replace two or sometimes three of the conventional ships by one. ZIM could not afford to stay behind this development and had to consider the modernization of its fleet and to dispose of its outmoded crafts. The Board of Directors of the Company approved, therefore, a development plan involving a daring investment for the replacement of the conventional vessels and the bulkcarriers.

In connection with these ambitious programs, the structure of the Company had to be reorganized, and especially staffing problems for future activities of ZIM had to be solved. Simultaneously, the seagoing personnel had to be retrained for the new technical requirements lying ahead with the acquisition of the new generation of sophisticated container vessels and their complicated equipment.

The building cost of the new ships had risen considerably during the last years mainly due to the greater demand for shipping space, which was higher than the pace of constructing newbuildings. The disproportion between the shortage of tonnage and the increase in world seaborne trade in 1968 and 1969 is illustrated by the following figures:- in 1968 the world seaborne trade increased by 10% whereas new tonnage built the same year was 7.6% only. The corresponding figures for 1969 were 7.5% building increase against a trade increase of 11%. The tanker trade and its corresponding building percentage showed similar figures. Simultaneously, operating cost was expected to be higher than in previous years because of the rise in cost of repairs, increased wage payments, higher insurance premiums and others. Moreover, the modern vessels outfitted with sophisticated technological equipment were subject to rapid obsolescence and, therefore, necessitated accelerated depreciation which represented a substantial additional expense item. It was, therefore, anticipated that the profitability of the modern vessels would not show positive results immediately, but only in the near future.

Meir Gueron

On December 31st, 1969 Mr. Meir Gueron resigned as Managing Director of ZIM. Meir Gueron was born in Poland in 1913 and immigrated to Israel in 1933. He worked as a manual laborer in Haifa. In 1934 he began working in the “Solel-Boneh” construction company. In 1946, after World War II, he traveled to Europe working for the clandestine “Mossad Le-a’liya B’”, assisting the “illegal” immigration of Jewish holocaust survivors into mandatory Palestine, and the purchase of weapons for Israel’s national struggle.



He was later among the founders of the “Koor” corporation and between 1949-1951 was manager in Europe of “Koor” and “Solel-Boneh”. In 1951 he was appointed General Manager of “Koor”. In 1959 Gueron was nominated Vice-President of the Oil Refineries Ltd., Haifa, to become their General Manager shortly afterwards.

During his term as ZIM’s General Manager he led the management in taking the painful and historic decision, to liquidate the Passenger Lines, which were considered by many the backbone of the Company. After his resignation from ZIM he acted as overseas General Manager of the “Maritime Fruit Carrier Company” and between 1972-1976 he was General-Manager of “Oil Services Ltd.” and Chairman of the Board of its daughter companies.

It was the merit of Mr. Gueron that, during his term of office, the change from the period of losses into years of profits was achieved.

Moshe Kashti, a former Director General of the Ministry of Defence took over the Management of the Company with effect from March l970 .

1 9 7 0 - PROSPERITY

The year 1970 was the 25th anniversary of the ZIM-Company and it was a prosperous year in every respect. To illustrate the drastic changes of its fortunes and to illuminate the achievements of the Company an excerpt from the Review by the Chairman of the Board in his report to the Annual General Meeting provides the most reliable picture :

"During the year under review, our vessels - those owned and chartered by our Company - carried 13 million tons of cargo as compared to 8.5 million tons in 1969. The increase was 13.7% in cargo carried; the bulk carriers transported 23% more and the tankers 120% more than in 1970. On our regular routes we transported 4.9 million tons, compared to 4.3 million tons in 1969. The number of sailings rose from 935 in 1969 to 961 in 1970. Israel's seaborne trade (excluding fuel) grew from 6.6 million tons in 1969 to 7.6 million tons in 1970 - an increase of 17%. Our vessels carried in 1970 4,083,000 tons of dry cargo to and from Israel - compared to 3,361,000 tons in 1969, representing an increase of 21.5%, and our share in Israel's seaborne trade rose from 51.6% to 53.6%.

The Company's fleet consists of 60 ships, manned by 2080 seamen, 69% thereof Israelis and the remaining 31% foreign crewmembers, which are mostly employed on vessels not calling at Israeli ports. In addition to its own vessels, our Company operated 14 ships under long-term charter agreements and 63 chartered vessels - in all 137 vessels.

With the discontinuation of the passenger operations, the Company's financial position became sound.

In 1970, the turnover of the Company grew by 16% amounting to US$.131 million as compared to US$ 114 million in 1969. Adding the receipts of subsidiaries and affiliated companies the turnover in 1970 reached US$.137 million. The Balance Sheet of the Company increased by 17.8% and amounted to IL 571,737,000 against IL 485,367,000 in 1969. The increase in profitability in 1970, following the reduction in 1969 seemed considerable, because most of the factors causing the temporary reduction in 1969 disappeared.

During 1970 we repaid debts in the amount of IL 51.7 million. We invested IL 100 million in newbuildings, in real estate, in the acquisition of a subsidiary and in Government securities. The profit as a percentage of the turnover came to 5.2%.

The added value in foreign currency during 1970 reached 26%, thus the net addition of foreign currency to the economy of Israel from the operations of our Company totaled over US $35 million.

After an interval of 6 years, the Board of Directors found it possible to pay a dividend which, albeit a modest one, nevertheless highlights the tremendous change in the fortunes of our Company. "

And the Report of the Board of Directors reads inter alia:

"The statement of income for the year 1970 shows a profit of IL 23.7 million after the Company increased the depreciation for cargo vessels and bulk carriers acquired before 1967. In addition, the Company made provisions for the special survey repairs of a number of vessels, wrote-off the unamortised balance of trading rights and goodwill, resulting from chartering of vessels for 5 years and part of the cost of the Tel Aviv office building destroyed by fire. "

From a turnover of $110 million the Company contributed over $24 million to Israel's foreign currency.

THE ISRAEL CORPORATION LTD

On August 2nd this year the Israel Corporation Ltd. acquired a 50% interest in ZIM, thus increasing the authorized share capital of the Company from IL 85 million to IL 160 million and the issued share capital from IL 74.4 million to IL 120 million. The new investment strengthened ZIM's economy considerably and gave the Company a tremendous boost for broadening its scope of development. The additional capital was urgently needed to finance the planned renewal of the fleet and enhanced the financial profile of the Company to secure raising money from financial institutions abroad.

The division of the shareholdings in the ZIM-Company was now as follows :-

The Israel Corporation Ltd 50%

The Israeli Government. 30%

The Jewish Agency 10%

The Histadrut (Labour Union) 10%

BROADENING THE PLANNING FOR THE FUTURE

The deliberations started in 1969 concerning the expansion of the fleet continued well into the year 1970, and the discussions were now extended to a Fleet Development Plan until 1980. This plan envisaged the building of 33 vessels with an investment of 300 million dollars. 80% of the funds required for the modernization of the fleet were from foreign sources and only 20% came from own means. The plan took into consideration the needs for shipping during the next decade scrutinizing the expected development from all angles, such as the estimated growth of the trade, financial possibilities, cash flow, technical changes and prospects of financing from banks abroad besides financing from the Company's own resources. Moreover, the timing of ordering the vessels had to be decided upon, because placing an order too early could, however, save considerable cost in building the vessels, but on the other hand the trade routes did not yet justify introducing the vessels into service. Another aspect of delaying the ordering of the projected container vessels was the fact that port facilities were not as yet sufficiently developed to enable the port operation of these specified vessels.

In order to achieve this target, a highly qualified planning unit was set up researching the future needs for the growth of the fleet. This unit was staffed with young scientists, engineers and economists who would be responsible for the preparation of the Company's development plan and for the smooth organizational and commercial absorption of the vessels to be ordered.

In addition to the orders for newbuildings, which would be delivered gradually until the end of 1974, it was decided to enlarge (jumboize) 4 vessels and adapt them to carry, besides general cargo, also containers. The vessels in question were the m/v "Hadar", m/v "Etrog", m/v "Eshkol" and the m/v "Yaffo". The GRT of each vessel was, before the enlargement 4884 and after the jumboizing 6269.

SOMERFIN CO. LTD - ZIM PASSENGER LINES (1970) LTD.

In 1964 and 1965 two ferryboats built for the Somerfin Co. Ltd., according to their specifications, went into service in the Mediterranean. No sooner were the ferryboats plying the sea, than the Somerfin Co. Ltd., founded in 1952 and registered in Geneve, experienced financial difficulties and was unable to meet its obligations. One of the reasons for the quick decline of the passenger service of Somerfin was their competing with ZIM's Passenger Service, which should have been foreseen. Somerfin, therefore, went into voluntary liquidation, and as the Israeli Government had guaranteed 80% of the company's debts, the ownership of the two boats were transferred to the Government. The names of the ferries were "Bilu" and "Nili".

As the selling of the two boats did not materialize and no employment could be found for them, the "Bilu" was laid up and anchored for a long period at Haifa port. She had 230 one-class cabins with 510 berths and a garage for 120 cars. In 1967 she was transferred to the Government-owned "Kavim" Company, and after a couple of months "Kavim" chartered the vessel out to ZIM on bare-boat terms, and on this occasion she was renamed "Dan". The Government had requested ZIM to manage the vessel on a cost plus basis guaranteeing to cover all losses.

The fate of the "Nili" was different, but finally she was also transferred to the "Kavim" company and she was also chartered on bare-boat charter terms to ZIM.

When ZIM decided to liquidate its passenger service in 1970, both vessels were returned to the "Kavim" company, and as the Finance Committee of the Knesset was, anyhow, not prepared to cover the losses of the ferry boats any longer, the Government decided to sell the vessels.

In 1981, both boats, now under Greek flag, included the port of Haifa in their regular Mediterranean run. The "Dan" was now called the "Vergina", and the "Nili" was renamed "Arion". The "Dan" had sailed before under the Saudi Arabian flag and was named "Saudi-Moon" for a couple of years transporting pilgrims to Mekkah. Once it was discovered by the Saudis that the vessel was of Israeli origin she was sold to Greek Owners.

A piquant aftermath in the fate of the "Dan" came in 1983. When the members of the Palestine Liberation Organization were evacuated from Tripoli in Lebanon in December that year, one of the evacuating ships carrying the terrorists was the s/s "Dan" now called the s/s "Vergina". The "Nili-Arion" was destroyed by a fire, which broke out under unknown circumstances during one of her calls in Haifa port on 20.12.81.

The two vessels, "Dan" and "Nili", carried altogether over 30,000 passengers and 3,800 cars.

THE FLEET

The bulk carriers and the tankers of the Company had secured their place in international shipping, and the latest acquisitions were equipped with most modern operation methods. ZIM owned, or partly owned, 9 bulk carriers and had a further number of giant carriers on order or under construction. All modern vessels were operated by a crew of 26 persons only, and a modern bulk carrier carrying 60,000 tons could be loaded or unloaded in one day, thus increasing the operational efficiency considerably.

The first new container ship, the m/v "Ashdod" (II) of 3287 GRT was delivered to the Company at the beginning of the year. She was built by J.J. Sietas Shipyard in Hamburg.

The m/v "Yarden" was sold to the "Ophir Cargo Vessels Ltd.", which, in turn, sold her in 1977 to the "Altair Shipping Inc.", Haifa and she was then renamed the m/v "Gasos".

The ratio of ZIM ships in the overall Israeli trading was now 70% of the total number of vessels plying under Israeli flag and 55% in tonnage. ZIM's fleet was one of the youngest in the world: 50% of its vessels were under 5 years old, 38% were between 5 and 10 years old and only the remaining 12% were older than ten years. Its fleet was trading on 19 regular routes to all parts of the world including three international lines.

On the occasion of the 25th birthday of the Company in this year, a short summary of ZIM's development to date would be opportune: The Company was founded on 7.6.1945 as a partnership between the Jewish Agency, the Jewish Workers' Union and the Israeli Maritime League and commenced its operations with one passenger vessel in co-ownership with a British firm. After the establishment of the State of Israel it was only natural that ZIM became the national carrier.

The Company developed its activities in the various fields of shipping and trade at an unprecedented quick pace and was able to renew its diversified fleet steadily after having inaugurated its several lines for transportation of passengers and cargoes with very old vessels available for purchase after World War II. ZIM even increased its carrying capacity by chartering additional tonnage.

During the years, ZIM did not restrict its activities to the shipping business only but expanded its scope of enterprises in numerous fields connected with the trade. Thus, ZIM owns today wholly, or in partnership, shipping agencies in Israel and abroad in the principle parts of the world. Another range of activities of ZIM is in its commercial subsidiaries and many affiliated companies.

ZIM was managed in the beginning by Dr. Naftali Wydra, joined at a later stage by Mr. Josef Barpal and two additional Directors. The Management was subsequently taken over on 10.2.l966 by Mr. Meir Gueron who was succeeded by Mr. Moshe Kashti on 8.l.1970. One of the reasons for writing these pages lies in the fact that ZIM never looked back, and the Company's development from modest beginnings will be easily forgotten, expecially due to the fact that slowly but steadily a new generation takes over the day-to-day work of the Company.

VESSELS SOLD DURING THE PERIOD 1966-1970

NAME OF VESSEL GRT YEAR BUILT YEAR SOLD BUYER

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Akko | 1,894 | 1958 | 1969 | Seven Seas Shipping Corporation, Monrovia |
| Ashdod | 1,902 | 1958 | 1969 | " " " " " |
| Ashkelon | 898 | 1955 | 1969 | Anastasios M.Nomikos, Piraeus |
| Atlit | 898 | 1955 | 1968 | " " " |
| Dagan | 5,099 | 1954 | 1969 | Valued Diamond Shipping Inc., Panama |
| Galgas | 1,112 | 1959 | 1970 | Liquified Gas Carriers Pty. Ltd., Port Moresby, New Guinea |
| Israel | 9,853 | 1955 | 1966 | Empresa Insulana de Navegacoa S.A.R.L.,Lisbon |
| Jerusalem (II) | 9,920 | 1957 | 1968 | Miami Steamship Co., Liberia |
| Moledet | 7,810 | 1961 | 1970 | Epirotiki Steamship S.A., Piraeus |
| Nakhshon (II) | 2,472 | 1955 | 1969 | Hope Shipping Co.S.A., Piraeus |
| Shalom | 25,320 | 1964 | 1967 | Hanseatic Schiffahrtsgesellschaft m.b.H.,Hamburg |
| Tappuz | 5,099 | 1954 | 1969 | First Alpha Shipping Inc., Panama |
| Theodor Herzl | 9,914 | 1957 | 1969 | Aits Inc., Newton, Mass. |
| Tsefat | 807 | 1959 | 1969 | - total loss - |
| Yarden | 2,324 | 1959 | 1970 | Ophir Cargo Vessels Ltd., Haifa |
| Yehuda | 5,104 | 1955 | 1969 | Mr. Anastasios M. Nomikos, Piraeus |
| Zion | 9,855 | 1956 | 1966 | Sociedade Gekal De Commercio, Lisbon |

1 9 7 1 MODERNISATION

The year 1971 was marked as the year of technical and organizational changes towards the absorption of the Company's modern and sophisticated vessels and its entry into the container era. ZIM's Management expressed, again and again, its apprehension about the outcome of the revolutionary step it has taken and whether same will bear fruit and profit. But ZIM had no other choice since the world trend was towards containerization and ZIM as a modern carrier could not stay behind.

THE FLEET

Because of the conflicting tendencies due to various factors prevalent during the year in the shipping world, which influenced charter rates on one hand and shipbuilding cost on the other hand, and because of the difficulty to predict future variations, the Company requested, in August 1970, a British firm specialized in assessing the value of the fleet of shipping companies to appraise its fleet. The value assessed was considerably higher than the written-down book value. 14 months later the same British form was again requested to assess the value of the Company's fleet, and at this time, evaluation showed a figure well below the previous assessment. It should, however, be emphasized that both figures served as an indicator only and did not represent the true value of the Company's fleet.

At the end of 1971 the Company had 15 vessels on order totalling 920,000 dead weight tons.

In March ZIM took delivery of a very large crude carrier of 235,000 tons - the biggest vessel in the Israeli Merchant Marine. The same year the m/v "Shavit" was sold to the Greenline Shipping Co. Ltd., Panama.

FINANCIAL SITUATION

The net profit of the Company showed IL 12.4 million after having set aside IL 9 million for income tax purposes and after having increased the depreciation for its vessels. ZIM had repaid debts in an amount of IL 76.4 million and having invested IL 240.7 million in vessels on order. These huge amounts of money came from the Company's profits, the sale of vessels and the increase of its share capital. The remainder was obtained by short and long-term loans.

The increase of cargoes carried by the Company’s vessels in 1971 against 1970 was a very modest 3.6%.

SUMMARY

At the end of 1971 the following data can be summarized:

ZIM ranks among the world's 20 largest shipping companies, operating 140 cargo ships, 78 of them wholly owned by the Company, totalling almost two million tons dead weight.

ZIM's fleet included 59 dry cargo vessels, 10 tankers and 9 bulk carriers.

The value of ZIM's fleet was over 200 million dollars.

ZIM employed at the time 3,000 seamen and 1000 shore staff.

The turnover of the Company was 155 million dollars, earning about 40 million dollars in hard currency for the Israeli Treasury.

ZIM was a member in about 40 Shipping Conferences and had appointed agents in approximately 250 ports.

ZIM was, by now, a major shipping company, judged by any standard in the shipping world and was firmly established.

It is worth mentioning that, having the national character of the Company surely in its sights, ZIM saved the importers and exporters millions of dollars by preventing freight increases by the various conferences or, at least, by restraining them.

For a couple of years ZIM did not appear in the headlines of the newspapers and the criticism on deficits, technological shortcomings and mismanagement have completely disappeared from the press. This may have been the biggest achievement of the Company.

1 9 7 2 THE FLEET - CONTAINER SERVICE

In the course of the year ZIM received its first four modern container vessels built at a cost of about 70 million dollars. All four vessels were built by the Italcantieri shipyard at Genoa and were delivered in the following order :-

|  |  |  |
| --- | --- | --- |
| ZIM NEW YORK | GRT 25831 | in March |
| ZIM TOKYO | GRT 25831 | in May |
| ZIM HAIFA | GRT 26024 | in July |
| ZIM GENOA | GRT 26024 | in November |

All four container ships were about 210 meters long and had a cruising speed of 24 knots. Each vessel could carry 713 40-foot containers amongst them 100 fridge containers. The vessels were equipped with the most modern technology and did not resemble the outdated conventional cargo carriers in the least. It should be noted that a container ship spends only 20 percent of her time in port compared to 60 percent for conventional cargo ships.

These vessels inaugurated the "Long Line" or the "Three Continents Line" as it was called at the time, plying the route Israel-South European Ports - East and West Coast of the United States - Japan - Taiwan - Hong Kong. The Company relied, in a large measure, on shipments by American Jewish businessmen, who were trading billions worth of dollars with the Far East. ZIM was now able to offer a service incomparable in speed and efficiency with its door-to-door service. The Company was spared major shortcomings during the run-in period of this service due to the technical proficiency and commercial ability of the related organizational set-up in good time.



m/v Zim Haifa

While on her maiden voyage, a fire broke out on the container vessel "Zim Tokyo" due to a technical failure in the electrical installation. Four seamen lost their lives and three sustained injuries. The vessel was repaired in a couple of weeks and re-entered the service. The direct damage amounted to US $800,000.

The "Zim New York" and the "Zim Tokyo" flew the German flag, and the "Zim Haifa" was the first container vessel plying under the Israeli flag.

The following vessels were disposed of in this year to the owners outlined below :-

- m/v "Geffen"(II)sold to the Zappion Shipping Co. Ltd., Famagusta and was renamed m/v "Sunrise".

- m/v "Shomron" sold to the Grand Cayman Cambridge Shipping Co. Ltd., Cayman Islands.

- m/v "Ampal" sold to the Carras Maritime Corporation, Piraeus.

- m/v "Negba" sold to the Mississippi Shipping Co. Ltd., Hong Kong.

At the end of the year ZIM owned-or partly owned-57 vessels with an aggregate 1,535,000 DWAT. In addition to its own vessels the Company operated about 130 chartered vessels during the year on various long-term charter agreements.

THE SEABORNE TRADE - FREIGHT TRENDS

The development of the seaborne trade to and from Israel in 1972 was not impressive in comparison with the previous years - there was only a marginal increase in tonnage carried (3.3%), and ZIM's share in the Israeli trade remained static.

On the other hand, the overall carryings of the Company grew by almost 50% against 1971 - from 14.3 million to 20.9 million tons of cargo (including fuel).

CREW - PAYMENTS TO SEAFARERS

Due to the unceasing pressure of the seamen's unions for increases of the wages for their members, the Company's vessels were by some 150,000 dollars more expensive per annum compared to those of other seafaring companies. This was one of the main reasons why the profitability of the Company did not grow in 1972. Another factor which influenced the financial results of the Company was the high rate of other expenditure which almost eliminated every effort to be competitive in the world shipping market.

The Company has not yet overcome the problem of the shortage of seamen, although steps had been taken for many years to train future officers as cadets on some of its vessels. In order to attract more manpower, ZIM signed a contract with the Seamen's Unions, which provided, inter alia, that seamen may retire at the age of 45 after 20 years of service at sea.

A company called "Gal Marine Ltd." was set up by ZIM. This company deals with ships and container repairs and other metal works and also serves as a container depot in Ashdod.

1 9 7 3 - PROFITABILITY AND FINANCES

The year 1973 saw a turnabout in the fortunes of the Company, and its profitability grew by 12%. The turnover increased by 35%, from IL 720 million in 1972 to IL 960 in 1973. However, the higher profitability was mainly due to the activities of the Company's subsidiaries and was not derived from the shipping enterprise.

The overall carryings of the Company grew by some 30%, from 20.9 million tons in 1972 to some 28 million tons carried during 1973. ZIM operated, similar to previous years, over a hundred chartered vessels in addition to its own ships.

The profit of the Company for the year amounted to 25.7 million pounds. This was only slightly more than in the previous year in spite of the higher turnover in the current year. The reason for the small improvement lay in the increased operating and maintenance cost and in an unexpected loss of over four million dollars incurred by the "Long Line", which had not yet become fully and satisfactorily operational in view of technical problems and other "childhood" diseases.

ZIM was able to repay debts, invest in other assets and to pay on account of vessels ordered the impressive amount of IL 675 million out of its profits, reserve funds and the sale of vessels and other assets. Intended development plans were somewhat hampered by unreasonable demands of the seamen's unions, such as their opposition to dispose of old vessels, supporting their claims by occasional strikes.

THE FLEET

During the year the Company took delivery of 9 vessels as detailed below:-

The s/s "Zim Montreal" and the s/s "Zim Hong Kong", both of 23100 GRT and both built by the Bremer Vulkan Schiffbau and Maschinenfabrik in Bremen-Vegesack.

Four vessels of the Clyde Type built by the Upper-Clyde Shipyard in Glasgow: the m/v "Varda", the m/v "Hilla" the m/v "Orly" and the m/v "Aliza". All four vessels had a GRT of 11000 each and a cruising speed of 16 knots.

Two ro/ro vessel, the m/v "Iris" and the m/v "Narcis", each of 8243 GRT and a speed of 19 knots, built by Santierul Naval in Galatz. Each of them could accommodate 74 trailers and 151 cars.

A second hand vessel, the m/v "Lilac"(ex "Christiane", ex "Karine-Elise", ex "Hother Isle") of 6233 GRT, built in 1956 by the Howaldtswerke in Hamburg was bought by ZIM. She had a long history, as can be seen, and changed owners three times before.

With the acquisition of all those vessels ZIM was now the 12th biggest shipping company in the world and the most modern shipping enterprise plying the seven seas. On the other hand, four vessels were sold this year: the m/v "Gedera" was sold to the Sembawang Shipping Co. Ltd., Monrovia, the reefer m/v "Lakhish" was sold to the Atlantic Belgian Shipping Co. Ltd., Hong Kong and was renamed the m/v "Cornelian". The m/v "Sara" of the Mother-Type was sold to the Colorado Shipping Co. Ltd., Hong Kong and was renamed by her new owners the m/v "Eastern Luck". The m/v "Miriam", also of the Mother Type, was sold to the Missouri Shipping Co. Ltd.

Taking all the additions and sales into account, the value of the Company's Fleet increased considerably in 1973. The written-down book value of the ships grew noticeably and the actual value of ZIM's fleet was now far above the figures shown in the Company's books.

ZIM IN THE YOM KIPPUR WAR

A special chapter of this review should be devoted to the Company's activities during the Yom Kippur War.

The war caught ZIM completely by surprise, and after the first day of the hostilities the smooth running of the Company, such as administration and operations, was disturbed, since about 300 office employees were called up to the army. Loading and discharging operations in the ports were interrupted because of lack of port workers, who were likewise called up. The port areas were soon congested, as receivers could not take delivery of their cargoes, since there were no trucks to move it from the storage spaces.

The main task in those days for ZIM was to centralize the operations of all vessels under one roof. For this purpose, an Emergency Room was set up, and it so turned out, that ZIM supplied most of the cargo transports for the State of Israel during the war. The emergency room was operative 24 hours a day, and full control was exercised over all vessels owned and chartered by the Company. Crewmembers of all ships were considered as being recruited into active service.

Foreign vessels chartered by ZIM on their way to Israel were not allowed by their owners to call at Israeli ports and were mostly diverted to ports in Cyprus and Greece for discharging their cargoes and transshipping it to Israeli vessels for oncarriage to Israel. Some foreign shipping lines, however, continued to call at Israeli ports after the State of Israel paid the war insurance and war risks for their crews. Thanks to personal connections, the managers of the Mediterranean Line succeeded in persuading some foreign shipowners to return their ships to Israeli ports, and soon other foreign shipowners followed their example. Preference for discharging was always given to Israeli vessels to enable them to depart again without delay to European and Mediterranean ports and to the United States for carrying the next shipload of war-important cargoes to Israel.

Care had to be taken of vessels caught in the port of Eilat or on their way thereto, especially tankers. As a matter of fact, the port of Eilat was immediately inoperative after the outbreak of the hostilities, because of the closing of the Strait of Tiran. Another problem was the directing of dry bulk cargo vessels and tankers to quick discharging places and to ready them for their next essential voyage. A scheme of preferences and urgencies was established for important ships' repairs, supply of fuel and provisions. As the United States was the main supplier for indispensable cargoes, it was soon realized that the number of vessels plying this line was insufficient, and ships from other lines were transferred to this route. It was self understood, that every line had its own specific problems, but all activities were co-ordinated with and by the emergency room. On the other hand, ZIM worked in those hectic days in close cooperation with the Israeli Navy.

The cooperation and mutual assistance of every employee in the office and crewmembers at sea were exemplary, but the price paid lay as a heavy burden on the profitability of the Company. All auxiliary services of the Company, such as Layam and Alhout Yam, remained fully operative during the war, and there were no disturbances or interruptions due to lack of spare parts or others.

In finalizing these lines, it can be said that, thanks to the special efforts and volunteering spirit of everybody in the Company - in Israel and abroad - ZIM, as the only carrier of military supplies to Israel in those days, overcame this difficult period above all expectations.

VESSELS ACQUIRED DURING THE PERIOD 1968 - 1973

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| NAME OF VESSEL | GRT | YEAR BUILT | YEAR ACQUIRED | B U I L T B Y |
| ASHKELON | 898 | 1955 | 1968 | D.W. Kremer Sohn, Elmshorn |
| NAKHSHON (11) | 2472 | 1955 | 1968 | Schiffswerft A. Pohl, Hamburg |
| OPHIR | 1369 | 1962 | 1968 | AT. Duchesne & Bossiere, Le Havre |
| GEFFEN (11) | 2958 | 1959 | 1969 | Hanseatische Werft G.m.b.H, Hamburg |
| ASHDOD (11) | 3287 | 1970 | 1970 | J J. Sietas Shipyard, Hamburg |
| ZIM TOKYO | 25831 | 1972 | 1972 | Italcantieri, Genoa |
| ZIM NEW YORK | 25831 | 1972 | 1972 | Italcantieri, Genoa |
| ZIM HAIFA | 26024 | 1972 | 1972 | Italcantieri, Genoa |
| ZIM GENOA | 26024 | 1972 | 1 972 | Italcantieri, Genoa |
| ZIM MONTREAL | 23094 | 1973 | 1973 | Bremer Vulkan Schiffbau und Maschinenfabrik Vegesack |
| ZIM HONG KONG | 23094 | 1973 | 1973 | Bremer Vulkan Schiffbau und Maschinenfabrik, Vegesack |
| NARCIS | 8243 | 1973 | 1973 | Santierul Naval, Galatz |
| IRIS | 8243 | 1973 | 1973 | Santierul Naval, Galatz |
| LILAC | 6233 | 1956 | 1973 | Howaldtswerke, Hamburg |
| VARDA | 11897 | 1973 | 1973 | Upper-Clyde Shipyard, Glasgow |
| HILLA | 11897 | 1973 | 1973 | Upper-Clyde Shipyard, Glasgow |
| ORLY | 11897 | 1973 | 1973 | Upper-Clyde Shipyard, Glasgow |
| ALIZA | 11897 | 1973 | 1973 | Upper-Clyde Shipyard, Glasgow |

Moshe Kashti



Moshe Kashti was born in Poland in 1917 and came to Israel in 1935. He was active in the “Haganah”, the clandestine military organization of the Jewish settlements under British Mandatory rule.

After Israel’s independence he continued to serve in the Israeli Defense Forces and gained reputation as an outstanding finance and logistics expert. Between 1954-1958 he was Financial Advisor to the Chief of Staff, and later, as a civilian, was appointed Head of Finance Administration at the Ministry of Defense. His next office, from 1965, was deputy to the general manager of the ministry of defense, in charge of economical matters, and he was later appointed General Manager of the Ministry of Defense.

After 22 years of service at the Israeli Defense Establishment he became General Manager of ZIM in March 1970. He had served the Company for four years and had devoted himself mainly to the changing conditions of ZIM’s emanating to the containerization of cargo transportation. He was the driving force behind the “Technological Revolution” in ZIM.

Moshe Kashti died suddenly on 16.3.l974 of a heart attack while on a business trip in London.

1 9 7 4 CHANGE OF MANAGEMENT

Mr. Yehuda Rotem was appointed General Manager of the Company on 23.5.l974 and took charge on 15.6.l974.

Mr. David Elazar replaced Mr. Michael Tzur in the same year as Chairman of the Board.

A BRIEF SUMMARY

The Company's fleet owned and partly-owned at the end of the year consisted of 60 vessels aggregating 2.2 million DWAT. In addition, ZIM had 64 vessels under charter totalling 300,000 DWAT.

The Company profited in the year under review mainly from the change in the exchange rate of the Israeli Pound to the Dollar. Good results were obtained on all lines, and mainly the Container Service showed a very encouraging outcome. It should be especially mentioned that these results were achieved in spite of the depression prevailing on the world-shipping scene. The Company was able to distribute dividends amounting to IL30 million.

ZIM's share in Israel's seaborne trade fell by about 5% but increased by the same percentage in its international lines carried mainly by its container and ro/ro vessels.

During the year, the set-up of the Three Continents Line and the ro/ro services in the Mediterranean Line were completed, and the scope of the activities of the existing services was enlarged.

As a consequence of the good financial results the Company started to engage in a comprehensive development program.

No vessels were bought by or built for the Company in 1974, and the only vessel sold this year was the m/v "Lea" of the Mother-Type, which was taken over by the Mateo Shipping Co. S.A.

1 9 7 5 - THE COMPANY'S OPERATIONS

In 1975 the Company's vessels carried approximately 6.8 million weight tons of cargo (excluding fuel) on a fleet of over 2.2 million dead weight tons, and its turnover reached $ 430 million as compared with $ 380 million the year before. 40% of the Company's income was derived from its international lines.

ZIM now operated a precise network of computers, which could provide at any time accurate information concerning the location of each container. From the report of the Board of Directors it transpires that the year 1975 generated satisfactory results despite the decline in shipping the world over.

The profit of the Company reached IL 77.5 million after having made provision of about IL 240 million for current and deferred taxes and others. ZIM gained some IL 38 million from the decline in other currencies like the Deutsche Mark and the Pound Sterling. The financial situation enabled the Company to finance its newbuildings and to repay a substantial part of its long-term loans.

A short statistic of the development in cargo transportation and the growth of the fleet during the previous 25 years is outlined below: -

Cargo Transport

|  |
| --- |
| 1950 342,000 tons |
| 1960 1,425,000 " |
| 1970 5,850,000 " |
| 1975 6,810,000 " |

Growth of the Fleet Tonnage

|  |
| --- |
| 1950 84,000 DWAT |
| 1960 327,000 " |
| 1970 1,064,000 " |
| 1975 2,283,000 " |
|  |

EXPANSION

During the year ZIM expanded its activities mainly in the field of international forwarding by acquiring interests in existing Israeli forwarding companies. Thus, a company called "International Forwarding Company of Israel Ltd. ", dealing with clearing and forwarding, insurance and managing a bonded warehouse was purchased. Furthermore, ZIM acquired 50% in the "Atzmon Bonded Warehouse Company Ltd.", a daughter company of the aforementioned International Forwarding Company. In 1979 an additional 40% were purchased by ZIM and in 1970 the remaining 10% thus ZIM became the sole owner of "Atzmon".

ZIM also acquired 80% partnership of another company of the International Forwarding group namely the "Ramon Insurance and Finances Co. Ltd. ". As the name of 'Ramon' suggests, its dealings are mainly in the field of marine insurance.

VESSELS SOLD DURING THE PERIOD 1971 - 1975

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **NAME OF VESSEL** | **GRT** | **YEAR BUILT** | **YEAR SOLD** | **B U Y E R** |
| AMPAL | 11006 | 1958 | 1972 | Carras Maritime Corporation, Piraeus |
| DEGANYA | 8237 | 1960 | 1973 | Woodlands Shipping Co. Ltd., Monrovia |
| GEDERA | 8237 | 1960 | 1973 | Sembawang Shipping Co. Ltd., Monrovia |
| GEFFEN (11) | 2958 | 1939 | 1972 | Zappion Shipping Co. Ltd., Famagusta |
| LAKHISH | 1346 | 1958 | 1973 | Atlantic Belgian Shipping Co. Ltd., |
| LEA | 2038 | 1974 | 1974 | San Mateo Shipping Co. S.A. |
| MIRIAM | 2038 | 1965 | 1973 | Missouri Shipping Co. Ltd. |
| NEGBA | 11004 | 1958 | 1972 | Mississippi Shipping Co. Ltd., Hong Kong |
| OPHIR | 1369 | 1962 | 1972 | John Marcantonakis & Spiridon, Piraeus |
| SARA | 2038 | 1964 | 1973 | Colorado Shipping Co. Ltd., Hong Kong |
| SHAVIT | 7254 | 1962 | 1971 | Greenline Shipping Co. Ltd., Panama |
| SHOMRON | 5329 | 1955 | 1972 | Grand Cayman Cambridge Shipping Co. Ltd.-Cayman Islands |
|  |  |  |  |  |

1 9 7 6

Despite the decline in world shipping the Company had maintained the scope of its operations in that year which was considered quite an achievement.

Due to the change in the exchange rates of the Israeli Pound during the year against the main foreign currencies various adjustments had to be made in the Company's books and these changes are reflected in the increase in the Company's Balance Sheet which grew from IL 3.2 billion in 1975 to IL 4.3 billion in 1976, an increase of 34%. The Company's net profit declined significantly as compared to 1975 - from IL 77 million to IL 29 million. Also cargoes transported by Company's vessels declined by about 2.5% against the previous year.

In spite of the deteriorating economic situation of the Company the Directors proposed to the General Meeting the distribution of dividends as in the previous year.

ZIM acquired in 1976 50% interests in the existing "Daphna Weissman & Lavi Company Ltd." which deals with forwarding by sea and air, customs clearing and insurance.

THE FLEET

The Company's fleet was increased in the year under review by three container vessels, the s/s "Zim California", the m/v "Tilia" and the m/v "Camelia". The "Zim California" of 23367 GRT built in 1971 by Italcantieri, Genoa, was launched as the "Ariel". She later changed owners and was renamed "Taeho". The sister-ships "Camelia" and "Tilia" were both built by the Mie Zosen Shipyards in Japan and had a carrying capacity of 310 twenty-foot containers each. The "Hanna" of the Mother-Type was sold to the Kydonia Primera Shipping S.A., Panama. The m/v "Shiqma", the m/v "Alon" and the m/v "Eshel" were enlarged and converted into container vessels.

Thus ZIM's fleet at the end of 1976 accounted for 62 ships with a total dead weight of 2,263,000 tons.

The various types of the vessels can be classified as follows:-

13 container ships with a total dead weight of about 225,500 tons.

27 conventional cargo vsls with a total deadweight of about 204,700 tons.

2 ro/ro vessels with a total dead weight of about 8,300 tons.

4 multi-purpose vessels with a total dead weight of about 75,500 tons.

8 bulk carriers with a total dead weight of about 344,000 tons.

8 tankers with a total dead weight of about 1,405,000 tons.

---------------------------------------------------------------------------------------------------

**62 2,263,000 tons**

The following newbuildings had been ordered or were under construction at that time:-

4 container vessels of about 9,000 tons each with a carrying capacity of 470 twenty foot containers to be built by the Israel Shipyards.

2 ro/ro vessels with a capacity of 100 trailers, each carrying 85 40' containers and 185 cars - to be built in Scandinavia.

1 feeder vessel for the carriage of 150 forty foot containers and ten twenty footers - to be built in Japan.

ZIM was now one of the ten largest shipping companies in the world. As an indication of the activities by ZIM's General Agent in Israel, Messrs. M. Dizengoff & Co. Ltd., it should be of interest to the reader to learn, that the Agency issued during 1976 36,500 Bills of Lading, i.e. more than one hundred a day. 107,000 delivery orders were given out i.e. about 300 a day and the Agency handled 120,000 Containers of all kinds. 1100 vessels called during the year at the three main ports of Israel which were represented by M. Dizengoff & Co. - an impressive result.

1 9 7 7 - FINANCES AND PROFITS

Notwithstanding the continued depression in world shipping the Company maintained a reasonable profitability in this year. The net profit was about IL 41 million, a considerable increase against 1976 (IL 29 million). The Balance Sheet rose from IL 4.3 billion to IL 7.7 billion, an increase of 79% attributable mainly to the changes in the exchange rates of the Israeli Pound against the Dollar. In dollar terms the Balance Sheet rose by 1% only in comparison to 1976.

The Company was able to declare and pay dividends to their shareholders at 16% on preferred shares and 15% on ordinary shares respectively.

The registered share capital of ZIM was increased to IL 450 million of which IL 250 was paid up.

Mr.Chaim Shtessel was elected Chairman of the Board of Directors on 12th January, l977. This appointment had been vacant for nine months since the sudden death of the former Chairman, Mr. David Elazar.

DEVELOPMENT

After having covered in this review until now about 30 years of the Company's growth and activities it would be suitable to state some examples of the expansion of the ZIM enterprise. Similar details hold good also for other years and are not characteristic for the year 1977 alone. The best way to illustrate the steady development would be to collect this information from the current publications at that time.

ZIM completed the containerization of all Eilat lines by replacing the conventional vessels running on those five lines with container vessels. The five lines running from Eilat were the Red Sea and East Africa Line, the South Africa Line and the lines to the Persian Gulf, to the Far East and Australia. An increased demand for cargo space was felt on these lines and the feeder service in the Far East and Australia was strengthened. The number of containers shipped from Mediterranean ports to Australia increased as well. There was an anticipated augmentation of 50% for cargo transportations between Japanese ports and Taiwan, Hong Kong and Manila. A new line was inaugurated by the "Gold Star Line" running between West Africa and New Zealand.

Refrigerated containers were in short supply by ZIM and the Company had to hire about 75 of them from foreign owners. At the same time ZIM had 200 reefer containers of their own under construction. All over there was a considerable requirement for additional tonnage on almost all lines, which had to be supplemented by chartered vessels.

The accounts and inventory department were computerized as well as the communication system between the various ZIM offices in North America - New York, Montreal and Los Angeles.

Courses for cadets and supplementary courses for active ships' personnel were continuously programmed and held on various levels.

The following statistics show the development of tonnage carried by ZIM vessels since 1950:

|  |  |
| --- | --- |
| **GENERAL CARGO** | |
| ( In thous. tons) - not including Bulk | |
| Between | |
| TOTAL Foreign Export Import Year | |
| Ports | |
| 342 14 7 321 1950 | |
| 1,340 256 429 655 1960 | |
| 1,336 380 390 566 1961 | |
| 1,683 613 410 660 1962 | |
| 1,687 754 329 604 1963 | |
| 1,940 847 460 633 1964 | |
| 2,168 933 621 614 1965 | |
| 2,176 980 620 576 1966 | |
| 2,081 835 653 593 1967 | |
| 3,132 894 1,119 1,119 1968 | |
| 3,607 770 1,385 1,452 1969 | |
| 4,101 743 1,565 1,793 1970 | |
| 4,078 698 1,507 1,873 1971 | |
| 4,305 614 1,526 2,165 1972 | |
| 4,555 815 1,578 2,162 1973 | |
| 4,599 852 1,576 2,171 1974 | |
| 4,686 955 1,728 2,003 1975 | |
| 4,301 1,085 1,529 1,687 1976 | |
| 4,440 1,369 1,579 1,492 1977 | |
| **BULK CARGO** |
| (In thous.tons) |
| Between |
| TOTAL Foreign Export Import Year |
| Ports |
| 85 - - 85 1960 |
| 477 347 129 1961 |
| 537 110 54 373 1962 |
| 553 198 20 335 1963 |
| 528 194 334 1964 |
| 437 164 273 1965 |
| 522 154 368 1966 [cont. next page] |
| 1,255 685 94 476 1967 |
| 1,348 700 92 556 1968 |
| 1,472 948 78 446 1969 |
| 1,764 1,039 45 680 1970 |
| 1,861 1,009 125 727 1971 |
| 1,850 1,172 74 604 1972 |
| 2,011 1,200 61 750 1973 |
| 2,037 1,211 826 1974 |
| 2,124 1,246 878 1975 |
| 2,231 1,441 89 701 1976 |
| 2,163 1,321 89 753 1977 |

As the Mother-Type vessels of about 3000 tons cargo capacity each were by now outdated, it was decided to dispose of them and replace same by modern container vessels. Those vessels suffered from under-employment because of their unsuitability for the necessities on the European trade and the new vessels should conform with the changing conditions in world shipping.

The activities of the Company were heavily hampered in this year by a seamen's strike which lasted for 23 days and had serious repercussions on the credibility of the Company in Israel and abroad.

THE FLEET

In 1977 the Company took delivery of three vessels and disposed of two Mother-Type ships.

The container vessel "Sigal" of 6066 GRT with a carrying capacity of 400 twenty-foot containers built by the Israel Shipyards Ltd. in Haifa and the much discussed ro/ro vessel "Jasmine" of 4542 GRT built by Ankerlokken in Norway were delivered to the Company. The cargo ship "Ares" (ex "Tayabas Bay") of 5907 GRT built in 1972 by the Krushima Dockyards Co. Ltd. in Japan was bought by ZIM on the open market. The m/v "Esther" and the m/v "Rivka" were both sold to the Kimberly Navigation Co. Ltd., Grand Cayman, Georgetown.

1 9 7 8 - THE STRIKE

The year 1978 was overshadowed by a seamen's strike which lasted for 79 days and immobilized the Company's fleet of 48 vessels, 22 at home and 26 abroad. Although the various lines adapted themselves quickly, with extraordinary skill and circumspect to the new situation in order to serve their clientele in Israel and abroad, the losses of the Company as a result of the disruption of the labour relations were considerable. On the other hand, thanks to the swift reorganization of the Europe and Mediterranean lines the turnover of the container transportation increased by 50% on the "Kedem Landbridge" line.

The Company's profitability was also affected by sanctions of the port workers in Israel and a dockers strike in American ports. In spite of all these set-backs ZIM withstood the trials and even expanded its scope of operations.

DEVELOPMENT AND EXPANSION

During the year the computer system in ZIM's offices abroad was developed with an unprecedented pace, and not only inner-office information was now made available by computerizing the various branches, but also the connection between the offices abroad was tightened.

One of the main targets of the Company was now to expand its own container fleet and to be released from hiring them from foreign stocks. There were over 13,000 containers in the Company's service, only partly owned and the greater part hired on short and long terms. Therefore, ZIM ordered in Israel and abroad the construction of thousands of boxes of all kinds and sizes for its own account, but it stood to reason that the delivery of the new equipment would take some time.

Cargoes carried by the vessels operated by the Company (excluding dry bulk cargoes and fuel) increased by about 9% against the previous year. Cargoes carried by ZIM vessels to and from Israel increased by about 7%. This positive development was achieved notwithstanding the idleness of the Company's vessels during the 79 days strike. Cargoes carried by the Company's vessels on the international lines (excluding bulk cargoes) was by 12.5% higher than the previous year, and this factor contributed mainly to the profitability of ZIM in that year. The Consolidated Balance Sheet of ZIM rose in 1978 against the previous year in dollar terms by 8% and reached $540 million.

As the Company was in dire need for funds for the development of its fleet, ZIM raised 30 million dollars on the local market by way of issue of two series of 7% debentures.

During the reported year the Company showed an operative loss of IL 138 million but after adding other income and the release of the reserve for equalization of taxes and income the statement of income came to a solid profit of IL 106 million. Thus, the Company was able to propose and pay a dividend to its shareholders similar to that paid the previous year.

As can be seen the Company's sound structure overcame successfully all the adversities of 1978 and was looking forward into the future with confidence and high expectations.

THE FLEET

ZIM decided to sell the majority of its older vessels the profitability of which was very much in doubt in recent years. 14 vessels were disposed of during the year, a fact which facilitated the rejuvination and development of the fleet. The 14 vessels in question are listed on the roster after the year 1980.

On the other hand, the Company's fleet was increased by 3 new vessels in the year under review: The container vessel "Vered" of 6066 GRT built by the Israel Shipyards Ltd. She had a carrying capacity of 400 twenty-foot containers. The other two vessels were the multi-purpose sister ships “Lagos Star" and "Abidjan Star" of 14939 GRT each, built by the Hakodate Dock Co. Ltd. in Japan.

ZIM's manpower on its crafts accounted now for 1800 officers and ratings.

1 9 7 9 - FURTHER PROGRESS

The optimistic vein expressed in the previous chapter concerning the future of ZIM was - as will be seen - more than justified.

The turnover of the Company reached in 1979 $649 million against $535 million the year before, which means an increase of 21%. The Balance Sheet showed $558 million compared to $540 million in 1978. The net profit came to $9.3 million in comparison with $6.1 million in 1978 which was an increase of about 50%. Because of the high rate of inflation of the Israeli Pound the figures and the proportion of the percentage of the growth were much higher when expressed in this currency.

The volume of cargoes carried on the Company's own and chartered vessels rose to about 7 million tons. In comparison the figure for l978 was 5.9 million tons (both figures excluding dry bulk cargoes and fuel oil), an increase of about 19%. ZIM's part of transportation of cargoes to and from Israel rose by 17%. Cargoes carried by ZIM on its international lines increased by 22% and this part of transporting contributed to half of the Company's income in that year.

This is an impressive statistic considering the persistent slump in world shipping since the early seventies and the continued rise in cost of fuel oil. It is true, that the net profit of the Company was not on the high side, but taking into account that huge respected shipping firms went out of business over the year, ZIM held its ground against many odds. Even some large shipping conferences broke up and the negative effect on freights due to wild competition thereafter was immediately felt.

The local and foreign press which devoted many articles about the Company claimed that ZIM was now amongst the nine largest shipping companies in the world. This success for keeping over water in that difficult period is to be found in ZIM's policy to diversify its various sources of income and not "to put all its eggs into one basket". With this policy ZIM reduced its risks and increased its prospects.

ZIM had now 38 branch offices around the globe, employed some 200 agents and had over 6000 personnel, 2000 at sea and 4000 on shore, all over the world on its payroll. There were about 30 daughter companies affiliated directly or indirectly with ZIM.

NEW COMPANIES

ZIM, in conjunction with the Israel Port Authorities, set up a joint company called "Etzion Combined Transport Enterprises (1979) Ltd.", which operated land transportation to and from Eilat. The "Etzion" Company contributed to the continuation of the operation of the port of Eilat which had considerably diminished due to the opening of the Suez Canal to ships flying the Israeli flag. "Etzion" started its operation with 55 semi-trailers and opened offices in Haifa (Head Office), Ashdod and Eilat.

In order to improve the export of phosphates ZIM formed jointly with the "Negev Phosphates (1977) Ltd," a company called "Negev Star Maritime Services Ltd." According to the agreement signed between the two companies a number of vessels, depending on the varying demand for chemicals had to be bought or chartered for this trade.

ZIM entered into a shortlived agent-management agreement with the Royal Swazi National Shipping Corporation to operate their new shipping line with three chartered vessels. The line plied from South and East Africa to North Europe and the Mediterranean and return. But it soon was realized that the new line was not viable with 3 vessels of the size of 15000 tons cargo capacity and after some losses the venture was wound up in the same year. This enterprise initiated with much hope and enthusiasm was doomed to failure as from the beginning because of the size of the vessels chosen and a miscalculation of the cost.

CONTAINERS, CONTAINERS.....

The Company operated at the end of the year about 70,000 containers (measured in 20-footers) of various types - half of them owned and half of them leased from supply companies. In order to control this huge quantity of investment a highly computerized unit for equipment control was established. The tasks of this unit were to allocate a required number of boxes to each line, to monitor and follow up the efficient utilization of each container in the four corners of the world and to determine which container was in need of repair.

An interesting study showed that steel containers were preferable to aluminum containers used hitherto, because of the big price difference in construction between the two kinds, in spite of the steel containers being smaller in volume.

THE LINES AND THEIR SERVICES

During the year the Company widened the range of its shipping lines and added new ports of call to its schedule. On the other hand, the services connected with Iran were brought to a standstill due to the political situation.

The total number of vessels operated by ZIM during the year - owned and chartered - was about 120 and the sailing schedule listed 20 regular lines and over 60 ports of call across the five continents. The lines were mainly divided into four sections:-

(1) The Zim Container Services of which a graph, originally published in "Containerization International", is reprinted below. It is worthwhile mentioning that ZIM was the first shipping company which served the Pacific Line from the United States to the Far East with container vessels.

(2) The Europe and Mediterranean Line operating to the United Kingdom and Northern European ports as well as to Portugal, Scandinavia, Black Sea ports, Cyprus, Greece, Italian ports and Yugoslavia.

(3) The Eilat Services operating their lines to Red Sea and East African ports, to India and as far as to Australia, New Zealand and the Far East. A special line served South African ports and Mauritius in conjunction with the South African Unicorn Lines.

(4) The South America Service.

The above schedule is not complete and there were other ports of call along the very long route and additional lines, such as the line to West Africa and others.

The above description does not include the so-called cross-trading by which ZIM carries freights from one country to another without touching Israel, and there were the feeder lines and the various switching points for inland cargoes in different parts of the world.

Because of this sophisticated operating strategy ZIM vessels could carry freights from Australia to South America via Israel or to North America via Hong Kong.

But ZIM's transportation was not limited to its lines across the oceans. The Company offered door-to-door services including overland haulage from the shippers plant to the ports of departure and from the ports of destination to the receivers location. ZIM was amongst the first shipping lines offering this kind of service around the globe.

All these services were rendered by the Company's highly specialized vessels which were of different types : - there were the container vessels, the multi-purpose vessels which could carry conventional cargoes as well as containers, bulk cargoes and logs, there were ro/ro ships, bulk carriers, tankers and the usual cargo ships.

THE FLEET

ZIM's fleet was now one of the most modern in the world, about three quarters of the Company's vessels were less than six or seven years old During the year the Company bought seven vessels as follows :-

2 multi-purpose vessels, the m/v "Tema Star" and the m/v "Kobe Star" each of 14939 GRT built by the Hakodate Dock Co. Ltd., in Japan,

1 ro/ro vessel, the m/v "Lotus" of 4542 GRT built by Ankerlokken in Norway,

1 container vessel, the m/v "Raqefet" of 6066 GRT built by the Israel Shipyards Ltd., Haifa

3 cargo vessels, the m/v "Negba" (III) ex "Tengco" of 10604 GRT built in 1977 by the Shikoku Dockyard Co. Ltd., Japan, the m/v "Kedma" (III) ex "Montalto", ex "Monsey" of 9731 GRT built in 1978 by the Namura Shipbuilding Co. Ltd., Imabari, and the m/v "Zim Livorno" ex "Wilri" of 12236 GRT built 1977 by the Sasebo Heavy Industries Co. Ltd.

The m/v "Beer Sheva" ("Jasper") was sold to the Carisio Maritime Inc., London,

In retrospect it can be said that ZIM completed in 1974 its development program initiated in 1970 which included 20 vessels with a total investment of 250 million dollars. At the end of 1974 the Company decided to further modernize its fleet with the building of another 14 vessels with a similar investment of 250 million dollars. This stage ended in 1978/1979. All these acquisitions were made without having to ask either the Israeli Government or the shareholders of the Company for additional means. Thus, ZIM had adapted itself to the changing conditions in the shipping industry and the maintaining of its high standard was secured.

The Company installed a modern telephone switchboard which had the capacity to serve 2000 lines instead of the 600 up till now.

ZIM started to build up its archive and a lot of material of historical value was gathered from many sources.

1979 was a great year for the development of the Company.

1 9 8 0 - EFFICIENCY DRIVE AND SAVINGS PROGRAM

Due to the economic situation of the Company the year 1980 stood under the motto: Efficiency Drive and Savings. The economy and efficiency campaign involved all branches of the Company's activities and all departments were advised by the Management to restrict their spending and to reduce drastically all expenditure. The departments and their staff were further requested to submit suggestions for lowering costs, especially of those factors concerned with the vessel's operations. The result of this drive was impressive and with combined efforts millions of dollars were saved as was reflected in the profitability account.

The campaign comprised mainly the following subjects :

The principal target was to reduce the expenses for fuel after the cost of same had soared by 110% in 1979 against the year before and the savings plan foresaw a tight control of the use of fuel oil by regulating and rationalizing the speed of the vessels according to the necessities of the lines. Fuel was purchased, as far as possible, in ports where the cheapest prices were offered, and improvements on the outside hull of the vessels were effected in order to remove impediments obstructing the smooth gliding of the vessels through the seas. Researches were made by the Company's engineers as to the feasibility and rentability for changes in the engine system of the vessels, such as to replace the turbines with diesel motors. This trend was successfully implemented with huge investments by other shipping companies.

Negotiations were initiated with stevedoring companies and other contractors in the main ports of the United States and in Europe - and later in the Far East - with a view to reduce loading and discharging cost of the Company's ships and most of the firms approached complied with ZIM's exigencies.

The expenses of the feeder services in North America were considerably reduced and the same concept was later implemented in the Far East.

A thorough investigation concerning the possibility for returning the surplus of leased containers was conducted and about 8000 boxes were returned to the leasing companies after ZIM added 2000 owned containers to its fleet.

The number of chartered vessels was decreased by 15 ships.

In other fields savings were achieved in expenditure in the port of Eilat and in South Africa and a noteworthy reduction in costs of the communication system of ZIM was accomplished by executing improvements by the Company's expert staff instead of employing an outside contractor.

No new employees were engaged by ZIM and jobs becoming vacant were not filled for the time being. Administration expenses were radically curtailed. All these significant efforts to economize in all fields of operations resulted in considerable savings.

MISCELLANEOUS

ZIM created a new Company called "Hadarim Haifa Ltd." which operated a terminal for stuffing and unstuffing special cargoes, mainly citrus."Hadarim" serves also as a container depot and handles the transhipments of reefer containers.

It is worthwhile to mention that the volume of transport on the West Africa line increased by 70% in 1980 due to the economic boom in West African countries.

The service to South America was completely containerized - one of the first of its kind in this part of the world.

The various Bill of Lading forms which came into use during the years - about a special Bill of Lading form for each line - were combined into one single form for container and conventional cargoes carried by the Company's ships. This step was overdue for a long time and simplified considerably the daily work of the export department.

Since the month of January Israeli vessels could call at Egyptian ports without restriction and an agreement between Israel and Egypt was signed in this respect. As a result of this arrangement ZIM decided in July of this year to open a new line: Haifa, Ashdod, Alexandria and back. The frequency of these sailings were about every ten days.

The financial results of the year were modest similar to those in previous years.

The press claimed that ZIM was now the eighth biggest shipping company in the world and the second largest container carrying company.

THE FLEET

The Company availed itself of the opportunity of the depressed prices in shipbuilding and ordered three large container vessels in Dutch shipyards. Each of these vessels were programmed for the carriage of 870 forty-foot containers.

In addition two giant bulk carriers for the transportation of coal were ordered in Spanish shipyards - each vessel with a total dead weight of 166,000 tons. These vessels were purchased after ZIM had signed an agreement with the Israel Electric Corporation for the transport of coal for the next twenty years. The first of the two vessels was later named the m/v "Hadera" after the place where the power station was erected. Furthermore, contracts for the building of two container ships with a capacity of 710 twenty-foot containers each were concluded with German shipyards.

All these vessels were to be fitted with diesel engines and would include the latest innovations for the economic and efficient use of bunkers. Savings in fuel expenses were expected to be 40% on the newbuildings.

Thus, ZIM had seven vessels under construction in this year with a total investment of about 270 million dollars. All these vessels were expected to be delivered until 1982.

Besides, ZIM acquired a second hand vessel, the m/v “Yama 1”, (ex “Hellespont”, ex “Montechristo”, ex “L’Acropole”) with a GRT of 9188. This vessel - a sister ship of the m/v “Kedma” (III) - was built by the Namura Shipbuilding Co. Ltd., Imabari. The m/v “Lilac” and the m/v “Ares” were sold, the former to the Satyr Shipping Co., Inc. and the m/v “Ares” to the Sea Just Shipping Inc., Liberia.

The m/v “Ashdod” (II) was transferred to the Liberian flag and renamed “Colombo Venture” and the name of the m/v “Yafo” was changed to “Roget”. Further changes of names were effected in respect of the following vessels and were transferred on this occasion from the Liberian to the Israeli flag:

The m/v “Abidjan Star” was renamed the m/v “Zim Miami”

The m/v “Tema Star” was renamed the m/v “Zim New Orleans”

The m/v “Kobe Star” was renamed the m/v “Zim Marseilles”

The m/v “Lagos Star” was renamed the m/v “Zim Houston”

The “Zim New York” and the “Zim Tokyo” were transferred to the Israeli flag after having sailed for eight years under the German flag because of benefits granted by the German government and shipyard, which built these ships.

TURNOVER BETWEEN THE YEARS 1970-1980

The following essential figures which show the growth of the turnover and the written down value of the Company’s fleet during the recent ten years might be of interest to the reader (the figures are in thousand dollar terms):

|  |  |  |
| --- | --- | --- |
| Y E A R | TURNOVER | WRITTEN DOWN VALUE OF THE FLEET |
| 1970 | 135,300 | 127,900 |
| 1974 | 378,150 | 376,400 |
| 1975 | 432,400 | 369,000 |
| 1976 | 417,400 | 405,200 |
| 1977 | 468,000 | 403,600 |
| 1978 | 534,600 | 390,700 |
| 1979 | 648,800 | 411,200 |
| 1980 | 698,500 | 376,700 |

## VESSELS ACQUIRED DURING THE PERIOD 1976 - 1980

Name Of Vessel Grt Year Built Year Bought Built By

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Zim California | 23367 | 1971 | 1976 | Italcantieri S.P.A., Genoa |
| Tilia | 4790 | 1976 | 1976 | Mie Zosen K.K., Yokkaichi, Japan |
| Camelia | 4790 | 1976 | 1976 | Mie Zosen K.K., Yokkaichi, Japan |
| Sigal | 6066 | 1977 | 1977 | Israel Shipyards Ltd., Haifa |
| Jasmine | 4543 | 1977 | 1977 | Ankerlokken Verft Glommen A.S. Fredrikstad, Norway |
| Ares | 5907 | 1972 | 1977 | Kurushima Dockyards Co. Ltd., Imabari, Japan |
| Vered | 6066 | 1978 | 1978 | Israel Shipyards Ltd., Haifa |
| Lagos Star | 14939 | 1978 | 1978 | Hakodate Dock Co. Ltd., Japan |
| Abidjan Star | 14939 | 1978 | 1978 | Hakodate Dock Co. Ltd., Japan |
| Negba (Iii) | 10604 | 1977 | 1979 | Shikoku Dockyard Co. Ltd., Takamatsu, Japan |
| Kedma (Iii) | 9231 | 1978 | 1979 | Namura Shipbuilding Co. Ltd., Imabari, Japan |
| Raqefet | 6066 | 1979 | 1979 | Israel Shipyards Ltd., Haifa |
| Lotus | 4542 | 1979 | 1979 | Ankerlokken Verft Glommen A.S. Fredrikstad, Norway |
| Tema Star | 13729 | 1979 | 1979 | Hakodate Dock Co. Ltd., Japan |
| Kobe Star | 13729 | 1979 | 1979 | Hakodate Dock Co. Ltd., Japan |
| Zim Livorno | 12236 | 1977 | 1979 | Sasebo Heavy Industries Co. Ltd. |
| Yama I | 9188 | 1978 | 1980 | Namura Shipbuilding Co. Ltd., Imabari, Japan |

**Vessels Sold During The Period 1976 - 1980**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name Of Vessel | Grt | Year Built | Year Sold | Buyer |
| Hanna | 2025 | 1965 | 1976 | Kydonia Primemra Shipping S.A., Panama |
| Esther | 2025 | 1965 | 1977 | Kimberly Navigation Ltd., Grand Cayman |
| Rivka | 2038 | 1964 | 1977 | Kimberly Navigation Ltd., Grand Cayman |
| Rachel | 2304 | 1964 | 1978 | Conklin Shipping Corporation, Liberia |
| Devora | 2304 | 1965 | 1978 | Lawrence Shipping Corporation, Liberia |
| Dahlia | 9378 | 1961 | 1978 | Allegro Maritime Inc., Liberia |
| Haviva | 2023 | 1966 | 1978 | Devenport Shipping Corporation, Liberia |
| Netanya | 4089 | 1960 | 1978 | Fowler Shipping Corporation, Liberia |
| Nurit | 9378 | 1961 | 1978 | Allegro Maritime Inc., Liberia |
| Ares | 5907 | 1972 | 1980 | Sea Just Shipping Inc., Liberia |
| Lilac | 6576 | 1956 | 1980 | Satyr Shipping Co. Inc., |

**Vessels Renamed (As From 1967) And Sold Until 1979**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of Vessel | Grt | Year Built | Year Renamed | Renamed | Year Sold | Buyer |
| Kedma (Ii) | 3145 | 1955 | 1967 | Berdikari (Ii) | 1973 | Seguaro Shipping Management, Singapore |
| Kesarya | 1897 | 1958 | 1970 | Jasper | 1978 | Donated To The Israel Navy And Renamed “Dado” In Memory Of The Late Chairman Of The Board Of Directors Of Zim - David Elazar. |
| Kineret (Ii) | 3356 | 1957 | 1970 | Fabio - Agate | 1978 | Melville Shipping Corporation, Liberia |
| Nahariya | 4089 | 1960 | 1976 | Liberty | 1978 | Waymart Shipping Corporation, Liberia |
| Noga | 7356 | 1964 | 1974 | Gold Beetle | 1978 | Costamare Shipping S.A., Panama |
| Teverya | 8220 | 1961 | 1976 | Gold Moon | 1978 | Belacasa Compania Naviera S.A., Monrovia |
| Hadar (Ii) | 7693 | 1964 | 1977 | Gold Pilot | 1978 | Giant Tarzan Marine Corporation S.A., Panama |
| Beer Sheva | 8220 | 1961 | 1976 | Jasper - Opal | 1979 | Carisio Maritime Inc., London |

**Bulkcarriers And Tankers Sold Until 1980**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of Vessel | Previous name | Grt | Year Built | Type Of Vessel | Built By | Year Bought | Rename | Sold | Buyer |
| Nora |  | 32841 | 1965 | Tanker | Maizuru Shipbuilding & Engineering Co. | 1965 |  | 1972 | Essex Tankers Inc. |
| Haifa |  | 12676 | 1956 | Tanker | Deutsche Werft, Hamburg | 1956 | Velos | 1974 | Nimar Tankers S.A. |
| Darien | Fabio | 13178 | 1960 | Tanker | Deutsche Werft, Hamburg | 1964 |  | 1974 | Aegis Shipping Corp. |
| Besor |  | 35121 | 1967 | Bulk Carrier | Maizuru Shipbuilding & Engineering Co. | 1967 | Lyra/ Jade | 1976 |  |
| Oron |  | 35479 | 1967 | Bulk Carrier | Maizuru Shipbuilding & Engineering Co. | 1967 | Struma | 1978 | Nan Yang Shipping, China |
| Patria |  | 28971 | 1959 | Tanker | Uruga Shipbuilding Yard, Yokusuka | 1959 |  | 1978 | Scrap |
| Libra |  | 109650 | 1971 | Tanker | Kieler Howaldswerke A.G. Kiel | 1971 | Gal | 1979 | Petroship |
| Roniz | Telnes | 44908 | 1966 | Tanker | Kieler Howaldswerke A.G. Kiel | 1969 |  | 1979 | Scrap |

**Zim’s Fleet As At 31.12.1980**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name Of Vessel | Grt | Year Built | Year Purchased | Dwat |
| Cargo Vessels |  |  |  |  |
| M/V Eshkol | 7,693 | 1964 | 1964 | 9,432 |
| M/V Etrog | 7,693 | 1964 | 1964 | 9,432 |
| M/V Gold Bridge | 7,356 | 1964 | 1964 | 9,382 |
| M/V Gold Leaf | 7,356 | 1964 | 1964 | 9,382 |
| M/V Gold Mountain | 7,237 | 1963 | 1963 | 9,571 |
| M/V Gold Star | 6,120 | 1965 | 1968 | 8,410 |
| M/V Gold Stream | 7,242 | 1963 | 1963 | 9,555 |
| M/V Galila | 4,925 | 1967 | 1967 | 7,027 |
| M/V Diamond | 5,485 | 1967 | 1967 | 7,555 |
| M/V Yama I | 9,189 | 1978 | 1980 | 16,423 |
| M/V Negba | 10,604 | 1977 | 1979 | 17,527 |
| M/V Kedma | 9,231 | 1978 | 1979 | 16,436 |
| M/V Roget | 7,693 | 1964 | 1964 | 9,432 |
| M/V Rimon | 5,485 | 1967 | 1967 | 7,555 |
| Total Cargo Vessels (14) | 103,309 |  |  | 147,119 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Container Vessels | GRT |  | Number Of Containers Trailers Cars | Built | Purchased  (Jumboized) | Dwat |
| M/V Alon | 6,150 | (20’) | 332 C | 1960/76 | 1960 | 7,234 |
| M/V Eshel | 6,156 | (20’) | 332 C | 1961/75 | 1961 | 7,234 |
| M/V Ashdod | 3,287 | (20’) | 145 C | 1970 | 1970 | 4,250 |
| M/V Vered | 6,066 | (20’) | 404 C | 1978 | 1978 | 8,570 |
| M/V Tilia | 4,791 | (20’) | 310 C | 1976 | 1976 | 6,691 |
| M/V Sigal | 6,066 | (20’) | 404 C | 1977 | 1977 | 8,570 |
| S/S Zim Genova | 26,024 | (20’) | 827 C | 1972 | 1972 | 25,200 |
| S/S Zim Hong- Kong | 23,094 | (20’) | 783 C | 1973 | 1973 | 31,845 |
| S/S Zim Haifa | 26,024 | (20’) | 827 C | 1972 | 1972 | 25,200 |
| S/S Zim Tokyo | 25,827 | (20’) | 827 C | 1972 | 1972 | 25,200 |
| S/S Zim Montreal | 23,094 | (20’) | 783 C | 1973 | 1973 | 31,845 |
| S/S Zim New York | 25,827 | (20’) | 827 C | 1972 | 1972 | 25,200 |
| S/S Zim California | 25,831 | (20’) | 827 C | 1971 | 1976 | 25,121 |
| M/V Camelia | 4,505 | (20’) | 310 C | 1976 | 1976 | 6,691 |
| M/V Raqefet | 6,066 | (20’) | 404 C | 1979 | 1979 | 8,570 |
| M/V Shiqma | 6,141 | (20’) | 332 C | 1961/75 | 1961 | 7,234 |
| Total Container Vessels (16) | 224,949 |  |  |  |  | 254,655 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| M/V Iris | 8,243 | (20’) | 90 C | 1973 | 1973 | 4,174 |
|  |  | (40’) | 52 T |  |  |  |
|  |  |  | 217 Ca |  |  |  |
| M/V Jasmine | 4,542 | (20’) | 170 C | 1977 | 1977 | 6,600 |
|  |  | (40’) | 62 T |  |  |  |
|  |  |  | 280 Ca |  |  |  |
| M/V Lotus | 4,542 | (20’) | 170 C | 1979 | 1979 | 6,600 |
|  |  | (40’) | 62 T |  |  |  |
|  |  |  | 280 Ca |  |  |  |
| M/V Narcis | 8,223 | (20’) | 90 C | 1973 | 1973 | 4,174 |
|  |  | (40’) | 52 T |  |  |  |
|  |  |  | 167 Ca |  |  |  |
| Total Ro/Ro Vessels (4) | 25,550 |  |  |  |  | 21,548 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| M/V Gold Orly | 11,897 | (20’) | 458 C | 1973 | 1973 | 18,862 |
| M/V Gold Hilla | 11,897 | (20’) | 458 C | 1973 | 1973 | 18,862 |
| M/V Gold Varda | 11,897 | (20’) | 458 C | 1973 | 1973 | 18,862 |
| M/V Gold Alisa | 11,897 | (20’) | 458 C | 1973 | 1973 | 18,862 |
| M/V Zim Miami | 13,729 | (20’) | 542 C | 1978 | 1978 | 19,800 |
| M/V Zim New Orleans | 13,729 | (20’) | 542 C | 1979 | 1979 | 19,800 |
| M/V Zim Marseilles | 13,729 | (20’) | 542 C | 1979 | 1979 | 19,800 |
| M/V Zim Houston | 13,729 | (20’) | 542 C | 1978 | 1978 | 19,800 |
| M/V Zim Livorno | 12,236 | (20’) | 500 C | 1977 | 1979 | 16,997 |
| Total  Multi Purpose Vessels (9) | 114,740 |  |  |  |  | 171,645 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Bulk Carriers | GRT | Year Built | Year Purchased | Dwat |
| M/V Eilat | 19,234 | 1960 | 1960 | 31,635 |
| M/V Mezada | 19,247 | 1960 | 1960 | 31,553 |
| M/V Avedat | 23,537 | 1964 | 1964 | 35,111 |
| M/V En Gedi | 23,537 | 1964 | 1964 | 35,111 |
| M/V Timna | 19,235 | 1961 | 1961 | 31,562 |
| Total Bulk Carriers (5) | 104,790 |  |  | 164,972 |
| Ta Nkers |  |  |  |  |
| Total Tankers (5) | 505,989 |  |  | 1,034,059 |
|  |  |  |  |  |
| Grand Total (53) | 1,079,327 |  |  | 1,793,998 |

1981 - 35 YEARS AFTER

35 years after the Company’s foundation it can be said that ZIM is a success story even measured by international standards. Reading the local and foreign press of that time both are full of praise and amazement at the unprecedented growth and advance of the Company. The media spoke about “The Zim Connection”: “Zim - the Bridge on the Seven Seas”; “a Company of many parts”; “Zim embraces the World”; “Zim - a central Factor in the International League of World Shipping”; “Zim operates the longest Line in the World”; “The seafaring Imperium of Zim” and more. They voiced the view that international experts were perplexed to detect that ZIM - almost secretly - grew to be the second largest container carrying shipping Company, seldom presenting itself to the world as a Company operating 120 vessels, but always keeping a low profile especially of its sophisticated cross trading (or international routes) system.

ZIM emerged in 1945 under unusual circumstances, growing out of the holocaust. The State of Israel, since its birth under heavy economic and political siege, and despite all attempts to isolate her, was able to establish trade links with most parts of the world.

On the other hand, ZIM’s policy was always - and is until today - to avoid harming the interests of any other national line or even to cause instability in the trade. ZIM always keeps away from head-on commercial confrontation and spreads its cross-trading with outside competition, ZIM would rather carry empty boxes than accept cargoes to be transported at a loss. In spite of being an outsider on many a route, ZIM is a passionate defender of conferences and their tariffs and has - where conditions suit - entered into a joint venture with other shipping lines.

There are many ports in the world, which compete in having ZIM as a customer offering special terms for handling ZIM’s vessels.

One of the reasons for the Company’s success was the forecast, which play a very important part in ZIM’s operations. These forecasts were prepared weekly according to a system worked out by the men directly connected with space selling and cargo acquisition and their forecasts are surprisingly accurate. In 1980 ZIM derived 15% of its revenue from Israel-based trade and 85% from its international trade on the ZIM Container Service Line. ZIM is also a good ambassador for the State of Israel, especially in developing countries. According to circumstances in the various parts of the world and in the trade ZIM claims to be either a “tiny fish in a very large ocean” or “a big fish in a small pond”. The monthly “Containerization International” in its issue of June 1980 wrote, “Israel’s Zim is an enigma. A Company which is everywhere and nowhere at the same time”.

As one of the Deputy General Managers expressed himself at the time - and this holds true until today: “Zim’s policy is to keep its eyes open”.

THE TRAGEDY OF THE M/S “METZADA”

In the month of March the greatest disaster as yet in ZIM’s history befell the Company with the sinking of the m/v “Metzada” in the stormy seas about 100 miles east of Bermuda. Twenty four crew members, including the Captain of the ship, were lost in the early morning hours of March 3rd. Ten crew members and one woman passenger were rescued alive from the sea, the corpses of ten others of those washed overboard were pulled out of the roaring sea and brought to a decent funeral, but the fate of the remaining fourteen was never known.

The m/v “Metzada” had left the port of Ashdod on February 16th, 1981 loaded with 30,000 tons of potash with destination Baltimore. From the first day of her leaving the loading port she encountered bad weather, which followed her for 22 days until the last moment she was afloat. On the day of the disaster the high waves of the tossed up sea prevented even the crew from leaving their cabins.

The rescue operations were unique and were carried out in the best tradition of brotherly seamanship in moments of emergency at sea. Four ships of different nations, 2 destroyers and one frigate of the U.S. Navy assisted by 6 helicopters and two airplanes exerted themselves in saving and recovering live and dead seamen, but the Indian m/v “Damodar Tasaka” distinguished herself by risking the lives of her own crew members for at least six times. She saved eight live crewmembers and rescued one dead body from the drowned vessel.

The rescue operations were performed under the most adverse circumstances. The breakers reached the height of eight meters and the wind force was “nine” on the Beaufort scale. The disaster left scars on the Company and its staff for many years to come.

THE UNFORTUNATE ACCIDENT OF THE M/S “SHIQMA”

On May 25th the m/v “Shiqma” sank in the Red Sea about 180 Miles north of Massawa with no loss of life. All 31 crew members and three female passengers were safely evacuated in life-boats before the sinking and were transferred to the Swedish m/s “Marina” which happened to be in the vicinity of the accident.

The m/s “Shiqma” was on her way from Eilat to Durban carrying 332 containers containing general cargo. Contrary to the case of the m/s “Metzada” the m/s “Shiqma” sank in calm waters. The mishap was related to human error by the ship’s command, which had wrongly evaluated the listing of the vessel and had not taken the necessary countermeasures to correct the error that could have prevented the sinking of the vessel.

The loss of two ships in one year was purely incidental and the first misfortune of this kind in ZIM’s history.

THE FLEET

During the year under review the Company added to its fleet two new container vessels: the m/v “ZIM Keelung” and the m/v “ZIM Savannah”, both of 29,372 GRT and both built by the shipyard of Van der Giessen-de-Noord B.V. Krimpen a/d Ijssel. Both container vessels were deemed to be the culmination of high technology and they were rightfully thought about as the first vessels of the future generation of container ships. For the interested reader, the main features of the vessels are outlined herebelow:

Length 210 meter

Breadth 32 meters

Speed 22 knots

Carrying capacity 992 40-foot Containers

The Company sold one tanker and two old cargo vessels, the m/v “Gold Bridge” (ex “Mazal”) and the m/v “Gold Star” (ex “Anat”). The m/v “Gold Bridge” was sold to the Seafront Maritime Corporation, Liberia, and the m/v “Gold Star” to the Fragga Shipping Company, Piraeus. Two vessels sank which makes a total of five vessels by which ZIM’s old fleet was reduced.

CONTINUATION OF THE SLUMP IN THE SHIPPING WORLD

The report of the Board of Directors for this year repeats that 1981 was one of the most difficult years experienced in international shipping and that the depression reached unprecedented dimensions. ZIM, like other shipping companies, suffered from excess of supply of tonnage over demand, but the Company made, as in previous years, the necessary adjustments to adapt itself to the changes in the trade. The details outlined in this respect under the heading of the year 1980 were deepened and further measures were taken to cope with the slump. Only the flexibility of the Company’s operations made it possible to continue the normal running of the lines and ending the year with black financial figures.

The Eilat-Ashkelon oil pipeline ceased its operation after the revolution in Iran and the tankers employed on this line were laid up.

ADMINISTRATION

The Company started operating its facsimile service as well as the special computer for transferring messages improving the existing telex services. By the newly instituted system every department receives and dispatches its own telexes directly without the intermediary of the central telex unit, which received and sent in the past all telexes of all departments of the Company. By the new mode of operation the necessity to type every and any telex by typewriter before dispatching them was dispensed with.

The central library of the Company was computerized making it possible to locate every book at a moments notice. The program also foresaw the computerization of all-important articles published in technical periodicals and other significant commentaries and reviews in the shipping branch.

The new facilities introduced by the Company were the most modern used at the time in Israel.

MAIN FEATURES OF THE BALANCE SHEET

Total turnover in 1981 - 738 million dollars, being an increase of 4.5% over the previous year.

Balance Sheet total in 1981 - 614 million dollars, being an increase of 5.5% over the previous year.

Total dry cargoes carried by the Company’s operated vessels - 8.2 million tons almost the same tonnage as in the previous year.

Percentage of cargoes carried on international lines: 54%.

The net profit for the year in Israeli Sheqels was more than double of that earned in the year before, namely, 162 million sheqels.

1982 - AGENCIES

Nothing has been said so far about ZIM’s own shipping agencies abroad. With the expansion of the ZIM organization worldwide, ZIM opened during the years shipping agencies in 20 ports around the world, mostly subsidiaries of the Mother Company or partly associated with local interests. Each agency constitutes a separate entity duly registered in the country where they have been set up. Each unit has its own Board of Directors, which, sometimes include a senior representative of the Mother Company, especially when a subsidiary is fully owned by ZIM. There is a close follow-up of the budget of each agency and each unit prepares its own yearly Balance Sheets. It is understood that each Company is self-supported and has to take care of its own profitability.

The main advantages of the daughter companies are their applying the lowest possible commission of agency fees and maintaining the high standard of services rendered to the Company’s vessels.

Some of ZIM’s owned or associated agencies abroad attend, as shipping agencies, also to vessels of other owners not connected with ZIM and most of the agencies do not limit their activities to pure agency business but deal with other lines of the trade, such as forwarding, customs’ clearing, insurance, onforwarding and more.

In retrospect it can be said that the Company’s decision to establish its own agencies abroad was the right move at the right time and that those agencies did and still do fairly well and their financial results are favorable.

THE FLEET

During the year ZIM took delivery of the third of three vessels built by van der Giessen-de-Nord B.V. Kimpen a/d Ijssel, the m/v “ZIM Iberia” of 29,373 GRT, sister ship to the m/v “ZIM Keelung” and the m/v “ZIM Savannah” which were delivered the year before. In addition, the container vessel “ZIM Singapore” of a different type was taken over by the Company. This ship of 11,858 GRT was built by the Schichau Unterweser A.G., Bremerhaven and had a carrying capacity of 706 20-foot containers.

The Company sold 4 old vessels for scrap: one tanker and three cargo vessels - the m/v “Esak” (ex “Eshkol”), the m/v “Roga” (ex “Etrog”) and the bulk carrier “Eilat”.

During the year under report the Company operated 53 owned vessels consisting of the following categories:

10 cargo vessels

19 container vessels

4 ro/ro vessels

9 multi-purpose vessels

8 bulk carriers

3 tankers

These vessels had a total deadweight tonnage of about 1.5 million. In addition the Company operated about 30 chartered vessels in 1982. ZIM’s vessels sailed on 27 regular lines, performed 620 voyages and carried about 6 million tons of cargo (excluding fuel) and in addition transported 3 million tons of bulk minerals by an affiliated Company. These figures represent an increase of 10% over the tonnage carried in 1981.

INCREASE IN ACTIVITIES

In spite of the continuing depression in world shipping for the eighth year ZIM’s activities increased in 1982 as it transpires from the following figures:

ZIM’s vessels carried 10% more cargo than in 1981 (7% more in containers). The number of voyages performed by ZIM-operated vessels by almost 4% over the number performed the previous year. On the other hand, expenses increased by only 2.5% which proves the success of the savings and efficiency drive instituted two years earlier. The balance figure increased by 9.4% in dollars terms, but the income fell by 1.6% because of the drop in freight rates. The net profit for the year was very modest - 3.2 million dollars - but the Company was at least in the black. This positive result was achieved due to the sale of old vessels and profits earned by ZIM’s daughter companies.

The renowned American economic newspaper “Business Week” rated ZIM as fifth among the 15 largest Israeli companies; only some local banks ranked higher than ZIM.

In order to illustrate the high standing ZIM earned during the years in the Far East, it is worthwhile mentioning that the Israeli representative of the Company in Hong Kong was elected for the second year as Chairman of the Federation of Shipowners whose vessels call at Hong Kong regularly. There are 30 members in this federation.

1983 - WILD COMPETITION

In the previous chapters it was mentioned several times that the shipping industry suffered worldwide a deep crisis for many years because of deteriorating freight rates. The logical result was the decrease of the profitability of many a shipping firm. This deplorable situation was further worsened by the wild competition by outsiders. ZIM’s home lines were particularly affected by this downward trend as a significant number of foreign ships were operated by charterers at extremely low charter rates to and from Northern Europe and the Mediterranean.

In retrospect it might be desirable to devote some lines to an explanation of the reason for that critical stage in shipping. The outcome of the crisis was simply the result of the erroneous forecast of future needs of ships bottoms after the oil crisis in 1973. Ship owners’ speculations were mistaken by assuming that the demand for shipping space would grow infinitely during years to come, but soon it was realized that orders for new buildings by far surpassed the necessities for shipping space.

Towards the end of the year, when the cut-throat competition had lowered the cargo rates by 30%, the Company decided to wage war with those operators of vessels not of their own (No Vessels Common Carriers-NVCC) who had caused the lowering of freight rates to a level which left no margin to cover the barest minimum of ships’ expenses. ZIM felt this situation incisively and for the first time in many years the Company showed a loss in its Balance Sheet.

As it was now a question of survival for many ship owners an agreement was signed between those interested parties whose ships plied regularly the route from Europe to Israel and back stipulating close cooperation between all lines. This agreement had the full backing of the European Conferences part of which had collapsed in view of the loss of the profitability of owners. The arrangement foresaw that all lines could call from now on at each and every port en route in order to load every possible consignment. Until now the various conferences and line operators had divided amongst themselves the ports of call for each member.

People, who are closely connected with and involved in the vicissitudes of the shipping branch, witness here again the speculative character of this branch, which is basically different from other industries. It is, therefore, also very difficult to build and forecast a yearly budget of a shipping company because of many “unseens” in the trade.

The Israeli public has never sufficiently appreciated the capability of ZIM to remain above water during this difficult period and the fact that the National Carrier even expanded its activities and augmented its fleet three and a half times during the last ten years.

THE FLEET

In 1983 the Company acquired the following vessels:

The m/v “ZIM Eilat”, sister ship to the m/v “ZIM Singapore” which was delivered a year before, had a GRT of 11,858 and was built by the Schichau Unterweser A.G., Bremerhaven. She was a container ship and could carry up to 800 20-foot containers. Her route was Eilat-Far Eat.

The m/v “Beer Sheva” (II), a bulk carrier of 29,720 GRT was bought on the open market at a bargain price. She was built in 1973 by the Burmeister & Wain Shipyard in Copenhagen and was launched as the m/v “Thorunn”. The m/v “Beer Sheva” was destined to carry grain from the United States to Israel and to take potash and phosphates to the States and Europe.

Another grain carrier, the m/v “Besor” (II) of 32,567 GRT, also built by Burmeister & Wain, Copenhagen was originally launched in 1976 as the m/v “Bonnieway”.

The m/v “Dagan” (II), a bulk carrier of 32,567 GRT was launched in the same shipyard in the same year as the m/v “Causeway”. As can be seen, the m/v “Besor” (II) and the m/v “Dagan” (II) were sister ships.

The m/v “Hadera” of 93,052 GRT, a collier, was especially built to carry coal for the newly built power station at Hadera and was named after her port of destination. She had a DWAT of 166,000 tons and was the largest vessel in ZIM’s fleet and one of the biggest ships of its kind in the world. This vessel was built in the “Astano” shipyards in El Ferrol, Spain. She is 290 meters long and 46 meters broad and is equipped with the latest in engine automation including satellite navigation. Her speed is 11.5 knots. She started with a crew of 29 but the intention was, after her being run in, to reduce the crews to 20 men.

The m/v “Opal” (ex “Rimon”) and the m/v “Diamond” (ex “Tamar”) were sold to the Fast Sailing Maritime Co., Piraeus. The bulk carriers “Avedat”, the “Ein Gedi” (I) and the “Ein Gedi” (II), the m/v “Timna” and one tanker were sold for scrap.

The graph below conveys a detailed picture of how ZIM is “spinning the world its many shipping lines:

The Thai Star Shipping Co. Ltd., Bangkok, was set up by ZIM and local interests at equal parts.

1984 - TOWARDS THE END OF THE GLOOMY OUTLOOK

It was mentioned before that in 1983 the shipping world met its most severe crisis with the lowest freight rates paid for transportation of cargoes since nine consecutive years. However, towards the end of 1984 it was felt that the downward trend had stopped and stabilization and even a slight improvement in freight charges could be noticed.

It was only natural that the Israeli press devoted some time to examinations, inquiries and analysis as to the situation in ZIM, and, as usual in these cases, came forth with all kinds of interpretations and explanations of the reason for the financial losses of the Company during those critical years. If the Company would have been in the black under similar circumstances which were now criticized by the press, nobody would have “investigated” and paid attention to the situation.

There were, however, other factors not specified before which contributed to the losses of the Company. One of the outstanding features was the high cost of crew expenses. It was calculated by experts that the operation of an Israeli-manned ship costs the Company about $300,000 more a year than a European company pays for the crew of its vessels. When multiplying this figure with about 50 vessels in ZIM’s ownership one arrives at the respectable figure of US$ 15,000,000 which ZIM pays more than their European counterparts. It was, therefore, suggested that the crew-levels should be reduced to the European standard, but this demand was strongly objected to by the Seamen’s Union, which claimed that nearly 400 ratings were unemployed at the time. In this connection it was even referred to the number of crews on American vessels, which saved now annually $500,000 per ship by having reduced the number of their crewmembers from 31 to 21.

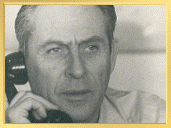
STATISTICAL SUMMARY

ZIM terminated the year by showing an increase of 9.6% of the tonnage carried the year before. The increase in containers handled was 13.3%. The number of voyages was, however, decreased which was, in itself, a saving, but the volume of cargoes moved by larger vessels was higher and the result was an increase of 4% from freight income.

The losses of the Company during the last two years were 53 million dollars in 1983 and 45 million dollars in 1984.

Mr. Yehuda Rothem retired on 31.8.1984 and Mr. Matty Morgenstern was appointed General Manager of the Company as of 1.9.1984.

### Yehuda Rothem

Yehuda Rothem was born in Poland in 1920 and came to Israel at the age of six. In 1938 he joined Kibbutz “Sdot-Yam”, which aspired to establish a fishing industry as its main source of livelihood. He was chairman of the fishermen’s manner, which enabled, in the long run, a complete turnaround for the better in the working relations in the Israeli shipping industry. He continued the drive to containerization and the reorganization of the company, with the Container Service as the central element of Zim’s services.

THE FLEET

During the year the Company added only one vessel to its fleet, the m/v “Atara”, sister ship to the m/v “Hadera”. She was a collier with the same measurements, GRT and dead weight as her one year older sister and was built in the same shipyard in Spain.

In that year ZIM disposed of five cargo ships; the m/v “Alon”, the m/v “Eshel”, the m/v “Yafo” and the m/v “Galila” (III) which were all sold for scrap. The m/v “Galila” (II) was sold to the Ypini Navigation Ltd., Cyprus.

The m/v “ZIM Livorno” was renamed “ZIM Buenos Aires”.

1985 - TURNING POINT

The initial signs of recovery in the shipping market appeared in the second half of 1984 continuing very slowly in 1985 and, as far as ZIM was concerned, a quotation from the Board of Directors Report reflects best the situation which - as will be seen - showed a remarkable improvement against the previous years:

“Tonnage of cargo carried decreased by 14% as compared to 1984 (the number of containers carried decreased by 6.4%). The decrease led to decrease of approximately 5.3% in income from freight.

During the year the Company decreased its operations in areas that were not economically rewarding. While this decreased income, it decreased expenses to an even greater extent, thus increasing profitability.

There was a noticeable improvement in operating results; whereas 1984 closed with a loss of $54.3 million, 1985 results showed a profit of $1.3 million.”

The latter figure was arrived at as follows:

Operational profit after depreciation $ 105.2 mio

Less: Administration and General Expenses $ 37.5 “

Less: Interest, net $ 43.7 “

Less: Loss on sale of vessels and equipment,

etc. net $ 5.3 “

Less: Exchange difference on long terms loans $ 17.4 “

\_\_\_\_\_\_\_\_\_\_\_

$ 1.3 “

==========

It should be kept in mind that the exchange difference on long-term loans had not matured and should, therefore, merely have been considered as a reserve. Consequently the profit of the Company for 1985 was actually US$18.7 million.

Thus the Company moved again into the black, and it can be said that ZIM had weathered the stormy shipping markets of the past ten years.

After having emerged from the shipping crisis the order of the day was now to reschedule the debts of about $500 million and to spread the loan repayments over a longer period in order to ease the burden of installments around $100 million yearly in capital and interest.

ZIM has never asked the Government for a single dollar as subsidy and the only assistance the Company received has been guarantees on credits for its shipbuildings. ZIM never failed to pay back its debts in full a fact, which supported the Company’s reliability.

ZIM’S DIVERSIFIED SERVICES

The first forty years of the Company’s existence can be summarized as the remarkable story of one of Israel’s major industries today. This fact is not always fully appreciated by the Israeli public. One of the reasons of this unawareness may be - as already mentioned in the first pages of this recollections of past events - that Israel was never a seafaring nation per se, and also the beginnings of transport by sea under King Solomon in the tenth century before the common era were very modest and had, apparently, no noticeable affect on the mainly agricultural population of his times. The fact that very little is mentioned in the Bible about shipping or related trades as an industrial branch in ancient Israel may serve as evidence for this assumption.

ZIM is today the only shipping Company in Israel, which offers services to local exporters by its network of over 20 shipping routes calling at 250 ports all over the world. The Company maintains a fixed sailing schedule on all its lines and is able to transport any type of cargo on its ships and in its containers of any type.

With its extensive network of agents and inland shipping ZIM offers its famous door-to-door services for the transport of containers. The Company’s reputation has been earned by its unsurpassed abilities, efficiency and versatility. During the forty years of its existence ZIM has been dedicated to the steady expansion of its operations in order to serve its customers with ever improving accommodations. Together with its expansion ZIM employs a team of experienced consulting experts. By its computerized control system ZIM is today able to supervise all shipments from loading to destination and can give information quickly and accurately - upon request - as to the whereabouts of any consignment.

ZIM bases its strong economic position on long-term contracts at lower profits rather than on short-term arrangements at a high profit margin. Thus, the strong point of ZIM’s organization is its diversification.

The renowned shipping paper “Lloyd List” spoke at that time of ZIM as “the silent giant of container transport.”

THE FLEET

No new vessels were acquired during the year because of the strained financial position of the Company. Two ro/ro vessels were sold. The m/v “Iris” and the m/v “Narcis”, both to the Zea Shipping Co. Ltd., Malta. The bulkcarrier “Dagan” (II) was bought by the Zelo Navigation Co. Ltd. She was disposed of by ZIM because of her high operating cost.

Three container vessels, all sister ships, were expanded and their capacity for the carriage of 404 20-foot containers each was increased for transportation of 578 20-foot containers; the m/v “Vered”, the m/v “Sigal” and the m/v “Raqefet”. Consequently, their GRT was now 7723 against 6066 before.

At the end of the year the Company’s fleet consisted of 43 ships at a depreciated value of $411,5 million and held a container stock and other equipment at a depreciated value of $36.9 million.

ZIM’s Chairman of the Board, Mr. Chaim Shtoessel tendered his resignation in November this year after having served in this capacity for nearly nine years.

1986 - THE EFFECT OF THE SHIPPING SLUMP IN RETROSPECT

Towards the end of the year it became officially known that during the financial crisis of the Company in recent years an enormous misinformation campaign was launched by the Israeli press admittedly placed by the Israel Corporation, which holds 50% of ZIM’s shares. The intention of the Israel Corporation was to buy the Company for the ridiculous amount of US$40 million.

The Israel Corporation even published in its Balance Sheet for 1985 that it wrote off its entire investment in the ZIM Company insinuating that they had no intention to invest one more agora into the cash box of the National Carrier. On another occasion the Israel Corporation even offered to hand over its shares in ZIM for one shekel. There were also recommendations by the Israeli Government to take over themselves the debts of ZIM against the acquisition of the ownership of the Company in order to avoid its collapse. Another speculation launched was the proposal to sell the Company to a joint Israeli-European group. This suggestion was rejected out of hand by the Staff Committee of ZIM, which declared categorically that in this case it would not cooperate with the new owners. This misinformation was based on the erroneous fact that ZIM could not meet its obligations of about $500 million but it was “forgotten” to mention that these debts were not due to mature until the year 2022 and from this point of view the burden on ZIM should not prove to be unduly heavy.

This is now history and everything has been said in the previous chapters how ZIM overcame its difficulties and it clearly reflects the way of thinking prevailing at the time in the industrial sector of the country. After the 1986 results were published it was reported that ZIM with a net profit of $38 million was now the most profitable Company in Israel and one of the few shipping companies in the world making a profit at all in this year. ZIM’s profit revival went against the worldwide trend and earned general acclaim.

It was only natural that the Israel Corporation now changed its attitude concerning the ZIM Company and was even interested in expanding its holdings in the Company.

THE FLEET

No vessels were acquired this year by ZIM and the only vessel disposed of was the m/v “Sigal” which was sold for scrap due to fire damage.

1987 - ANOTHER SUCCESSFUL YEAR

Special efforts were made during the year to increase the volume of cargo to be carried by the Company’s vessels and those endeavors resulted in a substantial rise of income mainly originating from the international lines but also from the trade with Israel.

The continuation of the development in tonnage carried as enumerated under the year 1977 is outlined below for the years 1978-1987:

Dry Cargo Transported Cargo Transported in Bulk Carriers

(in thous. tons) excluding bulk ( in thous. tons)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year | Import | Export | Between Foreign Ports | Total | Year | Import | Export | | Between Foreign Ports | Total |
| 1978 | 1,641 | 1,547 | 1,584 | 4,772 | 1978 | 707 | 306 | 1,094 | | 2,107 |
| 1979 | 2,099 | 1,806 | 2,025 | 5,930 | 1979 | 664 | 340 | 1,023 | | 2,027 |
| 1980 | 1,323 | 1,417 | 1,951 | 4,691 | 1980 | 474 | 577 | 1,000 | | 2,051 |
| 1981 | 1,412 | 1,319 | 1,932 | 4,663 | 1981 | 415 | 494 | 1,050 | | 1,959 |
| 1982 | 1,551 | 1,205 | 2,077 | 4,833 | 1982 | 728 | 370 | 3,069 | | 4,167 |
| 1983 | 1,702 | 1,252 | 2,403 | 5,357 | 1983 | 606 | 270 | 262 | | 1,138 |
| 1984 | 1,735 | 1,438 | 2,900 | 6,073 | 1984 | 551 | 178 | 313 | | 1,042 |
| 1985 | 1,789 | 1,189 | 2,909 | 5,887 | 1985 | 556 | 77 | - | | 633 |
| 1986 | 1,948 | 1,160 | 2,977 | 6,085 | 1986 | 728 | 130 | 554 | | 1,412 |
| 1987 | 2,350 | 1,729 | 3,128 | 7,207 | 1987 | 630 | 250 | 802 | | 1,682 |

PROFITS AND PLANNING THE FUTURE

For the third consecutive year ZIM completed its annual accounts with a handsome profit of $43,3 million net after having accounted for depreciation and interest, and having paid off another $100 million on long term loans.

In view of the relatively good financial results during the last three years the Company was now planning the renewal of its fleet. The idea was to replace seven small and old vessels by new large container ships with a total investment of about $250 million. After having reached a rescheduling agreement of its debts with the banks and after having met its obligations in the past always punctually the obtaining of new loans for the intended new buildings was not too difficult.

The Company owned at the end of the year 80,000 containers, the value of which could cover the entire debt of ZIM up to date.

MISCELLANEOUS

ZIM’s work force had been reduced by almost one third during the recent years and this painful “operation” has been performed without much ado, although not always to the satisfaction of the dismissed. It was anticipated that this cutting of redundancies would save the Company $6 million annually.

The m/v “Kedma” (III) came under equal partnership with Ofer Brothers. For some time a discussion was going on concerning the decrease of the number of crewmembers on Israeli vessels. The worldwide trend in the shipping industry was to operate vessels with a crew of 14 to 16 seamen, with the view to further decrease the manning of the vessels. The Israeli Seamen’s Union categorically rejected Israeli owners’ demands in this respect and did not consent to reduce the present average crew number of 26 to 22 per vessel. The Union’s refusal was an undue burden on Israeli shipping companies in general and on ZIM in particular as far as profitability and the possibility of competing on the world market was concerned.

Mr. Zvi Tsur was elected Chairman of the Board of Directors in January this year. This position was vacant for 18 months since the resignation of Mr. Chaim Shtoessel.

Mr. Wolfgang Lazarus, the former manager of the M. Dizengoff Company (wholly owned by ZIM), resigned his post as president of the Israeli Chamber of Shipping after having been in the chair for 17 years. The present manager of M. Dizengoff and Co., Mr. Israel Kenn, was elected instead, a fact which proves in which high esteem ZIM was held by the Israeli shipping community. The Chamber of Shipping has a membership of 40 ship owners and agents.

VESSELS ACQUIRED DURING THE PERIOD 1981-1987

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of Vessel | GRT | Year Built | Year Bought | Built by |
| Zim Keelung | 29372 | 1981 | 1981 | van der Giessen-de-Noord B/V Krimpen a/d Ijssel |
| Zim Savannah | 29372 | 1981 | 1981 | van der Giessen-de-Noord B/V Krimpen a/d Ijssel |
| Zim Iberia | 29373 | 1982 | 1982 | van der Giessen-de-Noord B/V Krimpen a/d Ijssel |
| Zim Singapore | 11858 | 1982 | 1982 | Schichau Unterweser A.G., Bremerhaven |
| Besor (II) | 32576 | 1976 | 1983 | Burmeister & Wain, Copenhagen |
| Beer Sheva (II) | 29720 | 1973 | 1983 | Burmeister & Wain, Copenhagen |
| Zim Eilat | 11858 | 1983 | 1983 | Schichau Unterweser A.G., Bremerhaven |
| Hadera | 93052 | 1983 | 1983 | Astano Astilleros y Talleres, El Ferrol, Spain |
| Dagan (II) | 35771 | 1976 | 1983 | Burmeister & Wain, Copenhagen |
| Atara | 93052 | 1984 | 1984 | Astano Astilleros y Talleres, El Ferrol, Spain |

VESSELS SOLD DURING THE PERIOD 1981-1987

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name Of Vessel | GRT | Year Built | Year Sold | Buyer |
| Galila (III) | 4925 | 1967 | 1984 | Scrap |
| Iris | 8243 | 1973 | 1985 | Zia Shipping Co., Ltd. Malta |
| Narcis | 8224 | 1973 | 1985 | Zia Shipping Co., Ltd. Malta |
| Ashdod (II) | 3287 | 1969 | 1985 | Sonada Maritime Inc., Panama |
| Sigal | 6066 | 1977 | 1986 | Scrap |
| Kedma (III) | 9231 | 1978 | 1987 | Went into Partnership with Ofer Brothers |

VESSELS RENAMED AND SOLD DURING THE PERIOD 1981-1987

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name Of Vessel | GRT | Year Built | Renamed | Year Renamed | Year Sold | Buyer |
| Shiqma | 5836 | 1961 | Pine | 1974 | 1981 | Sank |
| Mazal | 7356 | 1964 | Gold Bridge | 1974 | 1981 | Seafront Maritime Corp. Liberia |
| Anat | 6120 | 1965 | Gold Star | 1974 | 1981 | Fragga Shipping Co., Piraeus |
| Eshkol | 4883 | 1964 | Esak | 1981 | 1982 | Scrap |
| Etrog (Ii) | 4883 | 1964 | Roga | 1981 | 1982 | Scrap |
| Tamar (Ii) | 5485 | 1967 | Diamond | 1971 | 1983 | Fast Sailing Maritime Co., Piraeus |
| Rimon (Ii) | 5485 | 1967 | Opal | 1970 | 1983 | Fast Sailing Maritime Co., Piraeus |
| Galila (Ii) | 3128 | 1955 | Berdikari I | 1967 | 1984 | Ypini Navigation Ltd., Cyprus |
| Alon | 5383 | 1960 | Pecan | 1974 | 1984 | Scrap |
| Eshel | 5828 | 1961 | Palm | 1974 | 1984 | Scrap |
| Yafo | 7692 | 1964 | Roget | 1980 | 1984 | Scrap |

BULKCARRIERS AND TANKERS SOLD DURING THE PERIOD 1981-1987

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name Of Vessel | Previous Name | Grt | Year Built | Type Of Vessel | Built By | Year Bought | Year Sold | Buyer |
| Mezada |  | 19,234 | 1961 | Bulk Carrier | Deutsche Werft, Hamburg | 1961 | 1981 |  |
| Sagitta |  | 109,650 | 1971 | Tanker | Kieler Howaldtswerke A.G., Kiel | 1971 | 1981 | Pilio Shipping Corp. |
| Pegasus |  | 112,810 | 1973 | Tanker | Verolme Verenigde Scheepsverven, Amsterdam | 1973 | 1982 | Scrap |
| Eilat |  | 19,234 | 1961 | Bulk Carrier | Deutsche Werft, Hamburg | 1961 | 1982 | Scrap |
| Timna |  | 19,234 | 1961 | Bulk Carrier | Deutsche Werft, Hamburg | 1961 | 1983 | Scrap |
| Taurus | Nivi | 57,871 | 1969 | Tanker | Burmeister & Wain, Copenhagen | 1969 | 1983 | Scrap |
| \*Ein Gedi |  | 15,035 | 1961 | Bulk Carrier | Deutsche Werft, Hamburg | 1961 | 1983 | Scrap |
| Ein Gedi (II) |  | 23,537 | 1964 | Bulk Carrier | Navalmeccanica, Castellamare | 1964 | 1983 | Scrap |
| Avedat |  | 23,534 | 1964 | Bulk Carrier | Navalmeccanica, Castellamare | 1964 | 1983 | Scrap |
| Dagan (II) | Causeway | 32,567 | 1978 | Bulk Carrier | Burmeister & Wain, Copenhagen | 1983 | 1985 | Zelo Navigation Co. LTD. |
| Aquila |  | 112,824 | 1974 | Tanker | Nederlandsche Dok & Scheepsbouw Mij. | 1974 | 1987 | Kollakis Kappa Maritime Co. |

\*The “Ein Gedi” (I) was renamed in 1961 the m/v “Tamara Guilden”

ZIM’S FLEET AS AT 31.12.1987

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name Of Vessel | Grt | Number Of Containers Trailers Cars | Year Built | Year Purchased | Dwat |
| Cargo Vessels |  |  |  |  |  |
| M/V Gold Leaf | 7,356 |  | 1964 | 1964 | 9,382 |
| M/V Gold Mountain | 7,237 |  | 1963 | 1963 | 9,555 |
| M/V Gold Stream | 7,242 |  | 1963 | 1963 | 9,555 |
| M/V Yama | 9,189 |  | 1978 | 1980 | 16,423 |
| M/V Negba | 10,555 |  | 1977 | 1979 | 17,527 |
|  |  |  |  |  |  |
| Total Cargo (5) | 41,579 |  |  |  | 62,442 |
|  |  |  |  |  |  |
| Container Vessels |  |  |  |  |  |
| M/V Vered | 7,723 | (20’) 578 C | 1978 | 1978 | 9,405 |
| M/V Raqefet | 7,723 | (20’) 578 C | 1979 | 1979 | 9,436 |
| M/V Tilia | 4,790 | (20’) 372 C | 1976 | 1976 | 6,586 |
| M/V Camelia | 4,504 | (20’) 372 C | 1976 | 1976 | 6,586 |
| M/V Zim Eilat | 11,850 | (20’) 826 C | 1983 | 1983 | 14,920 |
| M/V Zim Singapore | 11,859 | (20’) 826 C | 1982 | 1982 | 14,921 |
| M/V Zim Iberia | 29,373 | (40’)1139 C | 1982 | 1982 | 29,547 |
| M/V Zim Keelung | 29,373 | (40’)1139 C | 1981 | 1981 | 29,547 |
| M/V Zim Savannah | 29,373 | (40’)1139 C | 1981 | 1981 | 29,547 |
| S/S Zim Genova | 26,024 | (40’) 881 C | 1972 | 1972 | 25,198 |
| S/S Zim Hong Kong | 24,575 | (40’) 881 C | 1973 | 1973 | 31,900 |
| S/S Zim Haifa | 25,939 | (40’) 881 C | 1972 | 1972 | 25,200 |
| S/S Zim Tokyo | 25,830 | (40’) 881 C | 1972 | 1972 | 25,830 |
| S/S Zim Montreal | 24,575 | (40’) 881 C | 1973 | 1973 | 31,343 |
| S/S Zim New York | 25,830 | (40’) 881 C | 1972 | 1972 | 25,830 |
| S/S Zim California | 25,831 | (40’) 881 C | 1971 | 1976 | 24,947 |
|  |  |  |  |  |  |
| Total Container Vessels (16) | 315,172 |  |  |  | 340,743 |
| Name Of Vessel | GRT | NUMBER OF CONTAINERS TRAILERS CARS | YEAR BUILT | YEAR PURCHASED | DWAT |
| Ro/Ro Vessels |  |  |  |  |  |
|  |  |  |  |  |  |
| M/V Yasmin | 4,542 | (20’) 170 C | 1977 | 1977 | 6,576 |
|  |  | (40’) 62 T |  |  |  |
|  |  | 280 CA |  |  |  |
| M/V Lotus | 4,542 | (20’) 170 C | 1979 | 1979 | 6,576 |
|  |  | (40’) 62 T |  |  |  |
|  |  | 280 CA |  |  |  |
|  |  |  |  |  |  |
| Total Ro/Ro Vessels (2) |  |  |  |  | 13,152 |
|  |  |  |  |  |  |
| Multi Purpose Vessels |  |  |  |  |  |
|  |  |  |  |  |  |
| M/V Gold Orly | 11,897 | (20’) 515 C | 1972 | 1973 | 18,565 |
| M/V Gold Hilla | 11,897 | (20’) 515 C | 1973 | 1973 | 18,566 |
| M/V Gold Varda | 11,895 | (20’) 515 C | 1973 | 1973 | 18,565 |
| M/V Gold Alisa | 11,897 | (20’) 515 C | 1973 | 1973 | 18,565 |
| M/V Zim Miami | 14,939 | (20’) 712 C | 1978 | 1978 | 19,787 |
| M/V Zim New Orleans | 14,939 | (20’) 712 C | 1978 | 1979 | 19,787 |
| M/V Zim Marseilles | 14,939 | (20’) 712 C | 1979 | 1979 | 19,782 |
| M/V Zim Houston | 14,939 | (20’) 712 C | 1978 | 1978 | 19,755 |
| M/V Zim Buenos Aires | 12,236 | (20’) 528 C | 1977 | 1979 | 16,997 |
|  |  |  |  |  |  |
| Total Multi Purpose Vessels (9) | 119,578 |  |  |  | 170,369 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name Of Vessel | Grt | Year Built | Year Purchased | Dwat |
| BULK CARRIERS |  |  |  |  |
|  |  |  |  |  |
| M/V BEER SHEVA | 29,720 | 1973 | 1983 | 51,910 |
| M/V BESOR | 32,567 | 1976 | 1976 | 60,740 |
|  |  |  |  |  |
| TOTAL BULK CARRIERS (2) | 62,287 |  |  | 112,650 |
| COAL CARRIERS |  |  |  |  |
|  |  |  |  |  |
| M/V HADERA | 93,052 | 1983 | 1983 | 166,013 |
| M/V ATARA | 93,052 | 1984 | 1984 | 166,058 |
|  |  |  |  |  |
| TOTAL COAL CARRIERS (2) | 186,104 |  |  | 332,071 |
|  |  |  |  |  |
| TANKERS |  |  |  |  |
|  |  |  |  |  |
| TOTAL TANKERS (1) | 112,814 |  |  | 225,669 |
|  |  |  |  |  |
| GRAND TOTAL (37) | 846,618 |  |  | 1,257,096 |
|  | ====== |  |  | ========= |

1988 - ECHOES IN THE PRESS ABOUT THE COMPANY’S RECOVERY

In view of the quick dramatic recovery of the Company during the last four years quite a few interviews were granted by the General Manager, and the local newspapers displayed the positive results of the Company in capital letters, stressing the main features which bought about the turning point. Part of the local media quoted relevant foreign publications on the subject of ZIM’s success, and again it was emphasized that the main advantages of the Company are its diversification of the fleet and the dispersion of its ports of call amounting to about 250 in 38 countries all over the globe. There does not exist any other shipping company with a similar setup in the whole world.

Foreign and local financial institutions were prepared to invest huge amounts into the development of ZIM’s fleet despite the fact that ZIM had not yet liquidated all its old debts - a further proof of the Company’s enjoying worldwide confidence. ZIM was considered the only shipping company in the world, which overcame the crisis in the branch. The daily “Hatzofe” wrote that “ZIM returned to be the pearl of the Israeli companies”. One of the headlines of a renowned foreign papers wrote “that the international media applauds ZIM.”

Above all, an article of four pages, having to do with ZIM’s recovery was published in the prestigious monthly “Containerization International”. This periodical is considered in the shipping industry as the prime authority for providing information in the container field. The article was full of praise emphasizing the achievements of the Company in recent years. A special journalist was sent by the monthly to Haifa with the purpose to investigate on the spot the relevant details of the Company’s financial and economic situation, and his conclusion was unequivocal: a song of praise. He added that in spite of the local political conditions and problems Israel is confronted with, it withstood all odds and overcame with its brilliant strategy all difficulties.

According to a research conducted by the Transmodal Industries Research Ltd., ZIM occupied now the eighth place as far as the volume of containers transported by the Company was concerned, and according to their forecast ZIM will increase this volume by 2.3% in 1989. On the other hand, the Company will move down the ladder to the ninth place amongst the ten biggest container-carrying companies.

After the results of the year have been published, ZIM was again in the headlines which read inter alia “ZIM is the best buy for 1989”, or “the flag-ship does not disappoint” and “ZIM is rowing towards secure shores”.

VIP VISITS

In recent years the Company was honored by the visits of very important persons in the governmental life of the United States of America.

In 1985 ZIM was visited by the Governor of the State of Virginia, Charles Robb, and in the same year the member of the Congress, Thomas Lindsay, met with the Management of the Company. In March 1986, the Mayor of San Francisco, Mrs. Diana Feinstein, paid a visit to ZIM in order to sign an agreement concerning the future calls of the Company’s vessels at her port. In 1987 the Governor of the State of Georgia, Jo Harris, met the General Manager of the Company, and in May this year the Governor of the State of Virginia, Gerrard L. Baliles and his entourage made it a special point to see the ZIM Management. Because of his tight schedule the Governor came by helicopter to Haifa for two hours between meetings in Jerusalem and Tel Aviv. All the above mentioned visitors attributed great importance to the economic and trade relations between their states and ZIM, and their visits with the ZIM people were arranged on their special request.

CADETS AND CREW

ZIM is the only Israeli shipping company, which prepares youngsters for their future career as seamen - ratings and officers. During the year under review more than fifty cadets were sailing on ZIM’s so-called “swimming nautical schools” - ships especially adapted for this purpose. The cadets are accompanied by professional trainers, who hold courses during the voyages in addition to the maritime education the cadets receive on shore in the various marine and technical schools. The applicants were trained for their future career as deck and engine officers, radio operators and electricians.

In order to increase the number of future seamen and to arouse interest in seamanship the Company initiated, in conjunction with the Ministries of Transport and Labor, invitations to 1400 ex-soldiers with the proposal to join the merchant navy. The conditions and facilities offered were very attractive with ZIM’s obligation to employ the aspirants as cadets after having successfully completed their training, but the response was not encouraging.

It so turned out however, that the number of foreign crew employed on ZIM vessels had decreased in recent years to 5% only - a welcome development as far as the employment of Israeli seamen is concerned. The foreign crew members are mainly sailing on ships not calling at Israeli ports.

It is noteworthy to add at this point a few words about the cost of manning a ZIM vessel. An Israeli crew of 24 costs the Company between 140 and 150 thousand dollars a month. The same number of crew members on foreign vessels of similar size costs the owners between 40 to 50 thousand dollars only, that means that an Israeli crew of one vessel amounts to one million dollars more per year in comparison with a foreign crew. Another example is the expenditure for an Israeli captain who costs the Company about 10,000 dollars per month whereas an Indian, Yugoslav or Philippine captain costs 2,500 dollars a month only.

THE FIRST DRUSE CAPTAIN

In a short ceremony the first Druse captain in the Israeli merchant navy was appointed on one of ZIM’s vessels. The General Manager of the Company personally handed over the certificate of appointment to Captain Said Katish and nominated him Master of the m/v “ZIM Singapore”.

Upon his return from his “maiden voyage” as captain he was honored by his family and the Druse community. He was not only the first Druse captain in the merchant navy but also the youngest one in the entire fleet. Moreover, he was the first Druse candidate in the nautical school in Acre where he completed his studies in 1973 as naval officer. He was liked by his crew and praised the warm relationship he enjoyed by the Company.

There were five other Druse officers serving on ZIM’s vessels at the time, all of them in higher positions.

RESCUE AT SEA

The m/v “ZIM Australia”, on her way from Hong Kong to Singapore in January this year, saved 39 refugees from distress at sea. Letters of appreciation lauding this humanitarian gesture were received by ZIM from several sub-organizations of the United Nations.

Two months later the m/v “Lotus” rescued a number of Egyptian sailors from acute danger in the eastern Mediterranean.

In the month of October the collier “Hadera” rescued a young shipwrecked Cypriot scientist who had left Gibraltar for Morocco in a 450 kg rubber and fiberglass craft without a motor but equipped with a sail in order to test survival at sea. His boat was overtaken by a fierce storm and after twelve days in the open sea he decided to abandon his “trip”. By signal rockets he drew the attention of the m/v “Hadera” to his predicament and the collier saved the man from certain drowning.

These are only examples which occurred during one year. There were similar incidents in other years which were not less impressive.

COMBINED TRANSPORT

ZIM entered with additional verve the field of international transport and thus changed the orientation from a pure shipping company to an international integrated transport system. The intention was to expand its services and to combine shipping by sea with land and air transport including freight forwarding, customs clearing, insurance, warehousing and distribution. The company established in England a firm dealing with overland transport, and in the United States a center for transhipments of cargoes to the Far East was set up. This center also rendered services between the United States and Europe with the view to expand this combined transport structure to similar centers in the Far East such as Taiwan and Hong Kong and other places. The idea was to accommodate the clients by sending trucks to the premises of the exporter or shipper, to move the commodities to the port of shipping, loading them into the vessels which will carry them to the port of discharge, After being unloaded, trucks, the railway or even airplanes are to deliver the merchandise at the door of the receiver. In order to meet the requirements of its clients, ZIM had eventually to integrate those services according to the specific needs of every country. Thus ZIM made true its motto “All the cargoes to every place at any hour”, and would be able to handle all its customers’ requirements with ease, flexibility and reliability.

ORDERING NEW CONTAINERSHIPS

In August ZIM placed an order with the Howaldtswerke Deutsche Werft in Kiel, Germany, for the building of four modern containerships. The ships were to be constructed to carry 2700 TEU containers each, and they were the first stage in the replacement of seven outmoded vessels built over 15 years ago. These fours vessels were also the first ones out of seven, all to be delivered until 1992. The length of each vessel was to be 236 meters and their width 32 meters. Each one was planned to have a carrying capacity of 47,000 tons.

The vessels were considered as containerships of the future generation and were to be outfitted with fuel-saving diesel engines and the most modern electronic equipment - “le dernier cri” in technological achievements. The German shipyard was chosen because it had better quality control than other nations and provided in its shipbuildings more usable cargo space than similar ships built elsewhere. The result could be equivalent to a saving of about 10% off the price of each ship. The investment in these four vessels was about 150 million dollars.

Theoretically these vessels could be operated by a crew of 12 only, but according to the labor contract with the Seamen’s Union the Company was compelled to employ 19-20 crew members on each of the new vessels. In any case, this was a notable reduction of the conventional number of 27 sailors engaged hitherto on vessels of this size.

The addition of the seven container ships finally to be ordered augmented the cargo volume of ZIM’s fleet by 45%.

THE IMPORTANCE OF THE PORT OF EILAT

The trade with the Far East in both directions increased considerably this year, and the Company decided therefore to replace four of its vessels with a carrying capacity of about 400 TEUs each presently plying this route with larger ships, which could load 900 TEUs. This upgrading of the Far East Line was considered as a new departure in the container transport from and to Eilat and should improve Israeli export opportunities to Japan.

On the other hand apprehension was voiced that the port of Eilat was lacking efficiency, especially because of the absence of a gentry crane. Moreover, clients of the port claimed that in general the port of Eilat did not keep pace with the development of modern technology. Because of this alleged inefficiency exporters and importers shunned loading and unloading their merchandise in Eilat and preferred to have the vessels directed through the Suez Canal to the ports of Ashdod or Haifa. Another aspect of keeping away from Eilat port was the high cost of transporting cargoes overland from Eilat to the industrial centers of the country. There were also complaints, mainly by importers, about shortage of hands and that port workers often made use of sanctions in order to press for better conditions. This unstable situation also upset sometimes the schedule of the vessels.

No doubt, the port of Eilat is of major importance for the State of Israel, but it has to be competitive with other Israeli ports, otherwise there will always be the alternative of diverting vessels to Ashdod or Haifa. In any case, the final word of choosing the destination of the vessel remains with the clients.

ZIM contributed and contributes all the time to the existence of the port of Eilat and asks also other parties interested in the continuance of the southern port to bear their part, ZIM drew the attention at many occasions to the shortcomings outlined above and urged the proper authorities to undertake the necessary alterations and improvements.

Estimates prepared by the Israeli Port Authorities show that ZIM contributed about 3.3 million dollars to the upkeep of the port of Eilat by discharging its vessels in that port and dispatching its vessels empty through the Suez Canal to Ashdod and Haifa. This contribution represents a real loss to ZIM but was forced upon the Company by a decision of the Government dating back to the year 1979.

Together with the desired modernization of the port, moving same further east was earnestly discussed. A new canal was to be dug according to this plan to accommodate the vessels in the new port, which should be built conformably to the model of the latest technological achievements. The investment in this project was estimated to amount to about sixty million Shekels.

There was also much talk about paving the way for the continuation of the railroad to Eilat, and Australian investors showed interest in financing this project.

OMNIUM - GATHERUM

1. The “Hakishon” laundry, a subsidiary of ZIM, was closed.
2. ZIM employs now 4500 men and women worldwide a fact which has not its equal amongst other Israeli companies.
3. The General Meeting of the Israeli Chamber of Shipping elected Captain Eitan Rapaport, the General Manager of M. Dizengoff & Company Ltd., to act as their president for the next two years.
4. ZIM’s representative in Australia was elected as member of the executive committee of the Australia-Israel Chamber of Commerce.
5. ZIM now controls 70% of the Israeli cargo market.
6. No vessels were acquired or disposed of during the year.

FINANCIAL AND OPERATIONAL DETAILS OF THE YEARS 1985-1988

A COMPARISON

In order to convey a picture about the recovery of the Company after the deep crisis in the years 1983-1984, comparative figures are outlined below enumerating the relevant data of interest:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1985 | 1986 | 1987 | 1988 |
| Total tonnage carried (excl. oil) in mio. tons | 6.5 | 7.5 | 8.9 | 9.4 |
| Increase against previous years |  | 15% | 19% | 5.5% |
| Number of voyages performed | 451 | 463 | 528 | 564 |
| Depreciated value of the fleet in mio. $ \* | 411 | 377 | 340 | 312 |
| Depreciated value of equipment in mio. $ | 37 | 31 | 25 | 41 |
| Income from terminated voyages in mio. $ | 706 | 706 | 796 | 875 |
| Increase against previous years |  | none | 12.8% | 9.9% |
| Operating expenses in mio. $ | 601 | 582 | 669 | 752 |
| Increase (decrease) against previous years |  | (3.2%) | 14.9% | 12.4% |
| Profit in mio. $ \*\* | 18.7 | 38 | 43.3 | 36 |
| Balance Sheet totals in mio. $ | 571 | 543 | 526 | 511 |
| Number of containers carried in terms of TEUs | 384200 | 398700 | 436000 | 498000 |
| Increase against previous years |  | 3.2% | 9.5% | 14% |
| Income from international trade in mio. $ | 402 | 355 | 422 | 507 |
| Percentage of freight income from international trade out of total freight income | 58% | 51% | 53% | 58% |

\* In 1988 the market value of the fleet was actually higher by 33 mio. dollars than the depreciated value shown in the Balance Sheet, i.e., 345 mio. dollars.

\*\* The profit figures include a reserve for exchange differences on long-term loans which have not yet reached maturity and are therefore considered as an expense not yet realized. See explanation under 1985.

During these four years ZIM repaid 440 million dollars of its bank loans, and the outstanding debt at the end of 1988 was about 350 million dollars.

The liquidity of the Company was 76 million shekels at the end of the year and long term investments amounted to 22 million shekels.

Another point of interest might be a comparison of income for the years 1985-1988 classified by areas from which the cargo was shipped.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 1985  % | 1986  % | 1987  % | 1988  % |
| Far East | 32.8 | 32.2 | 32.5 | 31.8 |
| Europe and Mediterranean | 22.6 | 21.9 | 21.7 | 21.6 |
| America | 15.9 | 17.1 | 18.9 | 20.7 |
| Israel | 12.1 | 12.5 | 12.4 | 11.9 |
| Africa | 5.3 | 5.9 | 5.2 | 4.6 |
| Others | 11.3 | 10.4 | 9.3 | 9.4 |
|  | 100  === | 100  === | 100  === | 100  === |

It is interesting to note that the above figures remained almost static during 4 years with the exception of the America Lines which increased their shares in the trade by about 30%.

The year 1988 was a year of significant development and many events.

1989 - DETAILS FROM THE YEARLY REPORT

The Company concluded the year with a profit of 28.8 mio. dollars (after payment of interest and covering depreciation expenses). The continuation of the trend of increased chartering and leasing expenses for vessels and equipment and the increase in the cost of fuel towards the end of the year influenced the financial results of the Company.

The revenues of the Company amounted to $ 902.8 mio., an increase of 3.1% against the previous year. The increase was mainly derived from the international trade, which now comprised 59% of the total income. Operation expenses amounted to $ 779.8 mio., an increase of 3% against 1988.

The sum of the balance sheet stood at the end of the year at $ 547.3 mio. An increase of 8.7% against 1988. It should be noted, that the market value of the Company’s fleet increased again and stood at the end of the year at $ 350 mio. Against the depreciated balance sheet value of $ 226 mio. in the Company’s books.

In 1989 572 voyages were completed on which 9.4 mio. tons of cargo were transported (same quantity as in previous year). The number of containers carried in TEU terms was 496,100 units.

The Company operated during the year about 85 vessels of which 40 were owned (6 of them in joint ownership), and the remainder was chartered.

THE HUMAN FACTOR

During all the years the Management emphasized at any opportunity the importance of the human resources employed by the Company, and in every yearly Balance Sheet expression of appreciation by the Board of Directors to this effect was made public. Thus, the concluding sentence in the Balance Sheets usually reads that “the Board of Directors thanks the Management and employees at sea and at shore for their devoted work which made the attainment and achievements of the Company possible”.

The Management does not spare to show its gratitude to the employees by initiating events and by participating in their expenses, usually in cooperation with the workers committee.

A yearly event - in conjunction with the daily newspapers “Yediot Acharonot” and “Maariv” - is the choosing of the “distinguished worker” from amongst the staff at shore and the seafarers. This contest enjoys wide publication.

A special feature in every year is the invitation of all first-graders with their parents from the Company’s staff members celebrating the entering of the youngsters into their first school year and presenting them with a school bag. This joyous occasion takes place in the frame of a festive event entertaining the children at their pleasure.

After 25 years of loyal service with the Company every employee is awarded a golden watch at an impressive ceremony.

As an incentive to the marketing people of the Company prices are distributed in order to encourage their efforts to further the acquisition of additional clients and to offer them the Company’s cargo services.

Courses are held continuously for department heads in the various branches of the Company: for secretaries, for employees destined to fulfill assignments abroad, for skilled workers in the repair shops, and special training is initiated for technical and nautical personnel of the ships. The purpose of these courses is to keep the participants au courant with the progress in their special fields of activity and to supplement their knowledge accordingly.

A standing invitation to all employees is the soliciting for submitting proposals for efficiency measures. The proposals submitted are examined by an elected committee from persons belonging to the Company’s personnel, and the recommendations accepted are awarded accordingly.

During the long summer holidays children of the Company’s employees at the age between 15-17 are employed for a fortnight in the Company’s offices with the purpose to familiarize them with their parents’ occupation and to draw them nearer to the trade of shipping.

A yearly outing is arranged for the entire personnel and their families, which is considered by all participants as a real happening.

Special parties are arranged for the wives of the office staff and the seafarers which enjoy wide participation. These parties are organized by the Company in elegant entertainment halls in the presence of well-known artists and performers.

Lads and girls called up for regular army service whose parents belong to ZIM’s permanent staff are presented with special gifts, which vary every year.

A house magazine is issued periodically by the Company since the year 1956 to which almost only staff members contribute their publications. The magazine enjoys wide attention and reaction from its readers.

ZIM’s social workers joined lately a voyage on a cargo vessel in order to learn first hand the living conditions of the seafarers at sea. The trip was contemplated as contributing to the better understanding of the seafarers’ needs and improve relations between the Company’s shore staff and that at sea. But not only the employees are attended to by the Management - also the Company’s pensioners enjoy the consideration of the company. There is the yearly gala dinner arranged for ex-employees with their wives or husbands in a fashionable way.

Not to be forgotten should be the excursions of the pensioners sponsored by their committee and the Management several times a year to various holiday spots in the country.

There is the famous Purim party arranged for the pensioners and their families with entertainment and a fine buffet.

Lately the club room for the pensioners was renovated by the Company at no small cost as a token of appreciation for the founders and old timers of the company. The club room is frequented daily by ex-employees for all kinds of courses, lectures and social activities.

THE FLEET

Two general cargo vessels were purchased during the year: the m/v “Gold Asia”(ex “Theta”, ex “Athena”) with a GRT of 10212, built in 1977 by the Verolme Shipyard Alblassardam B.V., and the m/v “Gold Future” (ex “Beta” ex “Alphacca”) also with a GRT of 10212 built in 1978 by van der Giessen-de-Noord B.V., both in Holland.

Another vessel, the m/v “ZIM Car” (ex “Carera” ex “Seavenus” ex “Ocean Venus”) with a GRT of 12218 built in 1976 by the Kurushima Dockyard Co., Ltd., Onishi, Japan, was acquired in equal partnership with the Opher Brothers Co. Ltd.

In addition, the ownership of three container vessels with a very long history were acquired in a 50/50 partnership with the Opher Brothers Co. Ltd. The three vessels were the “ZIM Piraeus” built in 1973, the “ZIM Trieste” built in the same year, and the “ZIM Sydney” built in 1972. The “ZIM Piraeus” had changed owners and names seven times before and the other two vessels not less than nine times prior to their acquisition by ZIM/Opher. All three vessels were built by the Dubigeon Normandie S.A. Prairie-au-Duc, Nantes, France. The ships were jumboized by the Hyundai Dockyard in Korea and consequently increased their GRT as follows:

The “ZIM Piraeus” from 13098 to 15656

The “ZIM Sydney” from 13098 to 15656

The “ZIM Trieste” from 11856 to 15656

The “ZIM Eilat” was renamed “ZIM Antwerpen”.

Two ro/ro vessels, the m/v “Lotus” and the m/v “Jasmin” as well as the collier “Atara” were sold during the year. Both ro/ro vessels went to the Stena Rederi A.B. in Sweden and the m/v “Atara” was purchased by the Sincere Navigation Corporation, Taiwan.

Another two cargo vessels were disposed of: the m/v “Gold Stream” (ex “Sahar”) and the m/v “Gold Mountain” (ex “Tsedek”). Both ships were sold to the Costamare Shipping Company S.A., Piraeus.

SHIPS REPAIRS

For some time discussions were going on between the Israel Shipyard Ltd. and the Labor Union (Histadrut) at one side and ZIM at the other side concerning the Company’s decision to have its vessels repaired outside Israel. The Israel Shipyard and the Histadrut took exception from the Company’s intention claiming that the national character, economic reasons as well as the high percentage of jobless workers should be decisive in spite of the higher cost of repairing ships in Haifa. ZIM countered that the Company repairs almost all its vessels - 53 during the last six years - in Israel according to its commitment towards the shipyard, provided that the cost was not more than 15% over the prices charged by foreign yards. This was ZIM’s contribution to the unemployment. ZIM claimed further that the cost in Haifa was far above - sometimes double - of what is paid abroad, and in addition the Israel Shipyard could not accommodate vessels of the size of the big container ships.

OPENING NEW TRAFFIC LINES

ZIM expanded its coastal service by inaugurating a fortnightly container service between Haifa and Saloniki. The service was opened with one vessel having a carrying capacity of 430 TEUs calling enroute at Constantza. It came in response to the increased demand from Israeli importers and exporters as a result of the growing industrialization in Northern Greece. Saloniki could also serve as a transhipment port for Bulgaria and Yugoslavia.

Another addition to the coastal service was a small container ship, which could carry 124 TEUs. This vessel called fortnightly at Limassol, Mersin and Alexandria.

Another small vessel was scheduled to ply between Haifa and Turkish ports only calling three times a month at each port.

The South Atlantic Service was extended by one vessel, and instead of two vessels plying this route hitherto calling at ports with an interval of 35 days, the frequency was now reduced to 24 days.

In conjunction with a Venezuelan shipping company ZIM opened a container line from Kingston to Honduras, Guatemala and Venezuela.

OUTLOOK FOR THE FUTURE AND PREPARING FOR 1992

With the thaw in East-West relations it was hoped that shipping to the East Bloc could develop in favor of ZIM and that the Company’s vessels could eventually call at Polish ports and at a later date opportunities could arise for carrying cargoes also to and from the USSR. Trade relations with Rumania have never ceased and ZIM had already penetrated the Bulgarian and Hungarian markets. The trade with East European countries should however been restricted to liner service as ZIM did not own the bottom for shipping bulk cargoes to foreign countries.

It was further foreseen that the trade between the Far East and Australia and Europe/UK on the other side would increase due to the fact that business with the United States and Canada had reached its saturating point. But it was anticipated that the focal points for loading and discharging cargoes from and to the Far East would move from Northern Europe to South European ports in the Mediterranean and that transiting by rail would be cheaper and less time consuming than taking the cargoes by sea the long way through the Strait of Gibraltar. This change could bring cost down by 20% and more, especially when the frontier restrictions between European countries would be lifted with the opening of the European Common Market.

Therefore ZIM could prepare without difficulties for these possibilities as the infrastructure has been laid many years ago when ZIM gradually developed its international integrated transporting strategy which could now only be expanded and no alterations had to be made. ZIM was therefore looking with confidence into the future, or as the “Jerusalem Post” put it: ZIM was smoothly sailing into 1992.

1990 - M/V “ZIM AMERICA”

One of the major events of the year was the delivery of the m/v “ZIM America” - the first of the seven giant container vessels - ordered by the Company. The vessel arrived at her maiden voyage in Haifa, and in an impressive welcome party on May 9th, in the presence of thousands of guests including the Minister of Transport and other distinguished persons as well as representatives of the diplomatic corps, this occasion was fittingly celebrated.



The main technical details of the new building are the following: her GRT is 37,209, the dead weight tonnage reaches 47,230, her carrying capacity is 3,030 TEUs, her draft reaches 18.8 meters and her average speed 21 knots. The length of the vessel is 236 meters, her breadth 32 meters and she is operated by a crew of twenty.

The biggest container vessels owned by the Company for the last 15 years could carry a little over 1,700 TEUs and their DWAT was about 26,000. The schedule of the m/v “ZIM America” foresaw for a round-trip of 104 days the calls at the following ports: Haifa - Piraeus - Livorno - Barcelona - Cadiz - Halifax - New York - Norfolk - Savannah - Kingston (Jamaica) - Los Angeles - San Francisco - Hong Kong - Keelung - Pusan - Osaka - Yokohama - Los Angeles - Kingston (Jamaica) - Savannah - New York - Halifax - Barcelona - Haifa. Only 15% of the cargoes carried by her on such a round-trip originated from exports from or imports into Israel.

The vessel is outfitted with the latest electronic and technical achievements of modern technology and her electronic equipment is connected via satellite with the four operational centers of the Company in Haifa, London, New York and Hong Kong.

Towards the arrival of the m/v “ZIM America” at her homeport in Haifa an influential local daily voiced the pessimistic view, allegedly based on a quiz amongst “anonymous shipping experts” - that, although it was necessary to renew ZIM’s fleet, the seven vessels were ordered at the wrong time when prices on the ship market were soaring. It was predicted by those “experts” that ZIM would never be able to cover the huge investment cost and that the new acquisitions would wind up in the certain collapse of the Company and its entire liquidation. This “expert opinion” reached the desk of the Finance Committee of the Knesset and one member of the committee expressed his view again based on “anonymous expert opinion” by formulating the historic sentence: “the mistake of ordering those seven vessels was as big as the vessels themselves”.

This gloomy outlook was immediately countered by the Company’s spokesman who told the critics that ZIM had examined closely during one year and a half the profitability of the new investment. In its research ZIM was assisted by professional international shipping experts and their findings and analysis had been put before the Finance Committee of the Knesset in August 1989. No member of the committee expressed a negative opinion or voiced any other contradiction to the project at the time.

However, the “experts” added, the only prospect to keep the “fleet of seven” over water was their being loaded to capacity and their run on the “Long Line”. The immediate questions now arose:

1. Who told them that the vessels would not sail fully loaded?
2. Who told them that the vessels were destined for a different route than the “Long Line”?
3. Why did not the representatives of the government sitting on the Board of Directors of ZIM protest the investment at the time if considered erroneous?

On the other hand, people trading with ZIM for many years - exporters and importers - were of a completely different opinion asserting that the renewal of ZIM’s fleet was a necessity at the right time and they were confident that the vessels would prove their reliability.

According to the Lloyd’s Shipping Economist the prices for container ship building in 1990 were by 30- 40% higher than at the time when ZIM ordered its vessels. Moreover, if ZIM would have deferred the purchase of the new vessels, its position towards the competition would have been inferior.

A very conservative calculation of the profitability of the vessels showed that the operating of this size of ships would be much cheaper than that of the older ships, even if not fully loaded. The saving in fuel expenses would amount to 50% since diesel engines were installed in the new buildings and the decrease of the number of crew members by one third to 20 per vessel would further offset the operation cost.

It was a legitimate but futile polemic, and this kind of publicity certainly did not contribute to the positive image ZIM enjoyed worldwide - especially as it was not based on facts by the critics. It can only be added, that the “ZIM America” left the Far East on her maiden voyage with a record loading of 3009 containers. The Company was now 45 years old, and it can be summarized that the acquisition of the seven modern container vessels was the right decision at the right time, because if ordered today, the price would have been twice as high.

RENAMING VESSELS - SALES AND ACQUISITIONS

The m/v “Tappuz” was renamed m/v “Gold African”,

the m/v “ZIM Montreal”: was renamed m/v “ZIM Eilat”,

the m/v “ZIM New Orleans” was renamed m/v “Heron”,

the m/v “Yama I” was renamed m/v “Gold View”.

In addition to the m/v “ZIM America” her sister ship the m/v “ZIM Canada” was delivered to the Company in the month of October.

The m/v “Gold Leaf” (ex “Qeshet”) was sold to the Ministry of Defence.

MYSTERIES, CURIOSITIES AND ABSURDITIES

In the night of the seventh of October at about four o’clock an unidentified vessel caused a collision with the “ZIM Singapore”. The accident happened about thirty miles north of Bab-el-Mandab in the Red Sea, and luckily no serious harm was done. The damage was minimal and the “ZIM Singapore” could continue her voyage without interruption.

At about half an hour earlier the officer on duty saw on his radar screen a vessel sailing in the same path as his own ship, and according to the international custom he tried to contact the mysterious craft by radio, but there was no reply. The officer on watch changed the course of the “ZIM Singapore” in order to keep proper distance from the unknown ship, but as the foreigner was approaching fast the collision was unavoidable. By the bump the entire crew was awakened. The night was pitch dark and the ghost vessel, which caused the collision hastened away with high speed from the scene without identifying herself.

The mystery was not solved but it was conjectured that a French frigate was involved in the clash since some time before the accident an unintelligible conversation in the French language was overheard on the wireless of the “ZIM Singapore”.

There are sometimes curious paths in the shipping business and not only on the waves of the sea. The following is a striking example.

One of the conditions in the agreement with the Howaldtswerke-Deutsche Werft, where the new container vessels for ZIM were built, was that certain huge steel covers were to be supplied by Israel. Another condition was that those steel covers had to be shipped to Germany on vessels chartered by the German shipyard. The Israel Shipyard obtained the tender for constructing and supplying the steel covers, and the German chartered a Lybian vessel for this special transport. As the Isreali government does not allow the entering of Lybian vessels into its territory the Germans had to charter Israeli boats, which had to carry the covers to Cyprus where they were loaded into the Lybian vessel.

A young blond Belgian lady was roaming the ZIM premises and as she could not explain her presence in the Company’s offices, and had no identifying papers, the police arrested her, and upon questioning she entangled herself in contradicting statements. The police retained her for four days, but her fate was not known.

It was the time of the Gulf War. In the local press appeared a story about a soldier born in Haifa and now serving in the American Navy on the USS “Wisconsin” moving to the Persian Gulf. It so happened that the father of this soldier was an old hand in ZIM’s employ as supervisor in the container department.

These four short stories are added to this volume in order to show an example of the vicissitudes, varieties and diversities happening almost daily in a big shipping company without arousing special attention. It also adds some variation in this otherwise routine reporting.

THE BALANCE SHEET

For the first time in the Company’s history its income passed the billion-dollar mark and reached the impressive sum of 1,009.4 million. This amount represented an increase of 11.8% against the result of the previous year, and was a clear indication of the expansion in the Company’s activities during the year in spite of the looming Gulf crisis. The profit reached 28.4 million dollars after payment of interest on short and long-term loans and after covering depreciation. The result could have been considerably higher unless some negative effects would have influenced the Company’s profitability. The increase of fuel prices at various periods - sometimes doubling - during the year as a consequence of the critical stage in the Persian gulf, higher insurance cost and fewer cargo offered for transportation contributed mainly to the unforeseen and unexpected decrease in profits. This decrease was however partly compensated by imposing a so called fuel tax on freight rates. In addition the weakening of the dollar against European currencies and on the other hand maintaining the exchange rate of the Israeli currency to the dollar imposed an additional burden on ZIM’s profitability. Under these circumstances the expense account of the Balance Sheet had to be enlarged by 4.7 million dollars.

The operation expenses of the year increased by 12.9% against the previous year and the sum of the balance sheet stood on December 31, 1990 at 647.2 million dollars an increase of 18.3% against 1989. The depreciated value of the fleet showed 280.7 million dollars against its actual market value of 392.8 million dollars. In addition the value of the depreciated other equipment - mainly containers - was 94.2 million dollars.

The number of voyages performed by the vessels operated by the Company during the year was 539 (excluding tankers and bulk carriers) and the tonnage transported reached 10.5 million tons.

ZIM’s vessels carried in 1990 541,400 containers in TEU terms, representing an increase of 9% against 1989 and the international trade reached 59% out of the total income of the Company. The number of vessels operated during the year remained unchanged against previous years and was about 80.

MISCELLANEOUS

The Daily Commercial News published in July under the column “Coast Watcher” that the “ZIM Iberia” won the “Good Ship Award” bestowed by the “Centre of Seafarer’s Rights” and the bi-monthly for seamen “The Sea”. The vessel was nominated by her own crew, which praised the excellent relationship between officers and ratings working as a family and the high standard of living conditions on its vessel. The vessel was visited in New York by members of the “Centre for Seafarer’s Rights” who convinced themselves of the state of affairs on board.

Since February ZIM added to its coastal service regular fortnightly calls at Port Said. This addition became necessary due to the increasing demand for transportation of cargoes between Levant ports.

Because of the increasing demand for shipping of logs from West Africa ZIM added a third vessel plying this line. The additional supply of logs was asked for because of the expanded building activities in Israel.

As a consequence of the acquisition of the “ZIM America” the “ZIM Montreal” was transferred to the Eilat Lines, suitably renamed the “ZIM Eilat”. Her first call at the port of Eilat was duly celebrated in the presence of the mayor of the city, representatives of the Port Authorities, customs brokers, clients and the media. The “ZIM Eilat” was the biggest vessel calling at Eilat hitherto. She could carry 1760 TEUs at one time and it was considered that the call of this vessel opened a new era in the Eilat services. The intended route of the vessel was to connect Far East ports and Australia with Egyptian and south European ports on a round-trip of 75 days.

The decision to add this size of vessel to the Eilat service was the result of the increased trade relations between Israel and the Far East. For this purpose a new gantry crane was acquired by the Eilat Port Authorities with an investment of twenty million shekels. It is self-evident, that ZIM is the best client of the port.

ZIM’s representative in Japan was elected as first vice president of the well renowned club “Propeller” for the year 1990/91.

1991 - THE COME BACK OF THE CITRUS EXPORT

With the liquidation of the Citrus Marketing Board as sole exporter of their products ZIM reentered the era of transporting citrus on its own vessels. The export of citrus and its by-products is one of the main components of Israel’s entire export spectrum. The Company prepared a comprehensive and attractive schedule taking into account the essentials of every exporter and being suitable for every destination in the world. Special consideration was also given to the requirements of the various months during the export season between September and May. The citrus fruit were to be shipped according to their destination in reefer vessels or cold storage or ventilated containers. As ZIM had no sufficient vessels of its own for carrying this type of cargo, suitable bottoms had to be chartered. The first shipment departed this year on October eleventh with 3600 pallets, which means with about 173 thousand cartons. As this was a comparatively new trade, which ZIM had not experienced for about 22 years, sophisticated logistics had to be built up in order to guarantee the smooth running of the operation.

ZIM signed contracts, which guaranteed the shipment of 62% of the entire citrus export season. Agreements were also entered into to destinations whereto Israeli citrus were not shipped up-to-date, such as the Far East, Vancouver in West Canada and Australia.

The exporters were very satisfied with the new situation created by the winding up of the Citrus Marketing Board, because of the ensuing competition amongst the various shipping companies, which certainly lead to a decrease in freight rates to the benefit of the exporters.

The beginnings were very promising even without any publicity in the media.

MR. MATTY MORGENSTERN - “MAN OF THE SEA 1990”

The title “Man of the Sea 1990” was bestowed upon the General Manager of the Company, Mr. Matty Morgenstern. The price was distributed for the eighth time amongst personalities who distinguished themselves in the field of Israeli shipping. The ceremony took place in the presence of the Minister of Transport and persons from the business world, trade and industry.

It was stressed in all speeches during the celebration that the honor was granted to Mr. Morgenstern for his exceptional success in transforming the Company within a very short period from red figures into black ones and to have ZIM made one of the most modern and profitable and famous shipping companies in the world.

COMBINED CONTAINER TRANSPORT (CCT)

An agreement was signed with the Austrian firm of Franz Welts establishing a joint venture for overland transportation - by rail or by trucks - in Germany and Eastern Europe. The center of this company was to be set up in Munich in southern Germany were already a small branch office of ZIM existed which had now to be expanded. Franz Welts already held a contract with the umbrella organization of the European Railway Incorporation “Inter Container” which granted CCT favorable conditions for the movement of cargoes in its territory. Cargoes were to be discharged mostly in South European ports, and from there they were to be forwarded to the various inland destinations.

It was foreseen that the trade between the Far East and Europe would increase considerably in coming years, about 13% per year, and the aspiration of ZIM was to carry cargoes from and to the Far East through the Suez Canal to South Europe including Italian, French and Spanish ports. With the abolition of custom duties between the various European countries in 1992 the transportation within the boundaries of a customs free Europe would be about 25% cheaper than before.

ZIM’s part in the investment in the new company and the logistics to be built up at Munich was not too high as the infrastructure for this new service already existed.

In view of the foreseen increase in the trade between the Far East and Europe, ZIM increased the carrying capacity of five of its vessels from 1200 containers to 1700 TEUs, and in order to shorten the round-trip to the Far East and Australia the Company split these long journeys into two: one to Far East ports only and one directly to Australia.

THE PERSIAN GULF CRISIS

When war broke out in the Persian Gulf Israel was declared as part of the war zone and was considered and treated accordingly even by friendly nations. Affecting the shipping business there was the unprecedented rise in insurance premiums by thousands of percents above the normal level in peace times - 2.5% instead of 0.02% - and in addition a special war insurance was imposed on vessels and cargoes. As a consequence many countries discontinued their trade relations with Israel for the time being what caused a drastic decrease in ZIM’s activities. Efforts were made by interested parties, such as shipping companies, the Users Association, importers and exporters to have premium rates decreased to a more realistic level. And they were finally fixed at 0.375%. This achievement has been reached after having threatened Lloyd’s in London that the Israeli insurance business would be transferred to other insurance companies outside Britain. Lloyd’s being afraid of losing the Israeli clientele also in future gave in and the new arrangement averted further erosion in Israeli foreign trade relations. During the height of the war the Israeli government stepped in to moderate insurance cost and decided in joint action with the Manufacturers Association and the Ministry of Industry and Trade to insure vessels calling at Israeli ports and their cargoes - even when not destined for discharge in Israel - and to issue insurance policies at reasonable premiums in accordance with the Israeli property tax act. As a consequence the special war insurance was canceled.

As a result of the war crisis foreign sailors employed on Israeli vessels abandoned their ships prior to reaching Israel. But ZIM vessels were an exception because the Company employed on its 40 vessels almost only Israeli crewmembers and for them it was “business as usual”. Eleven vessels were affected by the abandonment of foreign crew, mainly stuck in Mediterranean ports and Cyprus.

On the other hand shipping companies maintaining regular liner services with Israel did not discontinue their calls in Israel during the entire period of the Gulf crisis. There were actually no incidents of foreign vessels dumping their cargoes bound for Israel in non-Israeli ports.

The greatest opposition against Israel was displayed by Japanese companies. The Japanese refused to honor Israeli letters of credit and demanded payment for their commodities in advance. There were companies which canceled signed agreements and there were incidents that containers destined for Israel and already loaded were again discharged in Japan before sailing to Israel.

The subject of the rise in fuel prices is dealt with in the following chapter “Financial Results”.

ZIM opened on its premises kindergartens where the toddlers were looked after while their mothers did their work. A twenty-four-hours telephone information service was installed by the Company for the benefit of the families of sailors at sea to enable them to verify the well-being of their beloved ones around the clock.

THE FLEET

The m/v “ZIM Keelung” and the m/v “ZIM Savannah” were jumboized on the Hyundai Shipyard in Korea and their GRT was consequently increased from 29373 to 36263. They were now able to carry about 2300 containers each, 550 more than before. During the year, the Company received three more newly built container ships out of the seven ordered. The vessels - all sister ships - were the m/v “ZIM Italia”, the m/v “ZIM Japan” and the m/v “ZIM Korea”. The technical details were similar to those of the “ZIM America” and the m/v “ZIM Canada”. In addition the m/v “Gold Horizon” was acquired from the Central Atlantic Shipping Company, Panama. The vessel was built in 1977 by the shipyard of van der Giessen-de-Noord B.S. Krimpen a/d Ijssel in Holland and her previous name was “Autofalla”. The s/s “ZIMNew York” was sold to the Chien yu Steel Corporation Co., Taiwan for scrap. The bulk carrier “Besor” was disposed of to the Silvermare Corporation, Panama. The bulk carrier “Beer Sheva” was sold to three companies: the Inlet Vista Ltd., the inlet Cliffs Ltd. And Lenfert Ltd.



The s/s “ZIM Genoa”, the s/s “ZIM Haifa” and the s/s “ZIM Tokyo” were sold to the Ofer Brothers Ltd. The m/v Yama” was renamed “Gold View” and the old s/s “ZIM Hong Kong” was renamed “ZIM Venezia”.

FINANCIAL RESULTS

1991 was a difficult year for the Company ensuing mainly from the Gulf crisis and the Gulf war. The main reasons, which influenced the financial results and reduced the profits of ZIM, were first and foremost the increase in fuel prices, which were at the height of the crisis about fourfold above the normal level in peacetimes. There was a fall in quantities of cargoes transported on the Company’s vessels and a general slowdown in economic activities in the world, which affected the profits of ZIM’s overseas subsidiaries.

Several other factors influenced the profitability of the Company such as the run-in period of the new container ships and the consequent transfer of older vessels to other lines. These major changes in a company’s structure are always accompanied by some costly “child-diseases”. It was estimated that the transitory period of replacing vessels caused additional expenses in the vicinity of 15 million dollars.

Further extra expenses were incurred by jumboizing several vessels. The conversion rate of the dollar against other foreign currencies caused a further decrease in the profit of the Company, because in the shipping industry the income is based on the US dollar, whereas the expenses are to be paid in other hard currency. Thus the progress of the Company was hampered in many ways, and it was calculated that without all these limitations outlined above the profit of ZIM for the year could have been about twenty to twenty two million dollars higher.

Nevertheless, ZIM concluded the year with a profit of 29 million dollars, a little over the result of 1990. ZIM had increased its scope of activities, developing and entering new trades and markets. Its operating profit increased by 16% from 44.8 million dollars in 1990 to 52.1 million dollars in 1991.

It should be noted that for the first time in many years the Company had to provide for deferred taxes, which amounted to 11.2 million dollars. This setting aside of a substantial amount out of the Company’s profit was considered as a reserve only, and since the forecast for big investments by the Company in years ahead in ships and equipment foresaw the expenditure of huge amounts, it was anticipated that the Company had not actually to pay taxes for many years to come.

The net profit of the Company for the year was therefore 17.8 million dollars. Revenues amounted to 1,076.9 million dollars (1,009.4 million dollars in 1990), an increase of 6.7%. Operation expenses amounted to 940.9 million dollars (880.7 million dollars in 1990), an increase of 6.8%. The total sum of the Balance Sheet reached 757.5 million dollars (647.2 million dollars in 1990), an increase of 17%.

The Company’s vessels completed 551 voyages (539 in 1990) and transported 10.8 million tons of cargo (10.5 million tons in 1990), an increase of 3%. The number of containers carried in TEU terms was 565,200 (541,200 in 1990), an increase of 4.4%. The international trade reached 60% out of the entire trade performed by ZIM’s vessels.

1992 - THE ACQUISITION OF THE “TARSHISH” COMPANIES

For some time negotiations were going on between the Industry & Shipping Company “Tarshish” (1978) Ltd. and the Investments & Enterprises Company Ltd. (Shipping division “Tarshish”) owned by the United Kibbutz Movement at one hand and ZIM at the other hand in respect of acquiring the former companies by the latter one including the two vessels owned by “Tarshish”.

The Shipping Division of “Tarshish” was founded about 35 years ago as a section in the United Kibbutz Movement and was considered by its members as an ideological venture for the “conquest of the sea”. The original name of the company was “Tarshish-Sela” which owned in the beginning two vessels. This asset was increased later by the purchase of two additional ships, and at the height of their activities “Tarshish” operated additional 18 chartered ships. “Tarshish” prospered for many years, and the profits were invested in the development of other branches and institutions of the Kibbutz Movement. As a consequence of the competition between “Tarshish” and ZIM, while plying the same shipping lines, ZIM offered to charter the “Tarshish” vessels and at a later date wanted to buy them.

On the other hand “Tarshish” encountered financial difficulties in the late eighties, and the decision makers in the United Kibbutz Movement saw no other way out of their predicament than to sell the company. The debts of “Tarshish” grew in the meantime to about 15 million dollars or even more, and with the sale of the company and its ships they intended to liquidate their obligations owing mainly to the banks. The pressure by the banks became more intensive and the “Tarshish” company was afraid that it had to wind up its ventures when not being able to defray their debts on the due dates for repayment.

The decision to liquidate the shipping branch of the Kibbutz Movement was a blow to the captains, officers and sailors of “Tarshish” and they prepared themselves for a long struggle to defy the sale of their company. The daily of the left-wing party “Al Hamishmar” wrote about the “uprising of the seamen”. “Tarshish” employed about 60 to 70 men on their ships, twenty of them veteran Kibbutz members, and in their battle the seafarers used strong expressions such as “the liquidation of an ideal” or “the sale of a swimming Kibbutz”. At a certain stage - in order to prevent the sale - they even suggested to go into partnership with private interests. The seamen who were not Kibbutz members were also afraid to remain without a job after the sale of the company and even not being paid compensation due to them according to the number of years worked.

The negotiations between “Tarshish” and ZIM dragged on for almost three years, to resist the disposing of their company. The sale was finally concluded in May this year for a price of 7.5 million dollars including the two vessels “Palmach II” (7723 GRT) and “Moran” (11872 GRT). ZIM agreed to integrate most of the crewmembers of “Tarshish” into its own staff even some office employees. Those who preferred to put an end to their career at sea were paid due compensation.

THE CHINESE CONNECTION

Since the mid-seventies ZIM was trading, although indirectly, with the Peoples Republic of China, but these business relations were not made public for obvious reasons, and all precautions were taken by the Company that no evidence as to the origin of the cargoes carried on chartered vessels in leased containers remained when plying Chinese waters and at the ports of destination. Those cargoes were mainly transhipped at Hong Kong, but not only for political reasons but for technical reasons as well. The transferring of the goods into smaller vessels was necessary as big container ships were unable to get the proper services for lack of suitable facilities in most Chinese mainland ports.

With the establishing of diplomatic relations this year the name of ZIM appeared now on shipping documents and its containers moved freely over the highways of China. At the same time it was revealed that since about five years ZIM signed contracts with Chinese manufacturers for the building of thousands of containers, and until the end of this year about 6000 boxes were delivered to the Company. In the framework of an industrial exhibition in the district of Siangnxi, a couple of ZIM containers were displayed for the inspection of the public.

With the normalization of the relations between Israel and the Peoples Republic of China ZIM appointed the old-established Dutch-based shipping firm of van Ommeren as its agent in Chinese ports - in the meantime at Beijing and Shanghai - and the Company intended to extend its presence also to Cheku, a south-Chinese port which seems to be the only harbor having the necessary facilities to accommodate the Company’s big container ships.

ZIM INTER-AMERICAS SERVICE (ZIAS)

Towards the end of the year ZIM launched a new line, the “ZIM Inter-Americas Service” linking East Coast ports of the United States with South American East Coast ports. The new regular full container service called regularly at New York, Baltimore, Savannah and one or two additional US East Coast ports, and at Rio de Janeiro, Santos, Rio Grande, Buenos Aires and Montevideo on the South American continent. En route, in both directions, the vessels called at ZIM’s transhipments center at Kingston, Jamaica. A relay service to and from Canada, the Gulf and the Caribbean was performed by feeders.

Ships employed in this trade had a carrying capacity of 800 till 1000 TEUs and sailed on a fortnightly basis. The decision for opening this new line was taken by ZIM in view of the increased demand for a service connecting both continents and the easing of the trade barriers between the countries concerned. The ZIM Inter-Americas Service fits in very well into the Company’s world-wide shipping net and is complementing the already existing schedule, especially the east-west trade.

Similar to this service ZIM planned an Inter-Pacific Service linking the ports of Hong Kong, Bangkok, Singapore and other destinations in that area.

THE FLEET

The last two vessels out of the series of the seven modern container new buildings were received by the Company during the year: the m/v “ZIM Hong Kong” and the m/v “ZIM Israel”. All seven vessels have been named after countries at which ports ZIM calls regularly and the m/v “ZIM Israel” has been purposely left to the last. She was the culmination of the Company’s expansion program to date.

At the occasion of her arrival a press conference was convened, and the General Manager summarized the modernization of the fleet by stating that with the latest delivery of the m/v “ZIM Israel” ZIM was now classified as occupying the eighth place amongst the twenty biggest container transportation companies in the world, and now even overtook giant companies like the American President Line, the British P&O Line, the Japanese K-Line and the Korean Hanjin Shipping. Before the taking over of the seven new container vessels ZIM held the tenth place. The General Manager further revealed that the Company already considered to build another series of new buildings after having experienced the success above all expectations with the present acquisitions.

At the occasion of the arrival of the m/v “ZIM Israel” the Israel postal authorities issued a special stamp to be imprinted on the day of the delivery of the vessel at the shipyard in Germany and on the day of her arrival in Israel.

In the local and international press one could now read the following titles: The Israeli financial daily “Globes” spoke of the “Seven Marvelous”. A British consortium of insurance companies called ZIM the “Rolls-Royce of Shipping”, and the London-based reputed “Containerization International” named ZIM “the Giant of international shipping”. In the “Netherlands-Israel Trade” magazine one could read that “the history of ZIM is as sturdy and turbulent as the waters it fares”.

With the acquisition of the new buildings and jumboizing some other vessels ZIM increased its carrying capacity by 45%.

The two vessels acquired from the “Tarshish” company were renamed as follows: the m/v “Moran” changed her name to m/v “ZIM Gabon” and at a later date to m/v “ZIM Africa”, and the m/v “Palmach II” to m/v “ZIM Lisbon”. The m/v “ZIM Trieste” was renamed the m/v “ZIM Barcelona” and the m/v “ZIM Singapore” was renamed the m/v “ZIM Rotterdam”.

The m/v “Gold View” (ex “Yama I”) was sold to the Hainan Province Communications Import Export Corporation, China. The m/v “Gold Africa” (ex “Tappuz”) and the s/s “ZIM California” were sold for scrap.

THE LAUNCHING LADIES OF THE SEVEN MODERN CONTAINER VESSELS

It was the policy of the Company to honor the widows of eminent and well-known employees on shore and at sea with the launching of the latest new buildings:

|  |  |
| --- | --- |
| ZIM AMERICA | Mrs. Rachel Dulitzki, the widow of the late Captain Shalom Dulitzki. |
| ZIM CANADA | Mrs. Hana Golandski, the widow of the late Captain Josef Golandski who was the first captain in the Israeli merchant navy. |
| ZIM ITALIA | Mrs. Wolfgang Lazarus who held various key positions as Manager of ZIM’s offices in Israel and abroad. |
| ZIM KOREA | Mrs. Margot Postalnikow, the widow of the late Chief Engineer Paul Postalnikow who worked for 37 years in the Company and was one of the pioneers of Hebrew shipping. |
| ZIM JAPAN | Mrs. Lora Gilai (Freudenberg), the widow of the late Captain Avner Gilai (Freudenberg) who joined the Company in 1949. |
| ZIM HONG KONG | Mrs. Maria Polia, the widow of the late Boatswain Caloducas Polias who joined the Company in 1945, and as one of the first seamen employed by the Company was active in the “illegal immigration”. |
| ZIM ISRAEL | Mrs. Jocheved Wydra, the widow of the late Professor Dr. Naftali Wydra, one of the founders of ZIM and one of its first General Managers. |

DISTRIBUTION OF SHARES

At this point it would be appropriate to summarize the distribution of the Company’s shares as from its inception in 1945.

The ZIM Company was founded in June 1945 by three groups of initiators:

The Jewish Agency taking up 45% of the shares

The Jewish Federation of Labor (Histadrut) taking up 45% of the shares

The Israel Maritime League taking up 10% of the shares

100%

====

In December 1960 the Government of Israel acquired one third of the Company’s shares and the remainder was equally divided between the Jewish Agency and the Histadrut, thus the three partners were holding one third each. In May 1969 the Government of Israel increased its holdings to 80%, the Jewish Agency and the Histadrut remaining with 10% each.

In September 1970 the Israel Corporation Ltd. acquired 50% of ZIM’s shares, the Government of Israel reducing its part to 30% and the Jewish Agency and the Histadrut retaining 10% each.

In May 1975 the Government of Israel again increased its share to 40% by taking over the shares of the Jewish Agency, thus the situation prevailing at this date was as follows:

The Israel Corporation Ltd. holding 50%

The Government of Israel holding 40%

The Jewish Federation of Labor (Histadrut) holding 10%

100%

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On 31.3.1992 the Government of Israel acquired the shares of the Histadrut and thus the distribution of the Company’s shares were equally divided between the Israel Corporation Ltd. and the Government of Israel.

Attached hereto is a copy of the original application for the Certificate of Incorporation of the Company by the “Founding Fathers” or the first subscribers. Unfortunately this document does not show a date.

FINANCIAL RESULTS

For the first time since its recovery in the year 1985 after the financial crisis, ZIM concluded the year with a loss of 1.3 million dollars after having provided for current and deferred taxes. It was however expected that the Company, as in the previous year, would not be required to actually pay these taxes in view of the foreseen investments in vessels and equipment. Without this provision the financial result of the Company would show a profit of 2.2 million dollars.

The reason for the drastic decrease in the Company’s profitability is to be found in a number of accumulated negative circumstances during the year, such as:

1. The slowdown in the shipping industry due to the decrease in the activities of industrialized countries, which led to, an erosion in freight rates almost on all of ZIM’s shipping lines. The economic boycott of the former Yugoslavia is to be mentioned especially in this connection.
2. The bulk market, too, deteriorated causing losses to the Company’s results.
3. Unexpected and an unusual high number of technical breakdowns and the therefrom resulting necessary repairs of the Company’s aging vessels and the loss of income from these vessels due to their docking. It is estimated that this item alone amounted to seven million dollars during the year.
4. Exceptional insurance claims and provisions for doubtful debts which decreased ZIM’s profit by a further 3.4 million dollars.
5. There were no capital gains from the sale of vessels this year.
6. Absorbing the cost caused by the reorganization and rescheduling of the fleet after adding the last two container new buildings.
7. Changes in the conversion rates of the US dollar against other currencies contributed 4.6 million dollars to the negative financial result.

In spite of all these obstacles the Company increased its total revenue to 1,182.7 million dollars - 9.8% over its income in 1991, but also the operational expenses increased by an even higher percentage of 11.1% to 1,045.2 million dollars.

The sum of the balance sheet at the end of 1992 stood at 779.6 million dollars, 2.8% higher than in the previous year.

The market value of ZIM’s fleet was 672 million dollars, by 210 million dollars higher than the depreciated value in its books.

The Company’s vessels (owned and chartered) completed 553 voyages, the same number as in the previous year and transported about ten million tons of cargo (excluding bulk and crude oil) which is a decrease of 7.4% against 1991. The number of containers carried during the year on ZIM’s fleet, in TEU terms, was 654,100 units what constituted an increase of 15.7% over the number of units carried in 1991.

Revenue from the international trade by the Company’s vessels reached 67%.

1992 - MISCELLANEOUS

1. The Seven Stars Container Ltd., Sao Paolo, Brazil, founded in 1978 and wholly owned by ZIM was activated as a shipping agency.
2. ZIM entered into partnership with local interests setting up the following shipping agencies:

Zimrom, Bucarest ZIM holding 50%

Star Shipping Portugal ZIM holding 50%

Carib Star Shipping Ltd., Jamaica ZIM holding 70%

1. ZIM was the second best client in the port of Alexandria, Egypt, as far as container traffic was concerned.
2. At the first film festival arranged by the Israel Manufacturers Association in conjunction with the Union of TV-Movies producers, ZIM earned the first prize for its movie, illustrating the rendering of services. 160 movies participated in the contest showing films in the fields of industry, services, education and science. The panel of judges consisted of 30 persons from the branches mentioned. ZIM’s film was also selected for screening at the international film festival taking place in Rotterdam.
3. The m/v “ZIM Marseilles” and the m/v “ZIM Miami” were awarded the first prizes for distinguishing themselves for taking extraordinary safety measures during the performance of work on board.
4. In the competition for the best computer services rendered, ZIM was honored with a prize for accomplishing outstanding services computerized in the field of transport. 350 companies from all spectrums of public life participated in the competition, and ZIM was chosen amongst the eleven, which were awarded the prize.
5. Within the Treasury Division two sections were computerized: the department dealing with payments and the connection with the Company’s various banks enabling the Treasury to verify the Company’s cash flow in local and foreign currency at any moment.
6. In general it can be said that during the year there was a steady development in all lines and there was a constant upward trend in operations.
7. Mr. Zvi Zur resigned as Chairman of the Board of Directors of ZIM on October 28th, and Mr. Shaul Eisenberg was voted into the chair replacing Mr. Zur.

1993 - THE EXPLOSION IN THE WORLD TRADE CENTER IN NEW YORK

On Friday, February 26, a bomb exploded in the World Trade Center, which caused enormous destruction and fire to the subterranean structure and to a minor extend, mostly soot residue of dense smoke to the ZIM office located on the 16th floor of the building. Fortunately, most of the 176 office employees of the Company were on their lunch hour and there were no casualties except for one woman secretary who suffered some injuries while walking down the smoke filled staircase.

On March 2nd the office was back in operation although in different locations. ZIM moved temporarily to Port Elizabeth in New Jersey for management, operation and marketing function, and to a location in Queens for the documentation personnel. Contrary to some other companies which decided to move out of the building after the explosion ZIM intended to return to its office in the twin towers as soon as they were reopened.

The most serious damage was caused by the shutdown of the computer installations which are most essential for the smooth running of the Company’s business operations, but in no time were the shipping services rendered to its clients uninterrupted due to the resourcefulness of the Company’s employees. The staff members went back into the damaged building in order to retrieve computer disks, and after a very short period of time ninety percent of the computer capability were back to normal thanks to those quick rescue actions and the assistance of the Digital company. One has to understand the complexity of the computer network in order to appreciate the achievement of the reactivating of the entire system within a minimum of time.

Immediately after the explosion and the damage caused to ZIM’s world-wide computer system, the question arose why no alternative was secured in due time to protect the overall unit from unforeseen or unexpected contingencies, or why the installations were not insured. But by hindsight the responsible heads of departments came to the conclusion that the decision of not having insured the entire project was the right one, mainly due to the high cost; and it was also disclosed that there existed an alternate scheme for unexpected accidents - well kept in the drawers.

ZIM was one of the first companies, which moved into the World Trade Center in February 1973, exactly twenty years before the explosion. ZIM had opted for this location already in the early sixties after the New York Port Authority, which owns the towers, had solicited for prospective clients. On March 29th, the first contingent of the staff returned to the office and on March 31st the full staff occupied their customary positions in the cleaned office.

TROUBLES IN THE STRAIT OF TIRAN

With the imposition of a tight embargo by the UN Security Council upon Iraq after its invasion into Kuwait on August 2nd, 1990, all vessels entering the Strait of Tiran were subject to a thorough investigation and search of cargoes destined for Iraq. After the Gulf War, UN-vessels of several nations were patrolling the Red Sea checking vessels for commodities destined for discharge in the ports of Eilat and Aqaba presumably to prevent using these ports for transhipping unlawful cargo to Iraq.

This three-years-old embargo against Iraq was more rigidly enforced in this year after the container vessel “ZIM Kaoshiung” was stopped in April by a French patrol boat preventing her from entering the Strait of Tiran. In June two other Israeli-flagged vessels, the “ZIM Osaka” and the “ZIM Venezia”, bound to Eilat have been intercepted and diverted by US-Navy vessels through the Suez Canal although both ships had declared the exact assortment of cargoes carried by them.

It was obvious that this naval interception and barring ships from entering the port of Eilat was hindering the trade flow to Israel, not to mention the economic damage caused to the southern port of Israel and to the livelihood of its inhabitants. Naturally, the people of Eilat were very much annoyed by this willful action, and in the town’s council the view was expressed inter alia that the Egyptian General Secretary of the UN, responsible for the implementation of the Security Council’s resolution, was apparently interested to force Israeli ships through the Suez Canal in order to fill the coffers of Egypt by another million dollars of canal dues a year. The entire population of Eilat threatened to strike the city in order to protest the absurdity and cynicism of searching Israeli vessels for contraband and unlawful cargo or military equipment destined for Iraq.

The official pretext by the international patrol force for not allowing vessels to proceed to Eilat was the “violation” of the regulation of stacking containers more than three tiers on board vessels. This rule was introduced in order to facilitate the search of the UN-force. All endeavors by the various Israeli authorities asking for the assistance of the French ambassador in Israel or even the Secretary of State of America to revoke the detention were in vain, and nobody could be persuaded to understand, that it was ridiculous to assume that an Israeli vessel should smuggle weapons to a hostile country. Also the general secretary of the International Transport Organization, David Cockcroft, called on the UN secretary to let Israeli ships through, but his verbal support, too, proved useless. All promises to investigate the situation came to naught, and the problem dragged on for months.

Only in the middle of the month of July Israel filed a strong protest after the Eilat port workers staged a protest strike near the home of the American Ambassador in Herzlia, the US moved and agreed to soften the rules and to resolve the problem.

According to the agreement reached, Israeli ships calling at Eilat will from now on notify the UN-forces at the Strait of Tiran five days in advance of any approaching vessel, and that ships larger than 8000 tons will be exempt from inspection, provided a detailed list of commodities carried by the vessel will be presented. The US envoy and peace talks coordinator, Dennis Ross, visiting Israel at the time noted, “that Israel cannot be assumed to be smuggling goods and weapons to Iraq”. A real classical statement after Israel had been the victim of Iraquian aggression. But in spite of all assurances, the “ZIM Melbourne” the eleventh Israeli ship in a row since the month of March this year, was prevented from entering Eilat on July 17th. Only on July 26th was the “ZIM Alexandria” allowed without hindrance to proceed to Eilat. No other ZIM vessel was expected to call at that port in the near future.

Another absurdity of the situation lies in the fact that instead of searching ships with the destination of Aqaba, which has the record of many years for assisting Iraq in its war effort, ships sailing to Eilat were intercepted. Another contrast in checking vessels sailing to Eilat or Aqaba - ships going to Jordan are searched only perfunctorily or are even allowed to proceed without being searched.

In July a vessel stocked five rows high was allowed to continue her voyage to Aqaba without being molested.

The “Jerusalem Post” had to say some very harsh words about this absurd situation in general and did not mince its words contrary to the local Hebrew press, which restricted itself to reporting the facts almost without comments or commentary. The “Post” spoke about the mocking of justice, insult to common sense and an affront to Israel’s record in the conflict with Iraq. Further expression by the daily said that the conduct of the UNO as being outrageous is an understatement. The policy against Israel was insane, unfair and illogical and the Eilat scandal was an unnecessary irritant.

But also the Israeli government did not escape the critics of the “Jerusalem Post”, and the opinion was voiced by the newspaper that the government was apparently afraid of launching too sharp a protest or undertake any other drastic action that “would harm the peace process” or irritate the American administration. Neither did the opposition care. Israel was giving up its national sovereignty and had lost all sense of national responsibility by remaining silent to this miscarriage of justice the “Post” reported. The “Post” asked further why the Israeli government did not secure from the outset, that when imposing the embargo in the Strait of Tiran Israel vessels should be exempt from the search in the Red Sea. But the main question remains to be asked: why did it take about four months to resolve this relatively simple problem?

The damage caused to ZIM Company was enormous, not only in the economic field but also by its credibility as a trusted carrier towards its client was violated while interrupting the tight schedule of each vessel. The inspection of a vessel took sometimes up till three days and each hour of the vessels cost amounted to a thousand dollars. The mode of inspection as adopted by the UN forces was as follows: a vessel approaching the Strait of Tiran towards the evening is required to stay put until the next morning after nine o’clock, when the UN officials had finished their breakfast. The crew has to stand in a row on the deck of the vessel while a helicopter was counting their number like a roll-call in the army or in a prison, and when the inspectors are boarding the ship afterwards it takes them about ten hours to open the containers for a search at will. And this kind of dispatch is considered ideal - in most cases the investigation takes much more time - and finally the vessel is diverted through the Suez Canal.

The loss accrued by these interruptions is about one million dollars for ZIM only, and in the month of September ZIM announced that its vessels will cease to call at Eilat as from November first.

**Regional & Area Offices**

|  |  |  |
| --- | --- | --- |
| Destination | Geographical Location & Connection with Shipping Lines | Offices Location |
| 1.AREAS A-1 | ISRAEL NEAR EAST & EAST EUROPE   1. All ZIM shipping services (not including international services) | Haifa |
| A-2 | EUROPE   1. Europe and Mediterranean Services (ZEMS) 2. Adriatic, West Mediterranean - Far East/Australia Lines (ZEFAL & ZETAL) 3. ZIM Container Services (ZCS) 4. North America Services (NAS) 5. South Atlantic Services (SAS) 6. Bulk & Tanker Services (ZIMBULK) | London |
| A-3 | NORTH AMERICA & THE CARIBBEAN ISLANDS   1. ZIM Container Service (ZCS) 2. North America Service (NAS) 3. Bulk & Tanker Services (ZIMBULK) 4. ZIM Inter Americas Services (ZIAS) | New York |
| A-4 | FAR EAST   1. ZIM Container Service (ZCS) 2. Adriatic, West Mediterranean-Far East/Australia Lines (ZEFAL & ZETAL) 3. Car Carrier Services | Honk Kong |
| 2. DISTRICT D-11 | WEST AFRICA   1. South Atlantic Services (SAS) | Lagos |
| D-12 | SOUTH AMERICA   1. South Atlantic Services (SAS) 2. ZIM Inter Americas Services (ZIAS) | Sao Paolo |
| D-13 | AUSTRALIA   1. West Mediterranean-Far East/Australia Line (ZETAL) | Sydney |
| D-14 | SOUTH AFRICA   1. Eilat-South Africa | Johannes- burg/  Durban |
| D-15 | EAST AFRICA   1. Container & Conventional Service of Eastern Africa | Mombasa |

The Company directs its world-wide activities through four area offices located in Haifa, London, New York, and Hong Kong, and through several regional offices in South America (Sao Paolo), Australia (Sydney), West Africa (Lagos), South Africa (Johannesburg/Durban) and East Africa (Mombassa.)

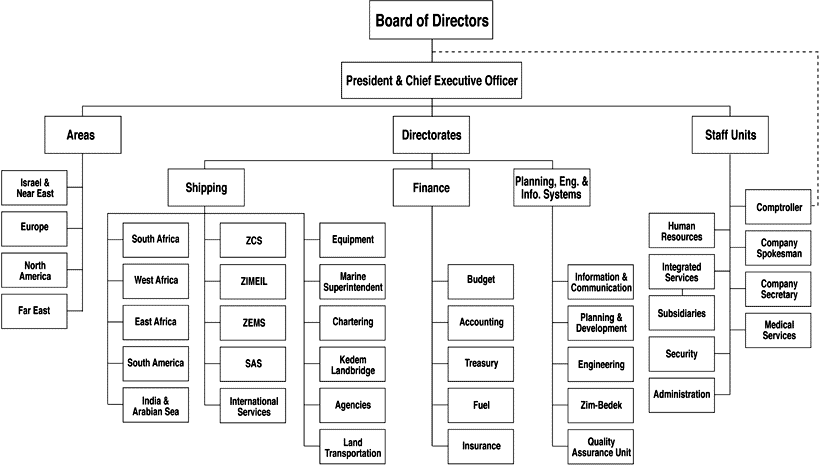
SHIPPING SERVICES

The shipping activities of ZIM are operated and managed by six main services which are subdivided into their various lines:

1. The EUROPE-MEDITERRANEAN SERVICE (ZEMS) serves the following nine major trade routes:
   1. The Adriatic Container Service
   2. The Tyrrhenian Container Service
   3. The North Europe Continent Container Service
   4. The U.K. East Coast Container Service
   5. The U.K. West Coast and Ireland Service
   6. The Aegean and Black Sea Container Service
   7. The Eastern Mediterranean Coastal Service
   8. The Black Sea Rumanian and C.I.S (Commonwealth of Independent States) Service
   9. The Northern Europe and Scandinavian Service
2. THE SOUTH ATLANTIC SERVICES (SAS) are composed of two major lines:
   1. The South America East Coast Line
   2. The West Africa Line
3. The EILAT SERVICES (ZIMEIL) are called thus because their home port is Eilat from where the following three regular lines originate:
   1. The Far East (ZEFAL) Container Service calling at Alexandria-Piraeus-Israel and Adriatic ports.
   2. The Australia (ZETAL) Container Service calling at Far East-Israel and Tyrrhenian ports.
   3. The Africa Line (ZIMEIL)
   4. In addition ZIMEIL operates three pure car carriers for transporting motor vehicles from Japan to Israel.
4. The ZIM CONTAINER SERVICE (ZCS) is the largest division plying one major line, the “around the world” line, from its home port Haifa via Mediterranean ports to North America, and from there to the Far East and back. The NORTH AMERICA SERVICES (NAS) complete the Container Service, plying the route between Israel, the Mediterranean ports to the East Coast and Gulf ports of the United States. This line provides further expansion via land-bridge to the West Coast of the United States. The ZIM Container Service and the Eilat/Far East/Australia lines can also be regarded as an “around the world” service because it links up with other lines enumerated above.
5. The INTERNATIONAL SERVICES (IS) do not call at Israeli ports as the name says. The ships employed in this service ply between the Far East and Africa via the Indian Ocean in the Eastern Hemisphere and have now inaugurated the ZIM INTER AMERICAS SERVICES (ZIAS) operating between ports on the South and North American East Coast.
6. The vessels in the BULK AND TANKER SERVICES (ZIMBULK) carry most of Israel’s mineral export and most of the coal, fuel and grain imports. ZIMBULK also operates ships moving bulk parcels all over the world in the international market.

As can be seen from the above specification, ZIM’s transportation system is based on a global concept relying on many complementary services integrating into the main shipping lines, and thus ZIM became one of the largest container carriers in international shipping.

For the reference of the interested reader, a scheme of ZIM’s deployment in Israel and overseas as well as an organizational chart of the Company’s structure is attached.



Subsidiaries of ZIM

Shipping Agencies

(wholly owned if not otherwise stated)

1. Dizengoff & Co. Ltd., Haifa

Astromar S.A. Madrid 51%

Astramaris Schiffahrtskontor GmbH., Hamburg 80%

Astramaris Shipping & Forwarding Agencies B.V., Rotterdam

Globe Star Shipping (Pty) Ltd., Sydney

Hellastir Shipping Enterprises Ltd., Piraeus

Hellastir Maritime Ltd., Piraeus

Seven Stars Containers (Afretamento) Ltd.,SaoPaolo

Star Agenzia Maritima (Genoa) S.R.L., Genoa

Star Shipping Agencies Ltd., London

Star Shipping Agencies S.A., Antwerp

Star Shipping Agencies (Singapore) Pte., Singapore

Zim-American Israeli Shipping Co., Inc., New York

Zim-Israel Navigation Co. (Canada) Ltd., Montreal

Star East Africa Co. Ltd., Mombasa

Gold Maritime Co. Ltd., Osaka 77.9%

Polaris Shipping (Pty) Ltd., Durban

Carib Star Shipping Ltd., Kingston, Jamaica 70%

Marseille Consignation S.A., Marseilles

Partnerships with ZIM

Shipping Agencies

(ZIM’s share less than 51%)

Thai Star Shipping Co. Ltd., Bangkok 50%

Sun Hing Shipping Co. Ltd., Hong Kong 50%

Lagos & Niger Shipping Agencies Ltd., Lagos 40%

Zimrom Shipping Ltd., Bucarest 50%

Star Shipping Portugal Ltd., Lisbon 50%

Star Shipping & Trading Co. (Taiwan) Ltd., Taipei 50%

Overseas Commerce Ltd., Manila 40%

Subsidiaries of ZIM

Customs’s Clearing and (Air) Freight Forwarding

International Forwarding Company of Israel Ltd., Haifa 100%

Joint Transport International Services Ltd., Haifa 75%

Continental Freight Services (Pty) Ltd., Durban 100%

Satin Air Freight Inc., New York 75%

G.S.I. - Dafco Services GmbH., Frankfurt 75%

G.S.I. Cargo Systems (UK) Ltd., London 75%

Expanso Forwarding B.V., Rotterdam 100%

Stellahaven Expeditiebedrijf N.V., Antwerp 100%

Disped Spedition GmbH., Bremen 80%

G.S.I. Cargo System Inc., New York 77.5%

Partnerships with ZIM

Customs’s Clearing and (Air) Freight Forwarding

T.D.Y. International Freight Services Ltd., Tel Aviv 52%

T.D.Y. International Freight Services Inc., New York 52%

Daphna Weissman & Lavi Ltd., Tel Aviv 50%

Subsidiaries of ZIM, Partnerships with ZIM

(Wholly owned if not otherwise stated)

|  |  |  |
| --- | --- | --- |
|  | ZIM’s share | Nature of Business |
| Mea - Storage & Distribution Centers Ltd., Tel Aviv | 50% | Storage & Distribution |
| Alhoutyam Ltd., Haifa |  | Electronic Supply & Maintenance |
| Gal Marine Ltd., Haifa |  | Ship & Equipment Repairs |
| M. Dizengoff & Co., P&I Representatives Ltd., Haifa |  | P&I Representative |
| Hadarim Haifa Ltd., Haifa |  | Container Depot |
| Ramon Insurance & Finance Co. Ltd., Haifa |  | Insurance Agency |
| Layam Co. Ltd., Haifa |  | Ship Supplies |
| ZIM Passenger Lines (1970) Ltd., Haifa |  | Travel Agency |
| Kedem Land Bridge Co. Ltd., Haifa |  | Landbridge |
| Sela Technologies Ltd., Haifa |  | Electronic Equipment |
| Associated Marine Charterers Inc., New York |  | Ships Operators |
| Haverton Shipping Ltd., London |  | Shipping Company |
| Combined Container Transport, Munich | 51% | Land Transportation |
| Etzion Combined Transport Enterprises (1979) Ltd., Haifa | 50% | Transportation |
| TIM, Transport Inter Modal, Haifa | 50% | Transportation |
| Negev Star Ltd., Tel Aviv | 50% | Ships Operators |
| Shiluv Insurance Agencies Ltd., Tel Aviv | 50% | Insurance Agency |
| Gold Star Line, Hong Kong |  | Shipping Company |
| Eurasia GmbH., Hamburg | 80% | Ships Supplies |
| Normend (1989) Ltd., London | 75% | Transportation |

VARIOUS

ZIM, in partnership with the local transport company of the kibbutzim set up a new transportation venture under the name “TIM” which is the abbreviation of the Hebrew equivalent of Integrated Land Transportation. The new company met with strong protests from other local transport companies, which claimed that “TIM” by entering this field of trucking would ruin their sources of income while creating a monopoly in Israeli land transportation.

ZIM intents to establish similar partnerships in other countries rendering the best possible service to its customers.

In August, a workshop for container and trailer repairs was set up in Kingston, Jamaica, in partnership with local private interests. ZIM held 70% in the enterprise called “Jamcor” and the local partner remained with 30%. The purpose for opening this workshop was to decrease the cost of labor hitherto paid in the United States for the same objective. The intention was to extend the activities of this undertaking at a later date by soliciting repair work from other firms.

After 16 years of partnership with the South-African Company “Unicorn” plying their and ZIM`s vessels jointly under the style of “Unistar”, the latter company decided to dissolve the joint venture. Both companies are now plying the same line as before separately with conventional and container vessels.

In June ZIM inaugurated a new international service with two self-sustained vessels in order to develop and strengthen the trade between Bangkok, Ho Chi Min (Saigon), Hong Kong, Kaoshiung and the Philippines. The service is called the Indochine Service (ICS).

The long-hatched idea of applying an integrated through bill of lading was for the first time implemented in the month of May. After many years of complicated and complex negotiations with the authorities concerned, especially with the customs, containers can now be moved directly by ship and overland from door to door under one document.

Office employees handling this new service were especially trained for this purpose. In July 17, 20-foot containers were shipped under this new arrangement directly from the town of Lehi in the state of Utah (USA) with destination Zippori in Israel and were unloaded “clean” at the door of the customer.

In August Lloyds published its yearly list of the first ten largest container carriers. The publisher added that he cannot exactly establish which place amongst the first ten belongs to ZIM since the Company does not - for reasons of their own - disclose which of their vessels are plying under foreign flags. A year earlier ZIM occupied .the 15th place on the list.

The Dizengoff Company represents in Israel over 20 clubs with a membership of several hundred shipowners.

In February ZIM signed an agreement with its office employees and representatives of the Histadrut (Israeli Workers Union) to shorten the number of working days in the week to five. The weekly working hours were not reduced but were equally distributed between the remaining days.

After the delivery of the container vessel “ZIM Israel” ZIM invited as a token of appreciation nine children from workers in the Howaldtswerke - Deutsche Werft to spend ten days in Israel as guests of the Company.

After the agreement reached with the Palestine Liberation Organization, speculations were voiced about the possibility that ZIM might extend soon its services to Arab and other Moslem countries, and feelers in this direction were exchanged between interested parties concerned. The positive outcome of this new connection would be very important for the Company since the population in these areas amounts to over 500 million people. Shipping agents in those countries also showed interest to be appointed as ZIM`s representatives.

In November ZIM`s representative in Australia signed the so-called Frontline Agreement with the Australian Customs Service, thereby joining a campaign already in existence in a number of countries overseas including the United States. The Frontline campaign is a program for cooperation between customs and the shipping industry. The agreement stipulates that the two parties will cooperate closely in advising the Australian Customs Authorities of any unusual or suspicious relating to drug trafficking and aiming at reducing the dealing with drugs. The company will provide customs full cooperation by examining the security system in respect of excess to cargo, documents and when necessary to change and improve the system. Customs in turn will agree to facilitate Company’s business to the greatest extent possible and advise the Company in matters of security in constant consultation. The outstanding feature in reaching this agreement was signed in one sitting thereby making, so to speak, history.

And finally, a mystery. In March a short item appeared in the local press informing its readers that the m/v “ZIM Antwerpen” crashed into the famous Wrontsowski lighthouse at the entrance of the port of Odessa and destroyed it.

The Russian port authorities claimed that by the clash the electric wire transmitting electricity to the lighthouse was cut and consequently the light was put out. ZIM reacted by asking a simple question: how was it possible that the Russian pilot navigating the ship into the port could make such a bad mistake? When the lighthouse went out of action the Captain of the vessel reported the incident on the 28th of February to the local port authorities but an official announcement by the Russians was published only ten days later. ZIM`s version of the “crash” was that the bulb of the lighthouse burnt out and that the lighthouse attendant was apparently asleep, and when he woke up realizing his lapse, he invented the story in order to escape punishment. There was no official follow up on this matter and the whole incident remained a mystery.

By accident, on her way home, The “ZIM Antwerpen” assisted during seven hours in heavy weather a Turkish vessel in distress, which finally overcame the stoppage of her engine due to the guidance conveyed to her by the officers of the m/v “ZIM Antwerpen” which remained in her vicinity until the Turkish ship was again seaworthy.

THE FLEET

The m/v “ZIM Ashdod” (ex “Anna”) and the m/v “ZIM Anglia” (ex “Tereza”), both of 18012 GRT after being jumboized, with a carrying capacity of 1200 TEUs each, were acquired in equal partnership with the Ofer Brothers.

The very large crude carrier “Virgo” was sold for scrap after about 20 years of service with the Company. The m/v “Heron” (ex “ZIM New Orleans”) was sold to the Proline Company Ltd., Hamburg. The m/v “ZIM Buenos Aires” (ex “ZIM Livorno”) was acquired by the Lykithevs Shipping Company, Malta, and the m/v “ZIM Sydney” was sold to the Neritos Shipping Company Ltd., Limassol.

The m/v “ZIM Rotterdam” was renamed “ZIM Kenia”.

FINANCIAL RESULTS

The year 1993 was an excellent year for the Company showing a steep rise in its profits. The increase before provision for taxes from 2,2 million dollars in 1992 to 38 million dollars in 1993 was significant and the improvement in the Company's activities as foreseen in the annual report for 1992 proved to be correct. It transpired clearly from this result that the efficiency steps taken by the management in recent years bore fruit, but the main source for the upswing lay in the increased volume of cargoes carried. The bulk and tanker market also showed an upward trend, and the Company’s additional efforts of marketing had its effect.

As mentioned previously, the seven new container vessels and the jumboizing of three others of the ZIM fleet boosted the Company’s carrying capacity. There was an unexpected result of 8,7 million dollars over and above the projected budget alone, but also in the other services the Company achieved most of its budgetary targets despite the slowdown in the Europe and Far East lines.

The operation profit jumped by 67.7% against 1992, i.e. from 49.8 million dollars to 83.5 million dollars. The revenue for the year under review amounted to 1.243 million dollars (1.183 million dollars in 1992), and the operation expenses for the same period increased from 1.045 million dollars in 1992 to 1,069 million dollars only.

The total balance sheet sum remained almost unchanged and stood at 786 million dollars.

The depreciated balance sheet value of the fleet in the Company’s books was 446 million dollars, but the market value of Company’s ships was by 205 million dollars higher. The total number of voyages completed by vessel operated by ZIM in 1993 remained unchanged against the previous year: 548 voyages and the volume of cargo transported (except bulk and fuel) rose to 10.7 million tons, about 7% more than the year before. The number of containers carried in TEU-terms reached 706,000 against 654,000 the year before, a remarkable increase of 8% in one year.

The number of vessels operated remained unchanged at 80 against the same number in previous years, about half of them chartered.

The international activities of the Company contributed 67% out of its total revenue. In view of these encouraging results ZIM intended to submit proposals for a substantial investment in vessels and equipment during the next few years to come in order to renovate its fleet. It is therefore difficult to determine when the Company will be required to pay taxes. Due to past losses ZIM is temporarily exempt from actually paying taxes, although in accordance with generally accepted accounting practices the Company has to make provisions for those payments which in 1993 amounted to 17 million dollars. The ability to think and plan ahead has worked again and the Company forecasted a continuance of the positive trend also in 1994.

1994 - ZIM AS “NATIONAL CARRIER” AND ITS RELATIONS WITH THE GOVERNMENT

During the 50 years of its existence ZIM never earned the full appreciation - not to say recognition - by the Israeli government. On the other hand, ZIM was always considered as the “National Carrier” of Israel, although the government seldom held more than 50% of its part in the Company.

ZIM was always - and still is - the stepchild in the Ministry of Transport, although its contribution to the State of Israel in terms of value reaches almost 30%. Contrary to the merchant fleets in other countries, ZIM never received any subsidy by the government, and even in times of distress the government showed no interest in the Company's fate and never came to its financial assistance, and did not even care, when ZIM was on the brink of its collapse in the mid-eighties. ZIM is also not exempt from paying a payroll tax of 4%, which adds a substantial amount to the Company's operating cost.

Although ZIM enjoys the highest appreciation in international shipping circles and in the press of the shipping trade, regrettably there is no maritime consciousness in the government and in the Knesset, in spite of Israel's strategic location in the west and in the south at sea shores. One of the main reasons for the government attitude lies in the fact, that the authorities concerned consider the shipping industry as a whole - and ZIM in particular - as a service component and not as an industrial enterprise, and therefore ZIM does not even benefit from the advantages granted to the local hotel industry.

Unless this approach is altered in due course, the Israeli shipping industry will not get the proper attention by the government. Moreover, this erroneous approach by the authorities causes ZIM many difficulties in the international shipping market. It would therefore only be proper, if ZIM would be considered as an exporter, since its annual turnover reaches almost 1.5 billion dollars, from which two thirds are earned from foreign trade and its equivalent is brought into the country. According to the grading by Dun & Bradstreet published in April this year, ZIM ranks number three as far as turnover of the non-industrial enterprises in Israel is concerned, and even surpasses the Haifa Oil Refineries in its income.

Another disagreeable question is the taxation of the shipping companies by the government. The government cannot be persuaded to ease the burden of the taxes in the shipping branch as customary in classical shipping countries, nor is there any understanding from the part of the government for granting a reasonable rate of depreciation for ships, nor is there any other encouragement or incentive.

It is therefore no wonder that a lot of complaints are voiced about the diminishing of the Israeli fleet, and the same people who cry “wolf” contribute to this situation. And here lies the absurdity of the situation: the Israeli export is on the rise and the number of vessels plying under the Israeli flag is on the decrease.

It should, however, not be forgotten, that the Israeli government is one of the main clients of ZIM, and that ZIM is playing a strategic role in the import of important raw materials, such as grain, coal and oil.

And despite of all these limitations, ZIM developed and occupies today the seventh place in the shipping world as far as the transport of containers is concerned - a real unprecedented achievement.

From time to time one minister or another in the Israeli government raises the hypothetical question, whether it is in the interest of the government to maintain an Israeli merchant fleet, but the topic is never seriously followed up and the matter is argued without the real intention of determining or solving this problem. The entire issue - as important as it may be - remains in the realm of declaration as long as there is still one vessel plying under the Israeli flag.

“SINO - ZIM”

“Big News” in the early months of the year was the signing of a joint venture with the China National Foreign Transportation Group (“Sinotrans”). Sinotrans is the largest shipping company in China and employs 53,000 people in their various branches all over the country and abroad. The Chinese company owns 85 vessels with a total carrying capacity of 2.5 million tons and operates 6,000 trucks. Similar to ZIM, Sinotrans is engaged in shipping, customs brokerage and international sea and air delivery. In the first stage nine vessels will be operated by both companies - two by Sinotrans and seven by ZIM, plying between the Far East ports and Israel, and at a later stage Sinotrans will increase its part in the joint venture and altogether twelve vessels are planned to ply on the route. The frequency of sailing is scheduled for every ten days, in the meantime with 1200-ton capacity container vessels, and the service will be upgraded at a later stage to sail on a weekly basis with 2000-ton vessels.

Each company will continue to operate its existing service although with some changes on the present routes.

The agreement was signed after having negotiated the deal for a year and a half. The new service is called “Sino-Zim” and can be described as a significant and historic event. It was hoped that this joint venture would be a first step for signing similar agreements with other Far East countries and ZIM.

The new service started on 23 of November this year with the departure of the “Zim Osaka” from the port of Qingdao in China.

NEWS FROM THE SUBSIDIARIES AND DAUGHTER COMPANIES

“Ramon” London - wholly owned by ZIM - was admitted as insurance broker to the corporation of Lloyds after having fulfilled the conditions required for joining the concern. From now on, “Ramon” London can deal with Lloyds directly without engaging another broker as intermediary. Besides adding to the prestige of “Ramon”, some savings in brokerage are attained.

“Astramaris” Hamburg handled in 1993 over one thousand calls and over 209,000 TEUs. This achievement promotes the agency to number one in the port of Hamburg as far as ships calls and container handling is concerned.

“Hellastir” Piraeus opened a sub-agency in Thessaloniki in equal partnership with the mother company - wholly owned by ZIM - and a local partner.

“Lloyds List” London reported that amongst the 55 international shipping lines calling at the port of Barcelona, ZIM is the most important client, 30% of containers moving over the terminal in Barcelona are handled by ZIM - about 150,000 boxes a year.

Over one hundred thousand containers handled by ZIM moved over the pier of Port Bustamante in Kingston, Jamaica, thereby making this port number one in container handling by ZIM in the Western Hemisphere.

The “Gal-Marine” company - wholly owned by ZIM - engaged in container repairs, opened a repair shop in Lagos, Nigeria, after having received the confirmation of the directors of the Mother Company and ZIM for incorporating the company in Nigeria. The Nigerian company will act as an international company, and at the beginning will implement a local project of erecting buildings from containers. The appropriate contract was signed between Lansal, Lagos in the name of “Gal-Marine” Nigeria Co. Ltd. and the Nigerian port authorities.

The “Etzion” Company was dissolved at the end of the year and its business was merged with the TIM transport company.

MISCELLANEOUS

ZIM lodged the first stage of its program for renewal of its container stock. The renewal is planned to be completed during several years with an investment of twenty million dollars. The first order for building 350 open-top containers and 400 reefer containers at a cost of six million dollars was placed with Italians container manufacturers.

First contacts with Jordan and Arab countries (mostly Persian Gulf states) were initiated by the Company even before signing the peace treaty with the Hashemite Kingdom. It was revealed that commercial representatives were already active in a North African country. After the visit of a delegation of Jordanian businessmen in Haifa, the latter showed much interest in transiting cargoes destined for Jordan through the Israeli northern port rather than through Aqaba, because of considerable savings receivers and importers would enjoy when choosing this way of transit. A surcharge of 5% on all goods not imported through the port of Aqaba is imposed by the Jordanian government in order to protect their southern port. The Jordanian delegation voiced its intention to convince its government to change the existing law in this respect or to abolish it altogether. The Haifa port management promised that goods discharged in Haifa with destination in Jordan would reach Amman within one day and a half.

ZIM was graded number six amongst the shipping lines of 113 countries world-wide as far as the security and safety on its vessels are concerned. Those findings were stated and confirmed by the International Chamber of Shipping (ICS), which investigated 31808 vessels during the years 1991-1993. Not a single of ZIM`s vessels was detained or reprimanded in those years for lack of safety or protective devices. 28 surveys were conducted on 18 of the Company’s ships and as can be seen, the above statistics proved the high standard of safety on the Company’s vessels. A very satisfactory achievement.

RAISING CAPITAL AT THE NEW YORK STOCK EXCHANGE

Since 1989 ZIM planned to raise capital of approximately 60-80 million dollars at the New York stock exchange, but because of unforeseen difficulties the issue was delayed, and until the closing of this review at the end of 1994, no final decision was made by the parties involved. Moreover, there was the necessity to equalize the ordinary shares issued by ZIM and a further obstacle was the location after 45 years of some private shareholders, holding 2.52% of the issued share capital. It was contemplated that the government’s share in the Company will decrease to 37%, and a similar abatement was expected in the stock held by the Israel Company.

Informal discussion about all pending topics were held at intervals, and a group of about ten American underwriters was chosen by the parties whose representatives visited Israel and met with top officials. From that group of underwriters the most suitable would be elected to prepare the prospectus for the issue of the shares on the American market.

In any case, when the issue will finally be decided upon and will materialize, it will be the largest raise of capital by an Israeli company abroad.

THE FLEET

Because of the increasing demand for personal cars by the Israeli population, a special vessel for the transport of those vehicles from Japan and Korea was chartered by the Company in July. The ship called “Honshu 1” had a carrying capacity for 5000 cars instead of 3000 cars carried by the previous car carrier “Honshu” (without “one”). The advantage of the newly chartered vessels lay in her variety as the “Honshu 1” was also able to carry 150 trucks or busses with a height of over four meters as well as tractors, forklifts and other heavy industrial equipment. The vessel was scheduled to call at Eilat every 52 days.

At the end of July the Board of Directors of the Company approved the order of five new container vessels with an investment of 330 million dollars. The ships were to be built by the Howaldtswerke - Deutsche Werft, the same shipyard where the previous seven container vessels had been built. Every vessel had a carrying capacity of 3400 TEU’s. The delivery of the vessels was planned for April 1996 till February 1997 at intervals of three months. The Company held an option for the building of three additional vessels of the same type. The ordering of those vessels was made in the frame of the steady renewal of the Company’s fleet in order to enable ZIM to offer its customers the best possible service at the highest standard.

The Howaldtswerke - Deutsche Werft was chosen for the building of the new ships from amongst twelve competitors because of the most advantageous financial conditions offered by the shipyard.

FINANCIAL RESULTS

The fiftieth year of the Company’s existence ended with an impressive profit of 43.4 million dollars before setting aside provision for taxes. Because of the heavy investments as contemplated by the Company in vessels and equipment during the ensuing years, it was difficult to forecast when the Company will be actually required to pay these taxes.

The increase in the Company’s revenues derived mainly from the greater volume of cargoes carried. In spite of the larger competition, the Company faced very encouraging results in every respect.

The market value of ZIM’s fleet was by 209 million dollars higher than the depreciated value shown in the balance sheet.

Other details of the financial results can be obtained from the “Financial and Operational Details” as laid down in the comparison list added in the following pages.

VESSELS OWNED AS AT 31.12.94

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| NAME OF VESSEL | GRT | YEAR BUILT | YEAR PURCHASED | DWAT |
|  |  |  |  |  |
| CONTAINER VESSELS |  |  |  |  |
| m/v Camelia | 4,504 | 1976 | 1976 | 6,691 |
| m/v Raqefet | 7,723 | 1978 | 1979 | 9,436 |
| m/v Tilia | 4,935 | 1976 | 1976 | 6,691 |
| m/v Vered | 7,723 | 1978 | 1978 | 9,436 |
| m/v ZIM America | 37,209 | 1990 | 1990 | 47,230 |
| m/v ZIM Anglia (50%) | 18,012 | 1980 | 1993 | 21,360 |
| m/v ZIM Antwerpen | 11,859 | 1983 | 1983 | 14,921 |
| m/v ZIM Ashdod | 18,012 | 1979 | 1993 | 21,360 |
| m/v ZIM Barcelona (50%) | 15,656 | 1973 | 1989 | 22,311 |
| m/v ZIM Canada | 37,209 | 1990 | 1990 | 47,230 |
| s/s ZIM Eilat | 24,575 | 1973 | 1973 | 31,845 |
| m/v ZIM Hong Kong | 37,209 | 1992 | 1992 | 47,230 |
| m/v ZIM Iberia | 36,263 | 1982 | 1982 | 39,967 |
| m/v ZIM Israel | 37,209 | 1992 | 1992 | 47,230 |
| m/v ZIM Italia | 37,209 | 1991 | 1991 | 47,230 |
| m/v ZIM Japan | 37,209 | 1991 | 1991 | 47,230 |
| m/v ZIM Keelung | 36,263 | 1981 | 1981 | 39,967 |
| m/v ZIM Korea | 37,209 | 1991 | 1991 | 47,230 |
| m/v ZIM Lisbon | 7,723 | 1977 | 1992 | 9,436 |
| m/v ZIM Piraeus (50%) | 15,656 | 1973 | 1989 | 22,311 |
| m/v ZIM Kenya | 11,859 | 1981 | 1982 | 14,921 |
| m/v ZIM Savannah | 36,263 | 1981 | 1981 | 39,967 |
| s/s ZIM Venezia | 24,575 | 1973 | 1973 | 31,845 |
| CARGO VESSELS |  |  |  |  |
| m/v Gold Asia | 10,212 | 1977 | 1989 | 14,678 |
| m/v Gold Future | 10,212 | 1978 | 1989 | 14,678 |
| m/v Gold Horizon | 10,212 | 1977 | 1991 | 14,678 |
| m/v Kedma (50%) | 9,231 | 1978 | 1979 | 16,423 |
| m/v Negba | 10,555 | 1977 | 1979 | 17,527 |
| m/v ZIM Africa | 11,872 | 1978 | 1992 | 18,043 |
|  |  |  |  |  |
| MULTI-PURPOSE VESSELS |  |  |  |  |
| m/v Gold Alisa | 11,897 | 1973 | 1973 | 17,812 |
| m/v Gold Hilla | 11,897 | 1973 | 1973 | 17,812 |
| m/v Gold Orly | 11,897 | 1972 | 1973 | 17,812 |
| m/v Gold Varda | 11,897 | 1973 | 1973 | 17,812 |
| m/v ZIM Houston | 14,939 | 1978 | 1978 | 19,755 |
| m/v ZIM Marseilles | 14,939 | 1979 | 1979 | 19,755 |
| m/v ZIM Miami | 14,939 | 1978 | 1978 | 19,755 |
|  |  |  |  |  |
| CAR CARRIER |  |  |  |  |
| m/v ZIM Car (50%) | 12,229 | 1976 | 1988 | 13,305 |
|  |  |  |  |  |
| COAL CARRIER |  |  |  |  |
| m/v Hadera | 93,052 | 1983 | 1983 | 166,013 |

38 vessels with a total of 802,042 and a DWAT of 1,080,933 tons. The vessels could carry 48,444 TEUs and 4,118 cars and trailers.

6 vessels were owned in equal partnership with Ofer Brothers.

FINANCIAL AND OPERATIONAL DETAILS - A COMPARISON

(Continuation of statistics on page 130)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 |
| Total tonnage carried (excl. oil & bulk) in mio. tons | 9.4 | 10.4 | 10.8 | 10 | 10.7 | 11.1 |
| Increase (decrease) against previous years | none | 11% | 3% | (7.4%) | 7% | 3.7% |
| Number of voyages performed | 572 | 539 | 551 | 553 | 548 | 575 |
| Depreciated value of the fleet in mio. dollars | 226 | 280 | 401 | 462 | 446 | 412 |
| Depreciated value of equipment in mio. dollars | 77 | 94 | 88 | 76 | 83 | 92 |
| Income from terminated voyages in mio. dollars | 903 | 1009 | 1077 | 1183 | 1243 | 1290 |
| Increase against previous years | 3.1% | 11.8% | 6.7% | 9.8% | 5.1% | 3.8% |
| Operation expenses in mio. dollars | 780 | 889 | 941 | 1045 | 1068 | 1116 |
| Increase against previous years | 3% | 12.9% | 6.8% | 11.1% | 2.2% | 4.6% |
| Profit in mio. dollars\* | 28.8 | 28.4 | 29 | 2.2 | 38 | 43.4 |
| Balance sheet totals in mio. dollars | 547 | 647 | 757 | 780 | 786 | 802 |
| Number of containers carried in terms of TEU’s | 496,100 | 541,400 | 565,200 | 654,100 | 706,600 | 767,900 |
| Increase (decrease) against previous years | (0.4%) | 9% | 4.4% | 15.7% | 8% | 2.7% |
| Percentage of freight income from international trade out of total freight income | 59% | 59% | 60% | 60% | 67% | 65% |

\* The profit figures shown above are stated before preserving for deferred taxes. Due to contemplated considerable

investments in vessels and equipment during the coming years it was difficult to determine when the company will

be actually required to pay these taxes.

Income from voyages classified by area from where cargoes were shipped:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | 1989  % | 1990  % | 1991  % | 1992  % | 1993  % | 1994  % |
|  |  |  |  |  |  |  |
| Far East and Australia | 29.9 | 30.5 | 31.5 | 34.4 | 30.9 | 29.1 |
| Europe and Mediterranean | 20.2 | 19.6 | 18.8 | 17.0 | 18.8 | 26.3 |
| America | 23.4 | 24.6 | 24.4 | 25.6 | 26.8 | 21.0 |
| Israel | 11.5 | 10.4 | 9.2 | 8.6 | 8.7 | 9.3 |
| Africa | 4.8 | 4.8 | 4.5 | 4.0 | 4.0 | 3.4 |
| Others | 10.2  -------- | 10.1  --------- | 11.6  --------- | 10.4  --------- | 10.8  --------- | 10.9  --------- |
|  | 100% | 100% | 100% | 100% | 100% | 100% |

VESSELS ACQUIRED DURING THE PERIOD 1988-1994

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of Vessel | GRT | Year Built | Year Bought | Built By |
| Gold Asia | 10,212 | 1977 | 1989 | Verolme Shipyard Alblasserdam B.V., Holland |
| Gold Future | 10,212 | 1978 | 1989 | Van der Giessen-de-Noord B.V., Krimpen a/d Ijssel, Holland |
| ZIM Car | 12,218 | 1976 | 1988 | Kurushima Dockyard Co. Ltd., Onishi, Japan |
| ZIM Piraeus | 15,656 | 1973 | 1989 | Dubigeon Normandie S.A., Prairie-au-Duc, Nantes, France |
| ZIM Trieste | 15,656 | 1973 | 1989 | Dubigeon Normandie S.A., Prairie-au-Duc, Nantes, France |
| ZIM Sydney | 15,656 | 1972 | 1989 | Dubigeon Normandie S.A., Prairie-au-Duc, Nantes, France |
| ZIM America | 37,209 | 1990 | 1990 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| ZIM Canada | 37,209 | 1990 | 1990 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| Gold Horizon | 10,212 | 1977 | 1991 | Van der Giessen-de-Noord B.V., Krimpen a/d Ijssel, Holland |
| ZIM Italia | 37,209 | 1991 | 1991 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| ZIM Japan | 37,209 | 1991 | 1991 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| ZIM Korea | 37,209 | 1991 | 1991 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| ZIM Hong Kong | 37,209 | 1992 | 1992 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| ZIM Israel | 37,209 | 1992 | 1992 | Howaldtswerke-Deutsche Werft, Kiel, Germany |
| Moran | 11,872 | 1978 | 1992 | Hayashikane SB. & Eng. Co. Ltd., Nagasaki, Japan |
| Palmach II | 7,723 | 1978 | 1992 | Israel Shipyards Ltd., Haifa |
| ZIM Ashdod | 18,012 | 1980 | 1993 | Marine Ind. Ltd., Sorel, Province of Quebec |
| ZIM Anglia | 18,012 | 1980 | 1993 | Marine Ind. Ltd., Sorel, Province of Quebec |

Vessels sold during the period 1988-1994

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name Of Vessel | GRT | Year Built | Year Sold | Buyer |
| Jasmin | 4,542 | 1977 | 1989 | Stena Rederi AB, Sweden |
| Lotus | 4,542 | 1979 | 1989 | Stena Rederi AB, Sweden |
| Zim Genoa | 25,939 | 1972 | 1991 | Ofer Brothers Co. Ltd., Haifa |
| Zim New York | 25,831 | 1972 | 1991 | Chien Yu Steel Co., Taiwan |
| Zim Haifa | 25,939 | 1972 | 1991 | Ofer Brothers Co. Ltd., Haifa |
| Zim Tokyo | 25,830 | 1972 | 1991 | Ofer Brothers Co. Ltd., Haifa |
| Zim California | 25,831 | 1976 | 1992 | Scrap |
| Zim Buenos Aires | 12,237 | 1973 | 1993 | Lykithevs Shipping Co. Ltd., Malta |
| Zim Sydney | 15,656 | 1973 | 1993 | Neritos Shipping Co. Ltd., Limassol |

Vessels renamed and sold during the period 1988-1994

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of Vessel | GRT | Year Built | Renamed | Year Renamed | Year Sold | Buyer |
| Sahar | 7,542 | 1963 | Gold Stream | 1974 | 1989 | Costamare Shipping Company S.A., Piraeus |
| Tzedek | 7,237 | 1963 | Gold Mountain | 1974 | 1989 | Costamare Shipping Company S.A., Piraeus |
| Qeshet | 7,356 | 1964 | Gold Leaf | 1974 | 1990 | Minstry of Defense, Israel |
| Yama I | 9,109 | 1978 | Gold View | 1990 | 1992 | Hainan Import Export Corp., China |
| Tappuz | 11,669 | 1973 | Gold Africa | 1990 | 1992 | Scrap |
| ZIM New Orleans | 14,539 | 1978 | Heron | 1990 | 1993 | Proline Company Ltd., Hamburg |

BULKCARRIERS and tankers sold during the period 1988-1994

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Name of Vessel | GRT | Year Built | Kind of Vessel | Built By | Year Bought | Year Sold | Buyer |
| Atara | 93,052 | 1984 | Collier | Nordeste S.A. El Ferrol, Spain | 1984 | 1989 | Sincere Navigation Corp., Taiwan |
| Besor (II) | 32,576 | 1976 | Bulk Carrier | Burmeister & Wain Corp., Copenhagen | 1983 | 1991 | Silvermar Corporation, Panama |
| Beer Shewa (II) | 29,720 | 1973 | Bulk Carrier | Burmeister & Wain Corp., Copenhagen | 1983 | 1991 | Inlet Vista Ltd., Inlet Cliffs Ltd., Lenfert Ltd. |
| Virgo | 112,834 | 1974 | Tanker | Nederlandse Dok & Scheepsbouw Mij., Amsterdam | 1974 | 1993 | Scrap |

MATTY MORGENSTERN

Mr. Matty Morgenstern is the fifth General Manager of ZIM since its foundation, but the first one who grew up within the Company. He immigrated to Israel (then Palestine) in 1947 at the age of 13 leaving his family behind and joined the Company in 1950 as a cabin-boy on ZIM’s first vessel the s/s “Kedmah”. After having worked a couple of years at sea he filled various jobs in ZIM’s crew department at shore, and in 1965 he started his career in the commercial field of the Company. Four years later he was appointed manager of the “ZIM-Sela” company being responsible for the trade and traffic of all the company’s vessels plying the Mediterranean. From here it was a natural step to be assigned to jobs abroad and thus Mr. Morgenstern filled the position of Managing Director of ZIM’s branch offices in Genoa and New York. In between he was called home to preside over ZIM’s newly inaugurated Container Service. Upon his final return to Israel in 1981 he was assigned the position of Senior Manager of ZIM’s Shipping Directorate, and as mentioned before, on 1.11.1984 he was appointed President and General Manager of the Company.



It is the incontestable merit of Mr. Morgenstern that within the shortest possible time he turned the red figures of the financial results of the Company accumulated during the years 1983-1984 into black ones and therewith saved ZIM from certain collapse.

The drastic measures undertaken by him in order to achieve this target are described in previous chapters. Mr. Morgenstern is a “workaholic” who does not allow himself a private life, and owing to him the Company flourished since 1985.

Mr. Morgenstern is a member of various shipping and commercial organizations including “Rotary International” and the well reputed international club “Propeller”, and in 1987 he was appointed Honorary Consul of Malta.

With iron ambition, perseverance and tenacity, aiming at the final target, he climbed the ladder from a simple cabin-boy to the position of the General Manager and President of one of the ten largest shipping companies in the world.

Mr. Matty Morgenstern is the classic example of a man, who without formal higher education, can reach the highest position in one’s life and in the international society - a self-made man in the traditional sense of the word.

A FINAL WORD

ZIM’s success story was continuously investigated and scrutinized for many years by the most competent press world-wide. One foreign daily summarized ZIM’s history by declaring “Israel can be proud of its national carrier which turned into a guiding factor in the entire shipping world”.

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This review is concluded with the sincere hope and wish that the ZIM Israel Navigation Company Limited will continue to flourish and prosper also in the future to the honor and glory of the State of Israel and that its white, blue and gold seven stars symbol will ply the seven seas in years to come, and that its name will adorn the headlines of the local and international press as in past years.

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No personal names, except those of the General Managers and the Chairmen of the Board of Directors who took charge of the Company during the years, were spoken of in this review, as the unintentional omission or oversight of some persons would be very embarrassing for those not mentioned and for the writer of this review.

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The slogan for ZIM’s future reads: “Full ahead!”