

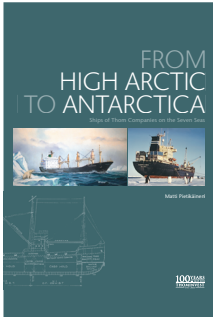


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MATTI PIETIKÄINEN, 2011

From High Arctic to Antarctica: Ships of Thom Companies on the Seven Seas

Helsinki: Thominvest Oy

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by **Risto Laulajainen**

Gothenburg Business and Law School
PO Box 630, SE-405 30 Gothenburg: Sweden
e-mail: risto.laulajainen@geography.gu.se

LIFE CYCLE OF A SHIPPING COMPANY

Thominvest, a Finnish family-owned firm, celebrated its centenary in 2011 by publishing a company history (Puro & Åberg 2011), paralleled by a tome about its shipping interests, the treasure of the late helmsman *L.J. ('Mylle') Jouhki*. This king-size, glossy volume is duly dedicated to the Chief and written by an employee and a life-long shipping man. The Company started as a forest agency to advise, organize, and promote forestry at large, but soon expanded into measuring timber cargoes at ports and organizing their export. Sales were made f.o.b. which left maritime transport to the buyer. When competitors switched to c.i.f. invoicing in the 1950s, one had to follow suit. The sea leg could play havoc when freights were high and availability of cargo space was tight. Foreign ships disliked

loading at rocky, shallow river estuaries. It was wise to hedge by having own tonnage, up to one-third of total need. Destinations were in western Europe and return cargoes coal, fertilizers, ores, and pulping chemicals. When pulp and paper became main export articles in the 1960s, the oldish fleet was sold and the shipping era seemed to be over. Not quite.

Round wood exports had ended, but Thomesto became an agent for *Exportles*, which shipped from Soviet Baltic ports by chartered tonnage. Barter trade came later and Thomesto was remolded to a trading house. Renewed interest in shipping originated from the taxman who, in 1970, offered extremely favorable depreciation for newbuildings. A half-ready bulkier was purchased for the Japan-USA trade with Canadian forest products as return cargo to Europe, and a number of new orders were placed. Fleet management

was given over to *Finnlines*, an industry-wide operator, which soon established a freight pool. When customers insisted on regular, year-round deliveries, these were realized by another pool of ice-strengthened vessels with steel as a new outbound cargo. Encouraged, Thomesto ordered two 'large' (30,000 dwt) bulkers. But when these were delivered, the overall picture had changed radically.

The freight market had slumped, whereas on-board labor had negotiated substantial pay raises and shorter working hours. This killed cross-trading. *Finnlines'* majority owner scaled down its commitment. The tax screw had been tightened again. Numerous bankruptcies enforced permissions for vessel outflagging. Thomesto established subsidiaries on the Cayman Islands, but labor unions could still immobilize a vessel visiting a domestic port. And visit it had, because the cargoes were there. An internal opposition raised its voice: Shipping compared poorly with the stock exchange. But since most ships had been purchased at favorable terms, they could be sold at a healthy profit, the last one in 1999. Part ownerships of heavy-lift bulkers, ro-ro vessels, car/passenger ferries, and a push-barge system in Sweden, Norway, and Germany lasted longer, to 2007. Then it was over. Thomesto became an investment company following the inclination of its new CEO. In view of the freight market's collapse few years later he saved the family fortune.

The main text comprises the life histories of 39 wholly or part-owned vessels, a kind of maritime 'train spotting' or 'Båtology' (boat knowledge, Sjöström 2011). The author's explanation – and his preference is naturally decisive – is that most people who have sailed a vessel or been otherwise involved are interested in that particular ship rather than the underlying company. Indeed, the amount of detail, about ships, people, organizations – directly involved or supporting – is simply incredible. Knowing the author since college years also guarantees that the facts he puts on the market are like an assayed bar of pure gold. So far so good. A managerial reader would have welcomed graphs of freight

rates/indices, ship prices, interest rates and wages, with a master table about each vessel's essentials for easy reading. Easy to say, difficult to implement. One example may suffice (p. 29). Reported profit was in 1957-1966 routinely streamlined by adjusting vessel depreciations, which made the depreciation percentage a better measure of profitability than ROI. Business secrets cannot have been a problem since much detail is made available anyway. Moreover, the company has been very candid about managerial lapses.

This reviewer has drawn several lessons from the book:

- The practical groundwork for tangible results can be very large, an aspect easily overlooked by academics.
- Shipping pools are under constant restructuring, which downgrades their information value about the market's character.
- Agencies are indispensable for fleet operations and deserve more attention in shipping research.
- The ability of shipyards to keep agreed lead times is enigmatic. The lapses by Polish and Spanish yards, originating from political turmoil, and the forgiveness of Thomesto (against reduced price?) were amazing.
- Averages and other accidents are connected with region, season, vessel maintenance, and crew skill, i.e. flag. Lloyds Insurance Market statistics are helpful and weather zones approximate geographical risk, but not the year-round use of NE and NW Passages. The description of *Finnpolaris'* last voyage in NWP 1991 is illuminating (pp. 345-347). The vessel was drifting slowly among ice blocks with an ocean current when a 45° angle hit drowned it. Imagine container ships making 20 knots in such conditions.

The English language of the first 200 pages is refined Queen's English, to become Majority English when the seasoned Copy Editor went into retirement and the Author took over. It was a premeditated decision. The bulk of readers would be former sailors and

that was the language they had been used to, on bridge and deck, in engine room and foreign ports. Their response has also been most positive.

This work is a noteworthy achievement. It has been compiled and written as a hobby by a layman and still achieved a respectable academic (?) level. In addition, how many of us have crossed the magical limit of 500 pages in a single volume?

References

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