

Last of a kind; Shipper: Sea-Land is a lone U.S. giant in a sea of foreigners. Even so, the company is considering a long-term investment in Baltimore

By **Robert Little**
THE BALTIMORE SUN

MARCH 21, 1999 | ABOARD THE SEA-LAND INTEGRITY

ABOARD THE SEA-LAND INTEGRITY -- The ship was five hours behind schedule. Capt. Alan Hinshaw gripped the rail outside the bridge, and his body shuddered each time the cranes slammed another cargo container into the hull.

Boom! Twenty-one tons of copper foil. Boom! Seven-hundred and twenty bags of glue.

Before the Integrity could leave its pier in Elizabeth, N.J., 2,300 steel boxes had to be loaded on or off. Four cranes worked the deck simultaneously.

Boom! Plywood, tulip bulbs, canned luncheon meet. Boom! Salted cod, washing-machine windows.

Sometime Saturday morning, Hinshaw would sail from New York harbor to Norfolk, Va., racing to get back on schedule and prove to his employer, Sea-Land Service Inc., that his crew and his ship are worth what they cost.

But Sea-Land would be fighting a battle of its own.

Both the ship and the company that owns it are among the last of their kind -- lone U.S. giants in an industry long since conquered by foreigners. What the ship means to its crew, Sea-Land means to the whole of the U.S. merchant marine -- the last survivors, in a final stand against obsolescence.

Boom! Hanging garments, beer, used airplane tires.

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ped working.

"Everyone on board knows what it's like to lay up a ship, lose a job, move to another company," said Hinshaw, still wearing the black captain's uniform he puts on for guests.

"Sea-Land is the last bastion for most of us. It's the end. Sea-Land has all the blood."

Sea-Land is a company known for taking risks. It invented containerized shipping 40 years ago, and has defied the industry ever since with bold decisions that somehow pay off. It builds ports where no one else goes; makes a profit while others founder. It sails U.S.-flagged ships that other companies can't afford; invests in places like China and Russia, where few other companies can compete.

Sea-Land is considering a 25-year investment in Baltimore, a port that most shipping lines abandoned years ago. Again defying industry trends, the company is studying whether the nation's industrial base will shift away from New York and make a second-tier port like Baltimore a long-term strategic advantage.

At Sea-Land's suburban headquarters in Charlotte, N.C., hundreds of experts manage 94 ships and 220,000 cargo containers, trying to place all of them in the right place at the right time and for the right price.

Sea-Land makes billion-dollar decisions that affect thousands of stockholders and the very future of the U.S. merchant marine. The Integrity is just one pin on the map.

The ship's 21 crew members came from all over the country, and their resumes read like the obituaries of the U.S. merchant marine. American Export Lines. El Paso Natural Gas. United States Lines. Everyone on board has sailed at least one U.S. shipping company to its death.

Now they work for the last great American-owned shipping line, on an old, tired container ship with a reputation for being slow. And they were five hours late.

Hinshaw was digging into a roast beef dinner at 5:30 p.m. one recent Friday when Dick Brown, the chief engineer, and Dan Wright, first assistant engineer, sat down next to him. They had black grease caked under their fingernails and into the folds of skin on their hands, and their clothes looked as if they'd just slept in a chimney. The Integrity needs a lot of maintenance, and they'd been in the engine room since 6 a.m.

Winds idled cranes

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› weeks ago, because of high winds in Bremerhaven, Germany, that idled the cranes. Yet Atlantic -- the most treacherous trade lane on the globe. Their old, slow ship crossed

the North Atlantic a day early.

"Our job is to move cargo," said Wright. "If we can't do that, there is no job."

"And it's not enough to just move it," said Hinshaw. "We have to move it on time."

The schedule is the god of the merchant marine. Everyone on board lives by it, bows to it. Ships can cost \$40,000 a day to operate, so each hour at the docks, every extra day at sea, means lost money and angry customers.

In one corner of Sea-Land's Charlotte headquarters is a crescent-shaped room called the Tactical Planning Center. Reminiscent of NASA's mission control room, workers track all of Sea-Land's ships and containers throughout the world, as the Weather Channel beams from a giant TV screen. Their mission: Maintain the schedule.

Some cargo can't wait. When Alaskan fishermen bring in the king crab catch two weeks early, the planning center diverts ships and containers from all over the globe.

The \$200,000 worth of clementines in Valencia, Spain? They'll be \$0 worth of clementines unless they get ships, refrigerated containers and a guaranteed time of arrival in New York.

Even Sea-Land's interest in Baltimore is rooted in the schedule. The company and its Danish partner, Maersk Inc., want to reduce the time ships spend in port by putting all their East Coast cargo in one place. They are expected to pick a site this month. Baltimore and New York are their top finalists.

East Coast stops

The Integrity usually spends five days on the East Coast, stopping in Boston, New York and Norfolk before crossing the ocean to Europe. If Sea-Land and Maersk consolidate operations in one city, port time could be cut to two days or less.

The job of one ship is to hit every port on the schedule on time, and be ready to go anywhere in the world if needed.

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Most of the Integrity's crew went to bed early to rest for Saturday morning's departure, and as they slept, night engineer Vinny Berlen kept watch in the engine control room.

Berlen wasn't part of the crew -- he'd come fresh from the marine engineers' union hall, wearing blue coveralls and a watch cap and happy to have found a night's work. He scanned the controls for a minute, then spoke up.

"I hear that this ship's too slow, isn't that right?"

Two weeks earlier, in Germany's Weser River headed for the North Sea, the Integrity started cruising at 19.1 knots. To prove it, Wright took a picture of the Global Position System monitor -- the GPS. "Who says this ship is slow?" Wright said.

But even at its best, the Integrity is slower than most. Modern merchant ships can travel at 24 knots or more, while the Integrity's top speed is supposed to be 18 knots.

Rumors circulate

Rumors had been circulating among the crew for two weeks that the Integrity was to be scrapped, or "laid up," because it is too slow, and the crew took the rumor seriously.

After all, their ship had already sailed one U.S. ocean carrier into bankruptcy.

The Integrity was one of 12 vessels built in the early 1980s for United States Lines. They were the largest container ships in the world at the time -- 950 feet long and 106 feet wide -- and they were cheap: just \$45 million each. Their 28,000-horsepower engines could sail for a week on the amount of diesel oil other ships burn in a day.

They were called "Econships," and they drove U.S. Lines into the ground.

The small engines never paid off, because fuel prices never went up as expected. U.S. Lines went bankrupt in 1986 saddled with a dozen huge, slow ships that sailed across the ocean two days behind the competition.

leaned off the rust and bird droppings and renamed them "Atlantic Class Vessels." The -- has sailed the North Atlantic trade ever since.

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"When U.S. Lines went under, I think that was a wake-up call to everybody. That was the glory company. I mean, that was the U.S. merchant marine in everybody's eyes," said Brown, the chief engineer.

"We all feel real lucky to work for Sea-Land now, because it's one of the few companies left."

The cranes worked all night, and by morning the Integrity was three-quarters full.

Furniture, tobacco, refrigerators, a 45-foot power boat, empty containers.

The crew rarely knows what's on board, however -- just boxes, stacked 13 across.

Circus cargo

On Hinshaw's favorite trip, he carried a circus from Charleston, S.C., to Italy, including 15 elephants and 22 Bengal tigers. "All the apples on the ship disappeared in the first few days because the crew fed them all to the elephants," he said.

The Integrity rumbled to life at 7 a.m.

Hinshaw was on the bridge, though just as an observer. He'd turned over control to T. G. Britton, a New York harbor pilot who would guide the ship through the narrow Kill Van Kull toward the ocean. Britton had heard that the ship was too slow, but he was thinking about a rumor of his own.

"So," he said to anyone listening, "you going to take away my livelihood and move down to Baltimore?"

The Integrity's crew lowered Britton over the side onto a small launch at 10 a.m. and "took departure" from New York. Hinshaw ordered "full ahead."

With the right weather, the ship could be back on schedule by Sunday morning.

As the Integrity eased into the open ocean, it caught the Gulf Stream's southward counter-current, and the wind blew in from behind at 10 mph.

The longshoremen in Norfolk would start getting paid at 5 a.m. Sunday, regardless of whether the Integrity was there.

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Home away from home

The captain spent the next few hours in his office one deck below the bridge, signing paperwork and exchanging e-mail with his wife and two daughters. Hinshaw is an American, like everyone on board a U.S.-flagged ship, but he lives with his family in Bangalore, India. He lives there, that is, when he's not living on the Integrity.

The ship is his home for six months a year, two months at a time. During those two months he might touch land for just a few hours. He's 47 years old and the Integrity is his fifth ship as master, or captain; the old man.

Crew members like Hinshaw, Brown and Wright are some of Sea-Land's greatest tools. As the last global American-owned carrier, Sea-Land has some of the most experienced crews on the seas. It also has the most expensive crews in the world.

Not many container lines sail U.S.-flagged ships anymore, because American crews cost about \$2 million a year more than foreign crews. Sea-Land has 35 U.S.-flagged ships, and receives federal subsidies to cover most of the increased labor costs. The U.S. flag also gives ships the right to carry military cargo, which these days is scarce.

In Charlotte, company officials determine the U.S. merchant marine's future with a calculator. If the federal subsidies and the cargo benefits are worth the extra cost, the ships sail with U.S. crews.

Delicate balance

The balance is a delicate one, however, and U.S. seamen often lose. Sea-Land reflagged five U.S. ships to the Marshall Islands registry two years ago because they were too expensive. Their U.S. crew members sailed the ships into port, laid them up, handed control to foreign seamen and walked away.

"Everything else being equal, we'd flag every ship in the United States," said Charles G. Raymond, Sea-Land's chief transportation officer. "But the decisions are based on cost. You can't take patriotism to the customer."

To a U.S. merchant seaman, reflagging is the greatest indignity. Each reflagged ship is 21 jobs that will never come back.

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Third mate Bruce Taylor was on the bridge, using the GPS to plot the ship's course to Virginia. At 1: 50 p.m. the Integrity was a few miles north of the Delaware coast.

The GPS read 19.5 knots.

Like most crew members, Taylor got the job through his union -- in his case, the International Organization of Masters, Mates and Pilots. Only seven members of the crew have permanent jobs on the Integrity.

Each time Taylor gets off a ship, he gets a "shipping card" stamped with the date. When ships need crew they inform the nearest union hall, and any qualified member who wants the job can toss in his or her shipping card. Whoever has the oldest card gets it.

Seamen call it working "off the board," and it's the way most mariners get jobs -- usually for just four months a year.

"If we lose these ships, that's about the last jobs the union has," Taylor said.

Volatile industry

Sea-Land is not the only U.S. shipping company. Several oil and gas companies sail U.S. ships, and ships on the inland "coastwise" trades are American.

As global container shipping lines go, however, Sea-Land is it. A Singapore company bought American President Lines; a Canadian railroad took over Lykes Bros. A few smaller lines still operate: Matson Navigation, Farrell Lines, Crowley Maritime. But Sea-Land is the only one left sailing the globe.

And its future is unclear. Sea-Land's parent corporation, Richmond, Va.-based CSX Corp., plans to carve the business into three separate units this summer -- a domestic shipping company, an international shipping company and a marine terminal operator. CSX executives say they want simply to create a more efficient management structure, but most industry observers think Sea-Land is being packaged for sale to foreign investors.

The maritime trade is a harsh business these days. Too many carriers have too many ships, and rates are so low that few of them make money. In the last three months of last year, Sea-Land brought in almost \$1 billion in revenue and made just \$16 million in profit -- and that's an industry

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"You're always self-conscious, thinking, 'What's going to happen to me?' " said Michael Tareila, the Integrity's third engineer. "Sea-Land's the big one. As they go, we go."

The sun had gone down, not that Tareila would know. He was working deep in the ship's belly.

Only the deck officers sail in the typical sense, peering out across the sea from a perch high above the deck. To the engineers, the world is a maze of cramped, oily compartments and screaming machinery.

And rumors.

"There's nothing else to talk about in here," Tareila said. "It's a rumor factory."

Coast of Virginia

The Integrity reached the coast of Virginia just before midnight, and started groaning and vibrating like an old steel beast stretching its limbs. The water was getting shallow, and the Integrity's turbulence was bouncing off the bottom and sucking the ship downward. Mariners call it "squat," and it means you're almost there.

The bridge was dark, except for some switches and dials and the radar's green sweeps. And everything was quiet, except the engine's deep diesel growl. Captain Hinshaw's face glowed orange with the occasional pull on a cigarette.

The GPS read 19.8.

"Look at that, will you? Nineteen-point-eight knots. Take a picture of that," Hinshaw said.

He knew it didn't really matter. Someone in Charlotte had sent a message, tipping him off that the Integrity soon would be moved to a slower, less time-sensitive trade, perhaps between the southern United States and the Mediterranean Sea. Nothing was official, but it seemed things were about to change. And in Hinshaw's business, change is never welcome.

Lost time would be made up

the longshoremen started working. The 32 hours lost in Bremerhaven would be back.

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But in Charlotte, none of it would matter. The Integrity's future would be determined by a team of Sea-Land analysts monitoring trade fluctuations, vessel costs, customer demands and the speed of the foreign-flagged competition. Even at its best, the Integrity was just too slow.

The GPS read 19.9.

"It's not a bad ship, really. Look at that," Hinshaw said.

Twenty knots.

"Look at that. Twenty." He shook his head.

"The good news is, she's not being laid up. We might get moved onto the Mediterranean run, I think, but she won't get laid up or reflagged."

Twenty-point-one.

"Look at that. Take a picture of that, will you? Twenty-point-one knots. There's nothing wrong with this ship."

Sea-Land: at a glance

Headquarters: Charlotte, N.C.

Owner: CSX Corp., Richmond, Va.

Chief executive: John P. Clancey

Employees: 8,300

Ships: 94, 35 American-flagged

Revenue: \$3.92 billion, 1998; \$3.99 billion, 1997

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