

## Sir Nicholas Cayzer reviews the current trading scene

The twenty-first annual general meeting of the members of the British & Commonwealth Shipping Company Limited was held at the Queen's Room, Baltic Exchange Chambers, London, on July 28. There B&C's chairman Sir Nicholas Cayzer gave an address updating his statement printed in the annual report for the year 1975 (of which substantial extracts were reprinted in *CLANSMAN* no. 37, inside front cover and pages 4-5).

After a brief introduction Sir Nicholas dealt with certain aspects of the group's balance sheet, explaining policy concerning borrowing, liquidity and the book value of fixed assets. "I am satisfied," the chairman stated, "that we have a sound balance sheet position and now turn to the profit arising from the utilisation of the assets."

Sir Nicholas continued:

"It is the responsibility of your board to turn these assets to good account and here I think it is important to recognise the fallibility of human judgement and the fairly marginal differences which cause success or failure, not least of which is an element of luck. When we became involved in helicopter operations the situation looked promising, but we could not be aware of the extent to which helicopters would be used in the development of mineral resources world-wide and in the North Sea in particular. That was a plus. On the other hand, the large increase in oil prices which made oil exploration more attractive, has contributed to our failure to produce satisfactory results from our venture into the leisure industry in the shape of Castle Holidays and the hotels in the Canary Islands. Not only have increased oil prices resulted in higher flying costs, but have been one factor in worsening our balance of payments position with a consequent effect on the value of the pound. Package holidays abroad are no longer cheap, particularly to the more distant locations, such as the Canary Islands.

"Castle Holidays has been a constant source of worry. Excess capacity in 1973 and

1974 caused the demise of well-established operators such as Horizon Holidays and contributed to the downfall of Court Line which had a considerable effect on our own operation. In 1975 we began to show an improvement, which was encouraging. Owing to the time-lag between setting up an operation and its fulfilment we had to decide in 1975 either to cut down establishment costs or to allow a modest enlargement of our programme. It was decided to adopt the latter course. A falling value for the pound, the uncertainty of employment, excellent weather at home and political disturbances in Spain, mean that the decision will not be justified and the results cannot be other than bad.

"Our hotels, other than the Mount Nelson which continues to trade satisfactorily, show little improvement from the very poor performance in 1975. We have given notice of termination of the lease of one hotel in Tenerife where the rental payable is out of proportion to present potential profitability. Of the remaining two, a mixed freehold/leasehold in Las Palmas and a freehold in Lanzarote, the latter is the better prospect, but we shall have to spare no effort in seeking to improve the level of occupancy.

"By way of illustration, I have singled out two trading activities, one plus and one minus, for if, as a large group we are not to stagnate there will be pluses and minuses. The measure of our success will be determined by the excess of pluses over minuses, our ability to spot and support the winners and discard the losers before they do any serious harm.

"In regard to the shipping scene, you will be aware that the bulker trade, although showing some improvement, is still in the doldrums. The liner trades are holding their own, though import controls, announced last week by the South African Government, are bound to have an effect on carryings to that country.

"Overall, our present estimates indicate

that the results for 1976 will show an improvement over those of 1975, but I must remind you that we live in a fast changing world and that budgets based on the best information available can be subject to pretty dramatic change. In presenting this picture I would wish to give due credit to some of the smaller group operations which, in terms of size, do not warrant separate mention but which, year by year, make a very useful contribution to profits.

"Whatever profits we achieve we are not, either at home or abroad, masters of our own destiny. A simple illustration of this is the intrusion of Russian tonnage into our liner trades. As I stated last year, normal criteria do not apply to the operation of such ships; the intent is the earning of foreign currency and weakening of the West. This is a very real threat and may require intervention at Government level, but an interesting aside, when one hears so much about the merits of Communism, is to know that the Russian seafarer is paid much less than his British counterpart—so much for Communism.

"World trade is, of course, the foundation of our national existence and there are signs that it is picking up. This country is not self-sufficient. We are dependent on our trade with the rest of the world and, being so, must recognise that other nationals do not consider that they owe us a living. We must make our own way and will do so only if we become and remain competitive. I am concerned about the irrelevance of pushing measures through Parliament, if needs be by the use of the guillotine, which looked at objectively can do little to improve our trading position. Will it really help if shipbuilding yards are nationalised? Is it really essential that certain areas around the docks should become the reserve or preserve of a certain section of our society and is going comprehensive the panacea for all our educational ills?

"Some years ago I referred to the growing power of the unions and expressed the hope