

Transpac Raise: How High?

Saipan News Bureau

SAIPAN — Higher shipping costs for the Trust Territory are now a near certainty, but just how high may not be known until Tuesday.

Transpacific Lines, the TT's franchised carrier, is meeting with TT officials to try to work out a mutually agreeable rate increase. Transpac has asked for a 12 per cent hike.

The chairman of a TT rate review board this week left blank the amount of the rate increase, but said he would set a figure if the two sides could not agree by Tuesday.

By approving some increase, chairman Ralph F. Bagley Jr. of Guam in effect accepted Transpac's justification of the need for an emergency \$10 a ton surcharge in effect since the spring. This surcharge would become part of Transpac's

permanent rate structure, with the percentage increase applied on top.

Projecting on the basis a 10-12 per cent rate hike, Transpac told the review board shipping costs for a 50-pound bag of rice could go up 17½ cents.

On another matter, Transpac forecast its own financial collapse if it were not allowed an additional 10 per cent surcharge to cover the cost of repairing the MS Gunner's Knot.

Now chartered by Transpac from the TT, the 30-year-old ship must be returned soon, and in the same condition as when it was chartered. Transpac estimates that \$200,000 would be required to recondition it, while total salvage of the now-obsolete ship might bring \$372,000.

Bagley ruled that the matter was not within the scope of the rate board.

The board chairman also overruled any determination of the adequacy of Transpac's service, which is due to be considered by another board beginning Feb. 1.

TT officials contend that Transpac is now in breach of contract because of a six-month period in which it was allowed to move cargo from the west Coast to the TT via Guam expired in October. Transpac takes the position that the service, through Pacific Far East Lines, should be continued anyway because it is superior to the service or reasonable alternatives under its contract with the TT.

Transpac and the TT came to a mutual agreement that the company may submit a combined 1972-73 audit in order to forestall an additional surcharge to cover the extra expense of a separate audit report.