



# Ferry Shipping Conference 09

OnBoard

*Networking under  
the Mediterranean sun*





# Qualified optimism as the industry is riding the storm

As expected, the bank crunch, the economic downturn and a shrinking freight market were all hot discussion topics at the Ferry Shipping Conference (FSC). But it was not all doom and gloom at this year's annual ferry industry's get-together.

BY PHILIPPE HOLTHOF • PHOTOS MIKE LOUAGIE



The annual Ferry Shipping Conference migrated to the Mediterranean for what has become one of the world's premier annual gatherings of ferry industry executives. Thanks to the increasing success – over 60 ferry operators were represented and some 360 delegates registered – the organisation is almost forced to organize its future conferences on Scandinavian ferries, although a future Med conference is not excluded.

Some themes that were discussed during earlier editions still provide food for thought such as the emissions issue. With the price of bunkers more or less back to a more acceptable level, the bunker debate was not as hot as it was last year. Even so, some speakers warned that the industry does not have to rest on its laurels and can better be prepared for high bunker costs. Sooner or later high bunker prices will be the order of the day again.

The industry has to take action and further invest in more efficient engines, hulls, propeller designs, etc., seemed to be the general tenor. Stena Line is one such operator that has further reduced fuel

consumption in recent years despite higher payloads. As Per Wimby from Stena Line Scandinavia explained, Stena Line's fuel consumption has decreased by 2.5 per cent per year since 2005. Actions to reduce this consumption included a propeller blade change with a blade area that is optimized for the actual service speed, solar guard films on windows, efficient lighting, RPM controlled pumps, an intelligent speed pilot, and cold ironing.

## Freight plummets

Not surprisingly, the economic crisis is worrying many players, with freight volumes having plummeted during the last two quarters. This has created an overcapacity, with ferry operators fighting for volumes. As a result of the overcapacity, ship values have gone down rapidly but as one broker pointed out, it is somehow difficult to define values of ships since there have been too few transactions of late.

To solve the problem of overcapacity Paul Kyrianiou from Grimaldi Group Napoli suggested to introduce an age limit of 30+ years for ro-ro and ro-pax

ferries. "We could ban these ships to enter an EU port", he said. "Scraping of tonnage will produce a rebalance of offer versus demand. Disposing of 30+ year old tonnage will further enhance safety and reduce emissions since new tonnage is more environmentally friendly", Paul Kyrianiou explained.

Carl-Otto Dahlberg from Imperial Shipping Ltd. clearly disagreed and wondered which operator would maintain a high quality in the knowledge that the ship will be sent to the scrap yard at the age of 30. "You risk

that maintenance will be disregarded and it will jeopardize the second hand market, i.e. it will be difficult to sell. Probably shipyards will build ships that are good for only 30 years", were all arguments against the idea of imposing an age limit.

But if the freight market has shrunk by 20 to 25 per cent, passenger carryings



SNCM's CEO Jean-Marie d'Aspe opening the conference.

**Carsten Wieber** gave a speech on the ship financing outlooks, while **Alfons Guinier** reported on the latest from Brussels.

Below right: The panel debate, with Superfast's Spiros Paschalidis, SNCM's Jean-Marie d'Aspe and Grimaldi's Paul Kyprianou.

have remained fairly stable. The North African market seems to be the exception to the rule, passenger figures having dropped dramatically. As SNCM's Paul de Rosen described during the "Remote Mediterranean" session, the Algerian passenger market dropped by 35 percent during the off-season months. Passenger numbers to Tunisia fell by ten percent during the same period.

Passengers travelling on these routes are usually North African emigrants that work on the European mainland. According to Mr de Rosen, this category has been first hit by the crisis and postpones a visit to family or relatives in North Africa. The traffic to North Africa is extremely seasonal, 60 percent of the volumes being generated in two months time. Mrs Isabel Muños from Acciona Trasmediterranea explained that, surprisingly, there are few – if any – summer advance bookings. "Maybe this is the effect of the Ramadan, which this year coincides with the summer peak", she said.

The Algerian market is still the poor relation with long security controls in port coming on top of a 20-24 hour crossing time.

### **Healthy passenger market**

Due to the crisis, passengers are holidaying closer to home and prefer short breaks instead of long holidays. Most operators agreed that this will be to the benefit of the ferries. Bill Gibbons from the UK-based Passenger Shipping Association said that there has also been an increase of inland tourists to Great Britain from the Euro zone, stimulated by the strength of the currency. The backside of the coin is that the currency imbalance between the Euro and the non-Euro currencies – such as the Pound Sterling and Swedish krona – erodes the revenues of the Euro zone operators. Several new ferries have recently been introduced on the UK market, with more newbuildings to follow for Stena Line, LD Lines and P&O Ferries.

Bill Gibbons' words of optimism were echoed by Jens-Peter Berg, Vice-Chairman of Verband der Fährschifffahrt



und Fährtouristik e.V. (VFF), the German counterpart to the PSA. Mr Berg believes that ferries will benefit from closer to home vacations by car. "But", he said, "we have found out that between 0.7 and 1 percent of the German travelling public is potentially interested to travel by ferry."

On a more positive note, he added that according to a recent opinion poll, ferries are considered 'trendy'. Moreover, the tremendous popularity of ocean cruising in Germany is spilling over to the ferry industry. The joint efforts of ferry operators, be it under the umbrella of the PSA or VFF, are paying off with ever more passengers turning their back on the airlines, a trend which was already apparent during last year's conference. Flying is no longer as 'sexy' as it used to be and UK residents with a second home overseas find it harder to get there since many (budget) airlines have slashed routes to minor airports. "Flightmare?" and "How the ferry could save your holiday" are examples of journal titles that speak in favour of the ferry industry.

The luggage restrictions and the risk of losing luggage all add to the weaker perception of airlines. In 2007, 42 million bags were mishandled in airports around the world – on a ferry there are no luggage restrictions, one can actually take a lot of luggage back even when not travelling by

**Frédéric Dagnet** (below) from the Marseille Fos port authority talked about Marseille's aspirations in the ro-ro and ro-pax field.

**Bruce Peter** (middle picture) gave a lecture about waterfront trends all over the world.

**Jonathan McGregor** (bottom picture) talked about the environment as a tool for competition.





**Per Wimby (left) told the audience about Stena Line's fuel saving measures.**

**Jon Boyce (above) announced the winners of this year's ShipPax Award.**

► car. UK ferry operators are very active to win back passengers and members of the PSA's Sail and Drive campaign have launched a 'National Ferry Fortnight' with some fantastic offers and deals for passengers booking a crossing in the period between 9 and 22 May. This National Ferry Fortnight will also be the time for unveiling the latest statistics and trends in ferry travel.

Carla Cotterell from Platform-A underlined the importance of ads on the internet to further increase brand awareness and direct internet surfers to your homepage. "The travel sector is subject to more commercial scrutiny than other categories, 70 per cent of the

internet users having researched or looked for information about holiday and travel during the past twelve months. Over one third of Europeans purchase holidays and travel online. Needless to say that online branding speeds customer acquisition", Mrs Cotterell said.

### **The call for one voice**

Bodies such as the PSA and VFF unite the commercial interests of the industry in their respective countries, but several delegates wondered if there is no single platform and industry voice. Unlike the airline industry, the ferry sector is fragmented with 378 operators world wide. An association

like Interferry stands up for the interests of the world-wide ferry industry, having a consultative status at IMO in London and an observer status at ECSA in Brussels.

ECSA for its part is very active on the European level and during the conference ECSA's Alfons Guinier told the audience what is hanging over our heads. The 2015 implementation of 0.1% SOX emissions in the Emission Control Areas (ECAs, i.e. the Baltic, North Sea and English Channel), endangers the modal shift from land to sea. For this reason, ECSA has commissioned a study by the Universities of Antwerp and Louvain to investigate if the 0.1 % SOX emission will not cause a modal backshift from sea to land. After all, the extra cost for alternative fuels or abatement equipment will have to be paid by the customer.

Not happy with the 0.1% SOX limit and the fact that it will only apply in the ECAs, TT-Line's Hanns Heinrich Conzen noted that "we are one industry with one interest, but with different rules in different areas."

The European Commission's proposed regulation on passenger rights, was another issue touched upon by Alfons Guinier. Although ECSA is not opposing the objectives, Alfons Guinier pointed out that a "one fits for all" approach is not an option. "It can not be a mere copy and paste



**Top row:** Bill Gibbons from the UK's PSA talked about the UK ferry market. Jens Peter Berg from the VFF gave his view on the German market. Carla Cotterell, Platform A, stressed the importance of web presence. Anders Ørgaard Hansen, OSK-ShipTech, talked about on board living and also presented a new ship concept.

**Middle row:** Hans Sandström from Marine Profile and Helge Tvedt, Adecco, talked about finding and training crew. Finnlines' Staffan Herlin provided a report from the Baltic Sea.

**Bottom row:** P&O's Simon Johnson presenting his view on the UK-Continent market. FSG's Uwe Otto talking about the yard's novel ICON project.



exercise from other transport modes, i.e. air and rail, by virtue of the characteristics of shipping being totally different", he said. ECSA has meanwhile formulated detailed comments. For instance compensation for delays should be based on the time of arrival, not on the time of departure.

The definition of a passenger ship should be clarified – does it include ships with driver-only accommodation? Comments have also been made on a string of proposals with regard to persons with reduced mobility.

### Ferries of the future

One of the sessions focussed on the 'shape of ships to come'. Johan Snellman from STX Europe Cruise & Ferries dilated upon the "Safe Return to Port" (SRTP) principle, which will be required for all passenger ships with a length of over 120m and of which the keel is laid after 1 July 2010. Passenger ships in general and cruise ships in particular have grown bigger and the evacuation and rescue of up to 10,000 persons at sea is no sinecure. Towing of these behemoths is considered as very risky and the amendments to Solas Chapter II-1 and II-2 outline that the ship must be capable to safely return to port under its own power.

P&O's new ferries for the Dover-Calais route will be the first ever ferries to incorporate SRTP rules. Already in the very early stages of the project P&O Ferries had decided to adopt the new rules, although the ships could have been built to old rules.

Flensburger Schiffbau Gesellschaft's (FSG) Uwe Otto explained that the yard's strategy to focus on ro-ro ships and ferries has been very successful. With the revolutionary ro-pax ferry ICON, the company has developed a whole new concept of ferry travel. It holds every promise to be another Flensburger sensation, because it is based on a fuel-efficient hull form. Discussions are ongoing with several interested parties.

Another innovative ferry design comes from OSK-ShipTech A/S. Developed in cooperation with ShipPax Information and Ivar Moltke, the 'turnaround ferry' features a full-width bow with a total of 14 lanes on two levels. Obviously, it needs dedicated port facilities, but 3,400 lane metres can be turned around in 15 minutes. The vehicle decks of the patent-pending design boasts straight lanes lined with pillars to speed up loading and unloading operations. Large airbag type cushions are mounted on the pillars to secure trailers.

Non-accompanied trailers will be coupled in advance the Australian way and will be driven on board as a single train. The circular shape of the superstructure with public spaces and cabins is as daring as the hull design and can be built and put on the hull by a third party.

Several other topics were also discussed during the conference, including ports and waterfront development, Dr Bruce Peter giving some 'worst' and 'best practice' examples of terminals. The crewing situation was another topic that was touched upon.

During the interactive debate the established Baltic operators, i.e. Viking Line, Tallink Silja Line and Birka Cruises, were asked if they consider the international cruise ships in the Baltic as a threat. Not so, according to Viking Line.

"We are happy that the large cruise ships are popping up in our region. It increases the interest for cruising in the Baltic in general and we can only benefit

from it", Viking Line's Nils-Erik Eklund argued.

Commenting on the same subject, Birka Cruises added that more attention helps to grow the market. "But there are limitations because of the small population in the area." Tallink Silja Line believes that the traditional cruise lines are no direct competitors for "they offer 4 to 5 days cruises which are more expensive than our 2-night mini-cruises."

Last but not least, there was the merger talk. Both delegates and speakers believe that given the current economic circumstances, further mergers and acquisitions are a necessity. Grimaldi Group Napoli has been very active in this respect and Paul Kyprianou concluded that only financially strong operators can face the ongoing crisis. ■

**Far left:** STX Europe's Johan Snellman reported on one of the latest challenge to ferries: the "Safe return to port" rules.

**Left:** Paul de Rosen gave his view on the ferry market to North Africa.

**Below left:** Acciona Trasmediterranea's Isabel Muños commenting from the audience.



**Top picture above:** EuroMed's Marc Abeille talked about Mediterranean Motorways of the Seas.

**Above:** Roman Gonopolsky from UKRFerry gave his view on the Black Sea ferry market.



**Marseille Chamber of Commerce invited all delegates to the historic "Palais de la Bourse" for cocktails 21st of April.**

Welcome speech by Raymond Vidil Chairman of Marfret



Björn West and Börje Lassfolk from RG Line



**EHRENBERG Kommunikation;**  
Magnus Ehrenberg,  
Mats Svanberg, Ralph  
Krogerus, Barbro  
McAusland, Matthias Mies



Jean-Marie d'Aspe and Brigitte de Victor (SNCM) talking to Raymond Vidil (Marfret)

**An all time high of 365 delegates, many of them representing ferry operators, had an efficient and most relaxed networking conference under the Mediterranean sun. The event was fully booked five months prior to the sailing. Be sure to register early for next year. We already have lots of bookings.**



Niels-Erik Lund (International Shipping Partners) and Didier Chaleat (Bureau Veritas). Magic tricks can be such great fun.



Arkadiusz Skierkowski (Pol Line) and Gunnar Lind (Cherry Maritime) playing Black Jack between the sessions



Per Björnsen (V Ships) having lunch with Jarmo Valtonen (Deltamarin) and colleagues



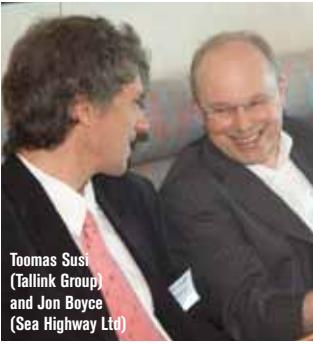
Alain Meylan, Bruno Saint-Dizier (AIA) and Thibault De Keghel (LD Lines). "We have some great ideas for your ships."



Jean-Bernard Raoult (Barry Rogliano Salles) sponsor of the lunch, Didier Bourdin and Francois Lally from STX France Cruise



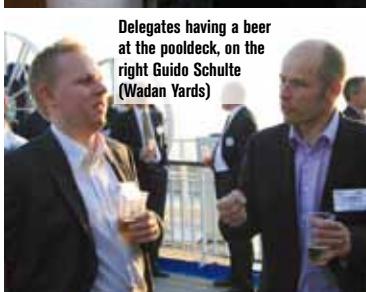
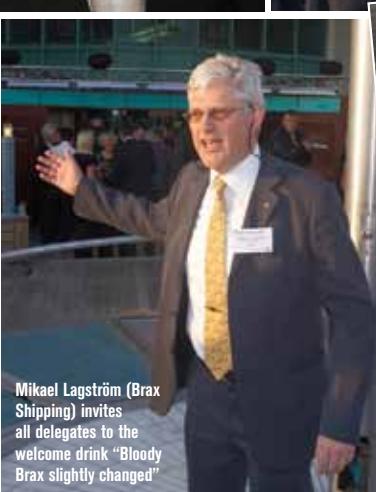
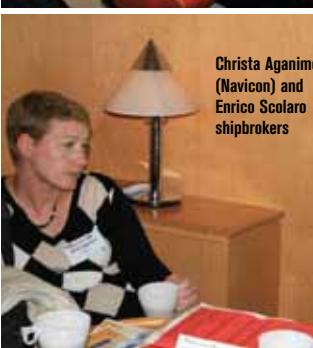
Eric D Nilsson with wife Marieann from Rederi AB Gotland



Björn Blomqvist and Jukka Suominen (Rederiaktiebolaget Eckerö), Mikael Lagström (Brax Shipping) Bo Severed (Stena RoRo), Carsten Wiebers (KWF Bank) and Sattu Pellikka (Eckerö Line) talking business...

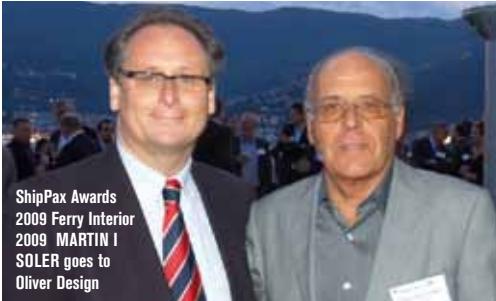


Søren Lindergaard (Locatell Nordic) and Jimmy Ahlgren (Elmo Leather) Jesper Svendsen (Locatell) and Ranveig Eknes Reikerås (Georg Eknes Industries)





Angelika Nieder (Macholl Specht), Jan Willem Doeksen (Doeksen Transport), Frans Baud (KVSA) and Peter van de Meerakker (Zeehaven IJmuiden)





Coffee break and networking





Visit MEGA SMERALDA



Pierre Mattei (Corsica Ferries) welcomes all onboard the ship



Happy ship,  
happy passengers



In Bastia, Pierre Mattei (CEO of Corsica Sardinia Ferries) invited all delegates onboard the cruise ferry MEGA SMERALDA for a presentation, drinks and cocktails



The ship was previously operated by Color Line, whose delegates praised the well maintained ferry



Mike Wake  
(Austal) - on  
board at last



Poul Bredesgaard  
and Daniel Mirecki  
(Navitaship) relaxing  
in the sunshine



Catching some sun in between all the fun



The delegates from  
Samsung Heavy  
Industries on their  
way to visit Bastia



United we stand: Paweł Wojdalski, Piotr Waszczenko  
and Maciej Komorzycki (Unity Line)



Heikki Jäntti (Foreship) and  
Christer Schou (RCCL)



An ICON in the Baltic?  
Jukka Suominen (Eckerö Line)  
Nils-Erik Eklund (Viking Line)  
Uwe Otto and Wolfgang Bühr  
(Flensburg Schiffbau)



Vanessa  
Marchesseau  
(Ariane  
Systems)  
business  
talk?



Wilco van der Linden  
(Wärtsilä) and Jean-Bernard  
Raoust (Barry Rogliano Sallès)



Delegates from SRC and Tallink



Olof Berndtson  
(Aquamarine)  
and Tony  
Öhamn (Viking  
Line) ...talking  
to the guy with  
the pink tie



**Last but not least, we would like to extend our sincere thanks to the exhibitors and sponsors of the event, including:**



**Organizer: ShipPax Information – BOLT Consulting**