



# Ferry Shipping Conference 11

*OnBoard*

## *Mediterranean Meeting*

Building bridges between Barcelona and Civitavecchia





# An Urgent Call to Speak with One Voice

In mid-April ferry executives gathered on board Grimaldi Lines' CRUISE BARCELONA to discuss the state of the industry. The situation, as it turned out, is not all that rosy. The soaring bunker costs, pending emission control and other regulations were sources of great concern to the ferry operators attending the Ferry Shipping Conference. The ferry operators agreed that it was time to speak with one voice to confront all these challenges.

By **PHILIPPE HOLTHOF** • **PHOTOS MIKE LOUAGIE**

**A**fter last year's conference on board Color Line's COLOR MAGIC, it was time to head for the sunny Med this year. A Barcelona-Civitavecchia return trip with Grimaldi Lines' CRUISE BARCELONA provided all 390 delegates with the opportunity of sampling a western Mediterranean cruise ferry operation, which was a totally different experience from that of the Baltic.

With no less than 50 of them present this year, the annual joint ShipPax Information-Bolt Consulting Ferry Shipping Conference first and foremost targets ferry operators. In his introduction, Klas Brogren of ShipPax Information stated that the ferry industry was at least as important an industry as that of the airlines, if not more so. Figures collected by ShipPax Information reveal that more than two billion passengers are carried by ferries annually, a number comparable to that of the airlines. However, this number is not even complete because not all ferry operators have provided their passenger statistics. In addition to this, lining up all the vehicles ferries carry each year, the queue will encircle the globe 42 times. Judging from these stunning statistics, the ferry industry is a sector to be reckoned with. Mr Brogren asked the conference to spread this message to the public and politicians. He also underlined the excellent safety record of ferries. Most ferry accidents have occurred in Asian domestic services using small vessels.

The conference co-organiser Bo-Lennart Thorbjörnsson said there were challenges, such as the high bunker prices, but also opportunities. In this connection he cited the ever increasing number of "mappies", or "Mature, Affluent, Pioneering People," a social group of active, fun-loving people, aged 50-60 and above.

"They are used to travel and also have the time and money to travel. It is a growing target group, also for ferry operators", Mr Thorbjörnsson underlined.

## Calling for a strong ferry lobby

The PowerPoint presentations prepared by the top ferry executives did not always make pleasant reading. Stena Line's CEO, Gunnar Blomdahl, highlighted the fact that during the last six years his company has continuously lost passengers to airlines, fixed links and other modes of transport. A survey carried out by Stena Line suggested that ferries are generally perceived to be boring and, as a result, people do not want to spend time on them.

"Experience is key when it comes to attracting passengers. Nobody wants to be 'transported'. Instead, passengers want to be excited. We have to find our niche without simply copying the cruise industry. We also have to move up the value chain. Social media are equally of paramount importance. You can meet customers on Facebook", Mr Blomdahl said.

In a move to regain market share, the Swedish ferry operator has put more focus on product development. To improve the on board experience, Stena Line has successfully tested new features, a feat that also resulted in the company scooping two of the coveted ShipPax awards this year.

On a negative note, Mr Blomdahl seemed to be particularly concerned about the energy challenge. He



Delegates boarding the CRUISE BARCELONA amidst the ro-ro action.

raised several questions about LNG propulsion. "Is it really the way forward? If so, how will it be regulated? We need answers to these questions very quickly", he urged.

Mr Blomdahl then touched upon 'the rules of the game' subject. "How to



Gunnar Blomdahl and Emanuele Grimaldi





outrageous. "Bunkers have increased dramatically and will continue to do so. They will reach an unacceptable level when the 0.1 sulphur cap is imposed in January 2015. We are an environmentally friendly mode of transport and have already done our utmost for the environment. Because of this, I'm not afraid to say that it is simply ridiculous to reduce sulphur emissions even further, to 0.1 percent. In port, yes, but not at sea. It is also more complicated than most people think. From a technical point of view, low sulphur is not good for the engines. Although they are all very intelligent people, legislators sadly do not understand anything of our business. We should talk to them and speak with one voice." However, he pointed out that this might not always be easy since the Mediterranean case is different from the Baltic one.

Another favourite topic of Mr Grimaldi is the "ecobonus", a system that channels the government fund directly to those hauliers who make use of the shipping lines to divert trucks from roads. "It is a far better solution than granting money to operators since it does not distort competition." Mr Grimaldi suggested the introduction of a pan-European ecobonus.

Mr Axel Meynköhn, CEO of the German coastal ferry operator, Wyker Dampfschiffs-Reederei Föhr-Amrum GmbH (W.D.R.), fully endorsed what the previous speakers had stated. He seemed to be particularly concerned about the LNG question. "We can't run ships on sun and wind energy alone. LNG also costs money, not to mention the logistics problem. As far as W.D.R. is concerned, LNG is not really a solution", Mr Meynköhn affirmed. He then cited the new EU labour law, the Regulation on Passenger Rights, and the compulsory insurance imposed by the Athens Convention. "We were never consulted and simply had to accept it. Time has come to create an industry organisation."

Superfast Ferries' Mr Spiros Paschalis painted a rather gloomy picture of the Greek market. "It is the worst crisis we have ever



seen during the last two decades. In the Adriatic and the Greek domestic market the average bunker prices have more than doubled during the last two years. Today fuel represents 45 percent of our operating expenses. To remain viable we have to reduce speed and keep ticket prices to a maximum level. There is no room to undercut prices", he declared. Mr Paschalis echoed the words of Emanuele Grimaldi, stating that operators have to match supply with demand. "There is an oversupply of vessels in the Mediterranean with load factors which are way too low. To reduce capacity, dry docking periods are extended. Opening new routes is another option." On the subject of LNG, he believed that the current generation of vessels would lose value.

"It will be a big challenge to convert existing tonnage to LNG propulsion in a cost-effective way", Stena Line's Gunnar Blomdahl chimed in.

### **The time for action is now**

All top executives agreed that the time for talking was over and the time for action was now.

William Gibbons of the UK Passenger Shipping Association (PSA) drew the attention of the conference to the European Cruise Council, which is now a ►

influence political decisions? Most of these decisions, be they tax, crew or the environment, are taken on the EU level. We urgently need a strong and new ferry organisation that closely monitors and works proactively with the EU legislators", he stipulated.

Next speaker was Grimaldi Group's Managing Director, Emanuele Grimaldi. He broadly agreed with Mr Blomdahl, but added that there was an imbalance between supply [of ferries] and demand. "Some areas in Europe suffer from a huge overcapacity. To reduce overcapacity some vessels should be laid up during winter. More importantly, scrapping should be imposed on ferries of 30 years and older." This was a proposal launched by Mr Grimaldi two years earlier.

Speaking of bunkers, Mr Grimaldi stated that ferry operators needed to be efficient because bunker costs are





► mature organisation. He said that it could be a good model for the ferry sector, but wondered how serious was the demand of the operators. For Mr Meynköhn, the demand was a very serious one and he urged the big operators to take action immediately.

Both Mr Blomdahl and Mr Grimaldi said that, although most decisions were taken on the EU level, the 'Association of Ferryman' should also talk to IMO. Interferry's Len Roueche immediately reacted and stressed Interferry's consultative status at IMO. He regarded Interferry as THE voice of the industry. The association also has an observer status at the High Level Ferry Group of ECSA, but Len Roueche agreed that it should also have a permanent representative on the EU level. Mr Grimaldi then revealed that the ECSA already had a strong voice on this level. He added that ferry operators should also talk with legislators on the national level. "We'd better talk to the people who represent our countries at IMO and the like. We should cooperate with the national shipowners associations."

In the same discussion, Attica Group's Yiota Krassakopoulou suggested an increased presence in existing organisations like ECSA's High Level Ferry Group or any of its other Committees.

The panel and interactive debate concluded that the ferry industry's voice should in any case be heard, loud and clear.

### More challenges from the EU

In the past, a long session had always been devoted to the discussion of regulatory and legislative news. There was no exception at this year's conference. Yiota Krassakopoulou presented more information concerning what was on the Brussels menu. Not surprisingly, climate change was high on the agenda. "Despite shipping being the most environmentally friendly mode of transport, it can't be denied that we contribute to pollution. Even so, we were surprised by the 0.1 percent sulphur cap effective

from 1st January 2015", she told the audience.

Studies commissioned by ECSA and executed by two leading Belgian universities have indicated that ship costs will rise by 25 to 40 percent. Freight rates will increase by 15 to 60 percent resulting in a modal backshift and a drop in freight volumes of up to 50 percent. This is alarming, hence ECSA tried to have IMO's decision reviewed by the European Commission. Their efforts, sadly, proved in vain. It appears that the EU is the driving force behind stricter regulations in IMO and will likely impose a greenhouse gas Emission Trading Scheme (ETS) on shipping. New ECAs for NOx, SOx and PM (Particulate Matter) are also forthcoming. Even more changes are on the horizon, including the Regulation on Passenger Rights and a new manning directive that seeks to establish common rules for all EU-flagged ships, eliminating competition between flags.

P&O Ferries' Simon Johnson detailed the future of VAT on passenger transport. On the one hand there was the review of Article 37.3 and, on the other, the Green Paper on EU VAT system. The former reviews the VAT rules for on board consumables; this includes goods and services sold for consumption on board as well as restaurant and catering services. The Green Paper envisages, amongst others, a simplification and harmonisation of VAT rates and processes. Because of the Article 37.3 review, Simon Johnson expects a battle to preserve the current arrangement of treating restaurant and catering services as VAT exempt consumables. "It may be a long process but changes are inevitable.

Be prepared," Mr Johnson warned, adding that the ferry industry was actively involved in the review.

### The shape of the things to come

A session was dedicated to small ferries. Jaime Oliver of



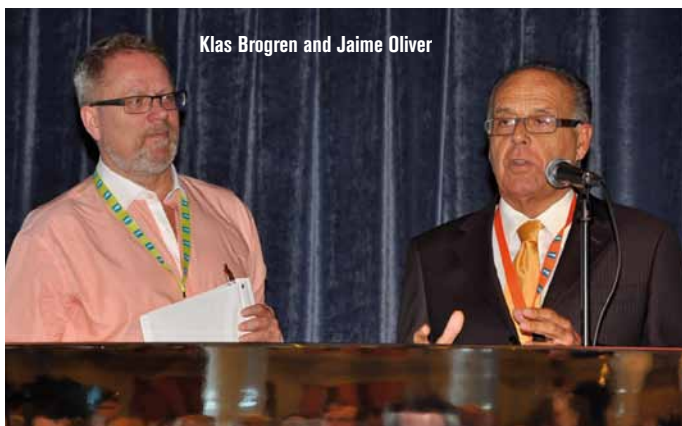
Simon Johnson and Yiota Krassakopoulou

Oliver Design introduced his small ferry projects for ARMAS and Baleària, admitting that it was quite a challenge to design small ships for short crossings. "But even on small ships the holiday should start on board and you can create something which still generates extra revenue for the operator."

Petter Klock of Multi Maritime, the ship design and engineering arm of Fiskerstrand BLRT, described the success of LNG powered ferries on Norwegian domestic services. The LNG infrastructure on shore is expanding and 15 LNG ferries are currently in operation in Norway, with five more on order. According to Mr Klock, zero-emission battery-powered ferries are an alternative on shorter crossings. Norway is about to submit a tender for a 120-150 car-battery-powered ferry that will be operational in January 2015.

Wärtsilä's Wilco van der Linden introduced the joint Wärtsilä-Deltamarin Integrated Modular Customised (IMC) ferry designs, which are all about achieving considerable cost savings both in building the ships and in operating them. The latest environmental technology will be utilised to comply with current and future regulations. The IMC designs are being prepared for conventional and future fuels, including LNG. Thanks to the Parametric Design method, developed by Deltamarin, it will be possible to modularise the construction and machinery as well as large equipment and on board systems, resulting in cost savings of up to 15 percent on newbuildings and a simplified ship maintenance. The IMC ferry designs can be readily adapted to changes and developments as requested by the owner. The Parametric approach makes it possible to demonstrate design changes immediately; the design is re-optimised to comply with regulations, optimal fuel consumption and overall performance.

Incat's Robert Clifford introduced the new, 99-metre LNG catamaran



Klas Brogren and Jaime Oliver

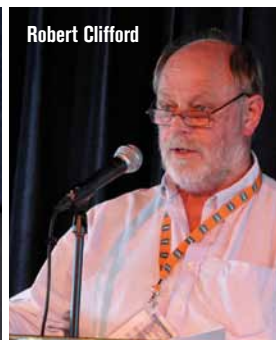




Petter Klock



Wilco van der Linden



Robert Clifford



Kari Granberg

his company is currently building for Buquebus. To keep costs down, the 50-knot catamaran follows a standard Incat design. The LNG propulsion will be the biggest novelty factor. The LNG tanks will be placed in the hulls because it is probably the safest place and farthest away from the passenger accommodation. Although construction has already begun, there is no rush because the engines will not be delivered for another 14 months. The hi-speed catamaran will boast a 1,000 m<sup>2</sup> duty-free shop and will have a capacity for over 1,000 passengers and 153 vehicles.

Kari Granberg gave a short presentation on the world's largest LNG ferry that Viking

Line had ordered from STX Finland, envisaged to be delivered in January 2013. This new Stockholm-Turku cruise-ferry holds the promise to be one of the most environmentally friendly vessels afloat.

### Freight and passenger market

One of the conference sessions was devoted to the theme of ro-ro versus short-sea container shipping. Sean Potter of DFDS Seaways said that the sectors were mutually complimentary in their strengths and weaknesses. This view was shared by Guido Grimaldi who elucidated the Mediterranean case. However, when it comes to perishable goods, ro-ro wins hands down because they can guarantee the goods reaching the market much faster; a good example of this is the Civitavecchia-Barcelona route, a ro-ro service that carries a large number of reefer trailers.

Unlike the airlines, which saw passenger numbers plunge, ferry passenger traffic to and from the UK has remained rather flat. William Gibbons of the UK PSA explained that ferry travel still had a low profile compared to that of air and even rail. "However, last year's ash cloud crisis did

a lot of good. It made people realise that there is a ferry industry. The 'Sail & Drive' campaign that is meant to promote ferry travel has been rebranded 'Discover Ferries' and the 'National Ferry Fortnight' has worked very well to raise the ferry profile." The challenges for the industry are well known, but the weak UK economy has seen the disposable income of an average householder

in the UK decreased by three percent between 2008-2011. But William Gibbons concluded that as the airport/flying experience gets worse, the ferry experience on the other hand gets better.

Being always at the forefront of the passenger ship design, Tillberg Design unveiled how tomorrow's ferry might look like. "Interiors will be more dynamic with multifunctional spaces that can be changed easily. The visual contact with the sea, sky, and nature will be very important. Passengers should be able to easily navigate around the vessel. Don't be afraid of green thinking and make your product 100 percent renewable," remarked Michal Jackiewicz.

Keith Sherwood of Carus PBS talked about the future possibilities in IT-based booking and business systems.

Last but not least, in one of the sessions the conference dealt with the topic of 'getting money to build', as seen through the eyes of a shipyard and a banker respectively.

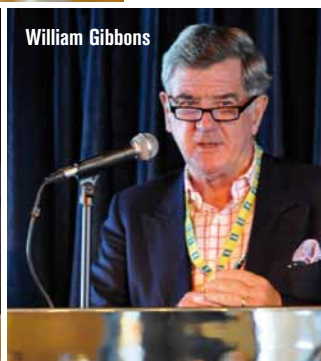
The 10<sup>th</sup> ferry shipping conference next year will be held and celebrated on board Tallink's newest cruise ferry, the 2009-built BALTIC QUEEN, sailing between Stockholm and Tallinn. Make sure that you do not miss this landmark anniversary. ■



Guido Grimaldi



Sean Potter



William Gibbons



Michal Jackiewicz



Keith Sherwood



Mr. Stalmeister (Tallink) invites everybody on next year's conference. The ship will be the BALTIC QUEEN, from Stockholm to Tallinn.





Carles Mayol, happy to show the Port of Barcelona to the delegates.



Mats Olsson (Carus PBS) and Clint Schneider (Envoy Advanced Technologies).



Torunn Økland (Rederiet Økland), and the people behind the ShipPax Database (Datahalland). The latter enjoying real ships, for once.

Cruise, ro-ro and ferry. We love Barcelona!



Bruno Saint-Dizier and Alain Méylan (AIA), Pierre Denneulin (Segula), Philippe Holthof and Mike Louagie enjoying a good beer.



Sofus Gedde-Dahl (Cavotech) + Arnt Møller Pedersen (Copenhagen Malmö Port).

Things to see, everywhere.



Executives as Guy Platten (Caledonian Maritime Assets) and Phil Preston (CalMac) and others.



Ari-Pekka Soini (Hogia Ferry Systems)



Daiva Rauktiene and Egil Fiskerstrand (Fiskerstrand).



The buses are free, no need to take your wallet Alain.

Brax Shipping invites: Martin Kärhage and Lars Hallengren say "Skål".



Cecilia Lundgren and Annika Kuitunen, photographers in action.



Frank Havemann and Gerald Lefold (Scandlines) and Jens-Peter Berg (Sartori & Berger)



Lorenzo Malvarosa (V.Ship Leisure) tells Pierre Mattei (Corsica Ferries) to think big.



Sara Lindqvist (Swedish Transport Administration)



Peter Frölich (Fjord Line), Mike Wake (Austal), Bruno Jourdan-Barry (Barry Rogliano Salles) and other delegates enjoying Italian dinner.



Ladies and Gentlemen, the Night Cap is sponsored by STX.



Björn Blomqvist (Rederiaktiebolaget Eckerö) smiling as always.



Antonis Maniadakis Minoan Lines, Emanuele Grimaldi, Giorgio Arena (Fincantieri).



All smiles for Laura Apoga, Port of Riga.



Tõnis Rihvk (Saaremaa) explains how happy he is with his new ships.



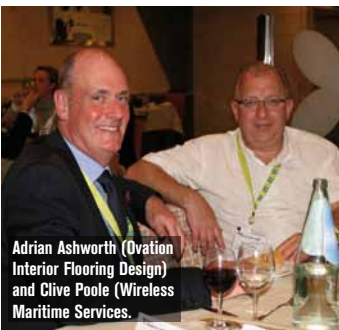
"Do you want me to smile?" says Christophe Mathieu (Brittany Ferries).



Table 63 chatting.



Adrian Ashworth (Ovation Interior Flooring Design) and Clive Poole (Wireless Maritime Services).



John Kollander (Stena RoRo).



Angelika Nieder (Machöll&Specht), Fanny Peltier (On Waves) and Salvatore Greco (Nuovi Cantieri Apuania).



The designer of the new P&O Ferries, Alan Stewart (SMC Design).



Axel Meynköhn (Wyker DSR) and Jan Philip Eckmann (FRS).



Bo-Lennart Thorbjörnsson explains the bell-ringing technology...



... which is perfectly handled by Emanuele Grimaldi, opening the FSC11.



Staying connected with MCP.



Reading a very interesting magazine...



Klas Brogren, Bo-Lennart Thorbjörnsson and Elizabeth Mandersson get a thank you from Anders Rundberg (Carus PBS).







Blücher and Jetz stand with visitors.



French meeting by the pool with Katherine Burro-Fleta (Seafrance).



Ingvald Fardal (Fjord Line)



Claes Anchér (Simsonship) and Giorgio Arena (Fincantieri).



Standing at the ABB stand.



Jakob Nilius (Nordic Yards) and Frans Baud (KVSA Felison Terminal).



"Gunnar, please keep this confidential."

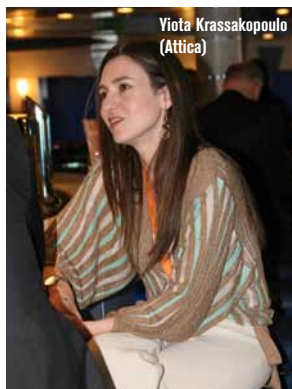
Emanuele Grimaldi (Grimaldi Group)



Hello again!



"Our figures are definitely going up," says Pierre Mattei (Corsica Ferries).



Viota Krassakopoulou (Attica)



Eddie-Keane (Irish Ferries) followed by some hungry delegates.



Nordic Flooring welcoming visitors.



Mats Olsson and Keith Sherwood (Carus PBS).



West, east, east, west.



Nordic Flooring welcoming visitors.



Talking new ships? Staffan Stenfelt (Stena RoRo) and Arild Kalkvik (Bergen Group Fosen).



A new Grimaldi Line to Halmstad?





Richard Nilsson (Figura) and Michael Oliver (Trimline).



The Grimaldi family.



All smiles for the ShipPax Award winners.



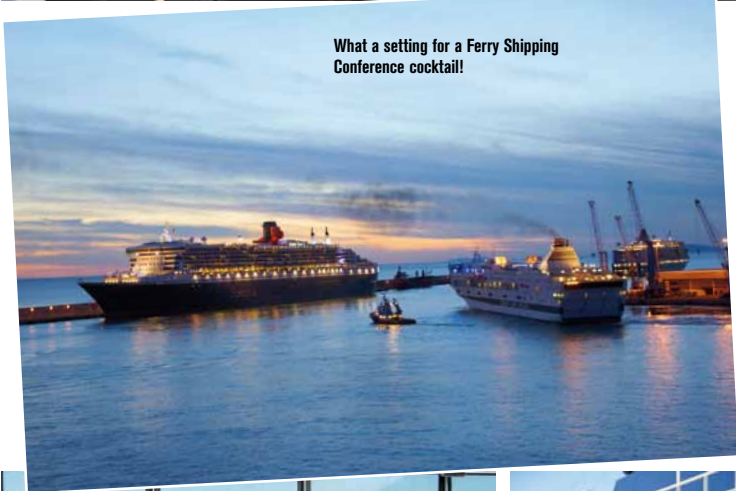
Thomas Weigend (Meyer Werft) gets an award for the DISNEY DREAM.

A royal arrival in Civitavecchia, with a dozen cruise ships and ferries in port.



Ariane Systems

What a setting for a Ferry Shipping Conference cocktail!



Brokers and ferry operators in happy discussion.



Jacques Maury (DNV Det Norske Veritas)



Will she fit in Swinoujscie?



Exhibitor Team Electric, Mark Dear.



SAPA - First time exhibitor and delegate - Welcome!





Wilco van der Linden (Wärtsilä) and Wolfgang Bühr (Flensburger Schiffbau).



"I am going to take over that company."



EHRENBURG Kommunikation sponsors of the speakers gift, delegates and sponsors since the start of FSC and Mark Westphal from Team fist time delegate - but not the last... see you all next year...



Smiling at Smailas with DNV.



Finnferries representatives.



Talking a new Gotland ferry generation?



Tim Watson (Quintek)



"Simon, can you see your screen with such dark glasses?"



Left: Kerry Sturmev (Incat)  
Middle: Alan Warburton (Pharos Datacom)  
Right: Maggie Long (Mason Shipbrokers)



Attilio Dall'Osso and Silvana Bertoli from Navalimpianti Technipianti.



Bengt Pihl (Scandlines)



Meeting within the group Saint-Gobain Marine Applications.



Håkan Jönsson (TTS) in good company.



Paul Kyprianou hosting the dinner, with Björn Blomqvist (Eckerö) and Pierre Mattei (Corsica Ferries).







Dancing the night away.



Lori Kietly and Gilles Lim (DVB Bank).



Cavotec



Guido Grimaldi and Jaime Oliver.



ABB



Robert Clifford testing new seats.



Global VSAT and e-comfort Solutions Provider



Michael McGrath (Stena Line)



Watch the iPhone.



Paul Kyriano discretely checking if everything goes well.



Brude Safety



Great Networking with Katia Cok (Forth) and Versonix' Yuri Politsky and Victor Velton.



"No, no, I think Asia is the other side."



Niels-Erik Lund (International Shipping Partners).



Cherry Maritime Gaming





Lunch sponsored by ABB.



Lars Hellström (Swedish Transport Administration) and Björn Boström (Port of Väst).



Talking investment? Jaroslaw Kotarski (Unity Line) with the bankers of KfW IPEX.



Father and son Hogsved founder of Hogia.



So, you want a Flensburger?



Envoy, David Allen - Happy networking...



Bell Casino - Morgan Eliasson.



Schneider Electric



Explaining the different tentacles of Wärtsilä.

**Thank you for this conference! See you next year!**



Bo-Lennart



Klas



Elizabeth



Göran



Linda



Cecilia



Annika



Mike



Philippe



Eva



Esther

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

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