



Ferry Shipping Conference 08

OnBoard

Building bridges in the industry



CRUISE & FERRY
Info 



SOx and CO2 emissions once again hot topic at Ferry Shipping Conference

Photos: Mike Louagie



New, stringent environmental protection measures kept the minds of both speakers and delegates busy. As some optimists explained, these amended MARPOL Annex VI regulations will also create opportunities and challenges. And then there was the really good news: airlines are no longer “eating” passenger volumes from ferry operators.

BY PHILIPPE HOLTHOF

The auditorium on board the COLOR MAGIC was jam-packed with delegates when the Ferry Shipping Conference (FSC) set sail for a two day cruise from Oslo to Kiel and back. As co-organizer Klas Brogren from ShipPax Information explained, the idea to start the Ferry Shipping Conference, with its “captive audience”, arose when the quality of other, similar events failed to attract shipowners.

“After five successive conferences we are like one big family and this year alone a record 398 members of this huge family were registered”, he said at the start of the 2008 edition. No less than 55 ferry operators were represented coming from as far as Japan and Canada to participate in what turned out to be a very interesting conference with informative sessions and debates that provided food for thought.

Environmental and bunker debate

Soaring bunker prices and emissions from bunkers, notably SOx, NOx and CO2, heated up the debate. Co-organizer Bo-

Lennart Thorbjörnsson from BOLT Consulting said that the price of LSFO 380 cSt has gone up from USD 295 to USD 500 per tonne in a period of twelve months, i.e. an increase of 70 per cent. In the meantime, the US dollar has further declined vis-à-vis the euro, and within a six-month time span the sterling has fallen almost ten per cent versus the EUR. This has a negative effect on exports to the UK.

According to a joint ShipPax-BOLT survey, 70 per cent of the operators have hedged 50 to 70 per cent of their annual bunkers in 2007.

“Considering the ever increasing costs of bunkers, this proved to be a clever move, but what about 2008?”, asked Bo-Lennart Thorbjörnsson (who will be doing a similar survey this year). There is the fuel cost on the one hand and the environmental aspect on the other. No doubt, the skyrocketing bunker fuel costs and the latest MARPOL Annex VI which regulates the emission of atmospheric pollution in ship’s exhausts, will see a new generation of ferries and



Trond Kleivdal, CEO Color Line, opening the conference.

cruise ships emerge with new propulsion plants and abatement equipment.

“Why should we look at this from a negative point of view? There are a lot of opportunities out there such as LNG propulsion and scrubber technology”, Jon Boyce from Sea Highways Ltd. commented. Moderating the panel debate about the environmental and bunker situation, Jon Boyce said that the latest amendments to the MARPOL Annex VI regulations came very quickly.

"And then we haven't even come to the CO2 debate and new CO2 regulations are probably just down the road", he added. "With the climate change, CO2 is a big issue and we have to look at it as an industry. We should do this now, i.e. before the EU will force us to further reduce emissions."

His words were echoed by Oskar Levander from Wärtsilä who said that "people are first and foremost talking about global warming and not so much about acid rain, so the next challenge are CO2 emissions".

The panel agreed that alternative fuels like e.g. LNG should be taken into consideration when ordering a new building. "Today LNG is cheaper than HFO. It's altogether a much cleaner solution with 85 per cent lower NOx and almost 30 per cent lower CO2 emissions. Because sulphur is removed from fuel when liquefied, there are no SOx emissions", Oskar Levander added. He incited ship owners to order vessels with LNG propulsion or at least consider the possibility to convert into LNG configuration. "It will cost more, but gives operators a competitive edge and will repay itself", he concluded.

Of late, new Norwegian shuttle ferries have been fitted with LNG propulsion and according to Bo Cerup-Simonsen from Det Norske Veritas, the risks of using LNG can be managed.

"It's a clean, but also a safe alternative", he commented. Representing Krystallon, a BP joint-venture company, Andy Osbourne stood up for abatement technology such as seawater scrubbing.

Tim Marking from ECSA warned that sea transport will probably become more expensive because of the ambitious timetable set up to impose the revised regulations on ship emissions.

"This will probably result in significant additional fuel costs and we can only hope that the EU will not add fuel to the fire through extra measures. Because of the additional costs for short sea shipping we risk a modal shift from sea to the less environmentally credible road transport which contravenes EU principles."

The Passenger Shipping Association's (PSA) director Bill Gibbons said that his organisation has commissioned an independent study of ferry carbon emissions, which looks at the emissions per passenger, per kilometre. One of Europe's

leading sustainability consultancies has analysed data from several ferry operators and the result is an average CO2 emission of 0.12 kg CO2 per passenger kilometre.

"CO2 emissions measure up favourably with short haul airlines and ferries are hence more environmentally friendly", Bill Gibbons underlined and added that the 0.12 kg CO2 per passenger kilometre has been adopted by the UK government.

Fuel consumption, or better lower fuel consumption, is also the name of the game for Stena's new giant, 5,500 lanemetre, ro-pax ferries that were ordered in Germany.

"Energy management is what it's all about and things we have never thought of before such as lighting on the freight decks now gets our attention", explained Stena RoRo's Christer Schoug when presenting these new buildings. Christer Schoug, who soon takes up a new career as Vice President of Newbuildings at Royal Caribbean Cruises in Miami, said that great efforts have been made to save as much energy and hence fuel as possible. For instance, lighting and ventilation in the cabins will only work when activated by the cabin key as seen in hotel rooms. Environmental aspects have not been forgotten either: in a move to minimise emissions and noise, the vessels will be prepared for shore-connected

electricity supply.

Situation of the industry

During earlier editions of the FSC, ferry operators blamed airlines in general and the low cost ones in particular for falling passenger numbers. However, it seems that the tide is turning against the airlines: for the second year in a row passenger figures are on the rise.

According to Bill Gibbons, the Sail and Drive campaign in the UK is beginning to pay off.

"People are turning away from airports because they are fed up with the endless restrictions of air travel. Air chaos is helping ferry travel, luggage being our best weapon. Not to mention the convenience of having your own vehicle with you and, why not, your dog", he added. "In Heathrow one has to take off everything except his pants", Pim de Lange from Stena Line joked to illustrate the unpleasant experience of flying. People start to realize that ferries are a more civilized way to travel.

Asked if our industry is "fit and sexy", Bill Gibbons and SeaFrance's Robin Wilkins answered that ferries are on the up in the consumer's mind.

"For several years the travelling public was of the opinion that ferries were flabby ➤



Above: Q+A with Tim Marking, Nigel Lingard and Bo-Lennart Thorbjörnsson.

Below: The CEO panel with Trond Kleivdal, Jean-Michel Giguët and Trafford Taylor.



Mads Kofod.



Guy Platten and Philip Preston.

► and dull. The airline industry with its modern, stylish jets, its multiple new destinations and easy online flight booking system was regarded as fit and sexy. However, people are tired of airport queues, lost baggage and the threat of terrorism. For this reason, people are turning their back on the airlines and have discovered that ferries are a comfortable, hassle-free way of travelling”, Robin Wilkins explained.

Bill Gibbons said that press coverage has been very poor in recent years.

“The media believed that ferry travel was something boring and according to them there has been nothing to write about since duty free went in 1999. Luckily, this is changing for the better now.”

Ferry companies spend lots of money to promote the countries and regions they serve. “SeaFrance alone spends eight times more money for marketing France than France does in the UK”, a somewhat irritated Robin Wilkins told the audience.

Jean-Michel Giguët from Brittany Ferries agreed that ferry operators are pouring truckloads of money into marketing campaigns.

“Low cost airlines usually serve regional airports and often obtain financial compensations by these regions to do so. Paradoxically, the established ferry operators have to invest money to sell these regions”, Brittany Ferries’ supremo remarked.

To attract more passengers some ferry operators have gone for vertical integration, Stena Line having taken over an existing tour operator that is specialized in motoring holidays. Stena Line’s CEO, Gunnar Blomdahl, said his company stepped into the tour operator business because it wanted to attract more car traffic. Robin Wilkins was rather sceptical about Stena Line’s move, saying that there are fewer, but bigger tour operators. “It’s all about destination marketing and we have been disappointed with tour operators.”

The crew question

The lack of skilled crews was yet another hot topic at the conference with many large operators sounding the alarm. Captain Trafford Taylor from BC Ferries said the situation is going from bad to worse.

“In some cases there hasn’t been enough licensed staff to sail ships. The big problem in Canada is that our crews need to be Canadian”, he said, continuing: “There are not a lot of people who want to go to sea. Therefore, we want to rebrand the image of a seafarer and try to make a seagoing career attractive.”

Color Line’s Trond Kleivdal, who opened the conference, talked about the Norwegian case. “It’s problematic. Those youngsters opting for a career at sea are enticed by the high salaries of the offshore industry.”

Jean-Michel Giguët said also Brittany Ferries was struggling to recruit qualified seafarers.

“Fewer people opt for a job at sea, which will eventually see the closure of maritime

academies in France. It’s a vicious circle. French officers are also approached by the big container lines who pay them really big salaries”, he continued.

Ferry owners are also concerned about the high newbuilding prices.

“It’s expensive to build and delivery times are long, but it makes no sense to postpone a newbuilding contract for I believe prices will never go down again”, Pim de Lange pointed out.

Some other topics

Several other topics were dealt with at the FSC, the different approach to domestic ferry development in Denmark and Scotland being one of these. Danish BornholmsTrafikken has joined forces with compatriot Clipper Group, forming Nordic Ferry Services A/S. Following the takeover of Sydøysund and after having won the public tender for the ferry routes to Samsø, Nordic Ferry Services A/S has become a major force in Danish domestic traffic. The company has the ambition to grow both domestically and internationally and Mads Kofod is a strong advocate of the public tendering system.

“In Denmark, with its five year contract periods, it has worked out very well. There are some disadvantages, but ultimately public tendering is to the benefit of the public. It ensures frequent and reliable services and low prices for the customers”, he commented. However, he had to admit that a longer contract period is preferable, saying that ten to 15 years would be to the benefit of anybody.

The Scottish government has deliberately opted for the creation of a separate company, which owns the ferries and ports, Caledonian Maritime Assets Ltd. The benefit of such a solution is that there can be a seamless transition between the subsequent operators: the fleet, and even the brand name, stays the same.

Asked why the vast route network to the Hebrides and the Clyde islands is put out to tender at once, Philip Preston from CalMac Ferries Ltd., the operator of the current concession, answered that this is to protect the lifeline services and to make it possible to swap ships. “The flexibility of a single bundle is to the advantage of the customers”, he said.

Another session focussed on freight and ro-ro. Kell Robdrup from Norfolkline said that bigger trailers are the way forward.

“In a not too distant future we will see trailers with a length of 14.92 metres. And much longer versions might even appear



Erik Østergaard, reply from the auditorium.



on our roads and ferries. Consequently, the demand for unaccompanied trailers will further increase", he predicted.

Last but not least, Tim Marking from ECSA warned that the European Commission is turning its attention to passenger rights.

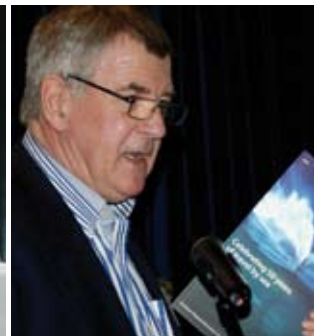
"This is an important issue. It could follow the airline model when it comes to cancellations, compensation, complaints procedures, information to passengers and access for passengers with reduced mobility."

Maybe some operators are not concerned about this yet and are rather losing sleep over environmental aspects, soaring fuel costs and newbuilding prices. No doubt, these issues remain high on the ferry operator's agenda and will probably keep the debate alive at next year's conference when we are heading for the Med.

Top: Jon Boyce, Bo Cerup Simonsen, Tim Marking, Andy Osbourne and Oscar Levander.

Right: Michael McGrath

Below: Christer Schoug, Klas Brogren, Bill Gibbons, Svenåke Berglie, Michael Berger, Kell Robdrup, Robin Wilkins, Thomas Weigend, Hans-Juul Jacobsen, Pim de Lange and Antonis Maniadakis.



Judging by comments overheard, everyone seemed to be happy. It all confirms our idea, it's essential that this industry meets every year!

56 ferry operators were registered and altogether, we were 385 delegates. With a waiting list for the fifth consecutive year, be sure to register as early as possible for next year's conference!



Fred Monagorri + Uwe Otto. A yard and a broker = a good deal?



Old colleagues. Nigel Lingard (Fred Olsen Cruise Lines) and Bo-Lennart.



Nils-Erik Eklund (Viking Line) + Alecos and Katia Mavricos (Master Maritime). A shipowner and two brokers = two good deals?



Erik Østergaard (Danish Transport & Logistics) and Christer Bruzelius (Finnlines). On each side of the Øresund.



Gibbons, Platten and Preston, PSA members.



Bo Dire (Lloyd's Register EMEA) and Eric D Nilsson with his wife (Rederi AB Gotland).



Giorgio Arena, Eero Mäkinen and Bruno Riosa. Politicians want to merge the yards.



Jens Vind Jensen, Mike Wake (Austal Ships) and Mads Kofod (Bornholmstrafikken). Are you happy with our ship?



Kell Rohdrup (Norfolkline) and Jens Haybye (DFDS). Talking about the rumours?



The Blues Brothers: Oskar Levander, Christer Schoug and Jarmo Valtanen.



Carsten Wiebers, Henrik Harpain and Eero Mäkinen talking business.



Taking a coffee break.



Playing Black Jack from Cherry between the sessions was popular.



A meeting in Hogia's exhibition room.
Ordering a new booking system?



Cherry Maritime talking
to Jean-Michel Giguet
(Brittany Ferries). Gaming
onboard?



Henrik Harpain, Michael Jung (KfW IPEX-Bank) talking
business in Ekerö Möbler's exhibition room. Ronald Krantz
(Gislaved Folie) looking in a brochure with stylish furniture.



Dan Westerlund and
Joakim Hildén from
Aker Yards.



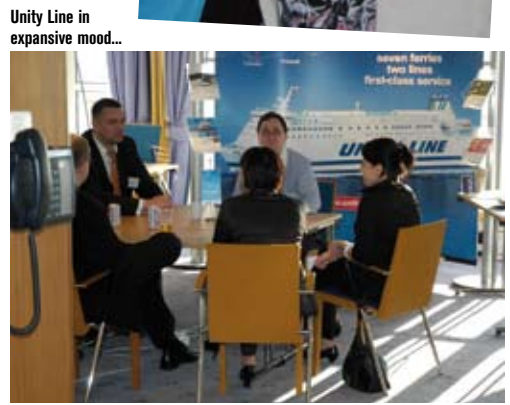
Eeva Kinanen and Cecilia Kinnison
are happy to have started a design
office of their own.



Boris Ekman (Viking Line):
But XPRS will be this much better!



Jon Boyce (Sea Highways),
having a chat and a coffee
break.



Unity Line in
expansive mood...



Steve Thurlow,
(Incat) inviting
all delegates for
lunch.



Mike Watson and Michelle Kirby
from Quintek Systems.



Thomas Lystad comfortable in
one of Modell Möbler's chairs,
Bjørn Ragnar Olsen from
Alubar tasting the coffee.



Björn Blomqvist:
at Rederiaktie-
bolaget Ekerö
we...



Enjoying Color Line ships everywhere!



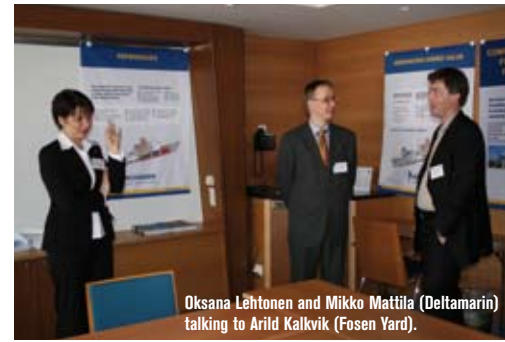
Networking between
the sessions.



Meeting in Saint-Gobain's exhibition room.



Eirik Frugaard (CSD).



Oksana Lehtonen and Mikko Mattila (Deltamarin) talking to Arild Kalkvik (Fosen Yard).



Taking a coffee break and talking to Brude Safety, Lauritz Skeide.



Networking



Jean-Jacques Juenet (Bureau Veritas) networking and collecting business cards.



Colleagues at Color Line tasting the "Bloody Brax" drink (slightly changed).



Poul Bredesgaard and Daniel Mirecki (Maersk Broker), Peter Sierk (Flensburger) and Trafford Taylor (BC Ferries), the two latter satisfied with their coastal project.



Peter Albrecht (Elomatic) and Jan-Olof Grönhult (DNV) like the drinks.



Relaxing while having a dinner drink.



Peter Frölich (Fjord Line) reading Richard Jansen's (DVB) business card.



Dinner drink: Bloody Brax & Virgin Brax (slightly changed) sponsored by Brax Shipping.

Anette Skjoren (LD Lines) and John Bertell (Hogia) having a nice time at the dinner table.



Terje A Vestad (R & M Ships Interior) and Göran (ShipPax Information).

Claes Anchér (Simsonship) and Aneta Wencel (Polferries).



John Kollander (Stena RoRo) and Eleanor Clark (BB-Shipping).



Karl-Morten Wiklund (DNV) sponsored the dinner.



Discussion at the dinner table. Let us build one more ship!



Jukka Suominen (Rederiaktiebolaget Eckerö) and Carin Kuylenstjerna (ShipBiz International) waiting for the dinner.

ShipPax Award



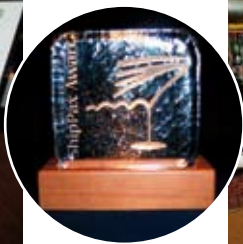
Jun Tashiro, proud Award-winner.



Coastal class given awards to Flensburger and BC Ferries.



Proud Stena trio.



Handing over the awards.



Christer Bruzelius, also celebrating his 50th birthday.



Niklas Kärkinen (Hogia), Heikki Jäntti (Foreship), Detlef Unger (Fährhafen Sassnitz) and Ann-Sofie Forss (Stena RoRo).



View of the dinner seating.



Philippe Holthof, Franz Baud (KVSA) and Nigel Lingard (Fred Olsen Cruise Lines).



Thomas Woldbye (Norfolkline) and Bill Gibbons (PSA) discussing.



Pawel Porzycki (Euroafrica Shipping Lines) networking with his table fellows.



Japan united.



Carl-Henrik Björk (Wärtsilä Italia). Talking about engines or Italian food?



Elizabeth listening to the guys telling story after story...



Magnus Psilander (Rocca Partners), Håkun Djurhuus (Smyril Line) and Ralph Krogerus (Ehrenberg).



Mads Kofod (Bornholmstrafikken) and Jan Meinertz (Clipper Group) with the others interested in what Nordic Ferry Services has to say.



Henry Jargensen (Blue Line) talking to Viota Krassakopoulou (Attica Group) while she is waiting for Spiros Paschalis (CEO/Superfast).



Bill Gibbons and Philip Preston.



Michal Jackiewicz (Tillberg Design) addressing the lunch.



Networking in Kiel between the sessions.



Claes Anchér and Hannes Lilp (SCR Group).



Matthias Mies (Ehrenberg) seems to enjoy the coffee and cakes.



Chiara Attena (Grimaldi Lines) shaking hands with Antonis Maniatakis. We're joining and then you're out, Arena!



Thomas Pettersson (Ekerö Möbler)



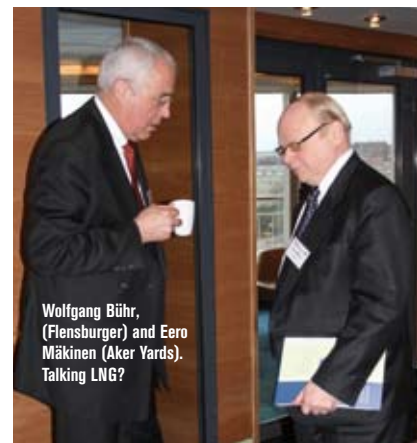
Lars Roth (International Corp Art) meeting with David Hird (Muraspec).



Stena talk, Claes Berglund and Jan C Olsson.



Jan-Erik Norli (MCP) showing Maritime Communication Systems to Bennis Hassan (Comanav Ferry).



Wolfgang Bühr, (Flensburg) and Eero Mäkinen (Aker Yards). Talking LNG?



Mårten
Bärhund (KONE
Elevator)



Frank Robertsen
(Modell Möbler)



Your ships are still
perfect!

Happy gentlemen: Gerald Lefold (Scandlines), Carl-Otto Dahlberg (Imperial
Shipping) and Fredrik Lantz (Stena Line).



Björn West (RG Line),
Carl-Johan Frantz
(Novatek) and Börje
Lassfolk (RG Line).



Bo Cerup Simonsen (DNV)
exchanging business cards
with Mats Olsson (TTS Ships
Equipment).



Jimmy
Mason and
Christophe
Mathieu.
Could it be
Brittany biz
talk?



Arild Kalkvik (Fosen Yard)
having a nice cup of coffee.

Dry Martini, dinner drink sponsored
by International Corp Art.



Svein Heidunum and Jökup Sverri Kass
(Smyril Line) enjoying the Dry Martini
and the show.



Showtime!



David Longden and Pierre
Denneulin (Brittany Ferries).
Soon time to dance?



The organizers with
the host of the
next venue, Brigitte
Devictor (SNCM).



Trafford Taylor and Uwe Otto
relaxing when the third Coastal
is on trials.



Color Line's dinner in the Oceanic à la Carte.



Sven-Olov Brax all smiling.



Knut C Hals (Color Line), the host of the conference thanking the delegates for this time and wishing all back.



The ShipPax team, relaxing, for once.



Simon Johnson (P&O Ferries) and Eeva Kinanen, colourful people on a colourful ship!



Kari Granberg (Viking Line) and Niclas Karlsson (Uson Marine).



Sorry Mr Banda, but what are you doing? Wearing two ties and sitting on the stairs taking photos... instead of eating?!



Table of honour.



Magnus Psilander and Thomas Lystad talking about the excellent food and wine?



Time for dessert. A sparkling entry.



Au revoir! See you next year on NAPOLEON BONAPARTE.

Photos: ShipPax Information/Mike Louagie

Thank you for this conference! See you next year!



Bo-Lennart



Elizabeth



Klas



Eva



Annika



Göran

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



Organizer: ShipPax Information – BOLT Consulting