

Grimaldi and Minoan Lines take ferry fight to Anek

Move likely to inflame bad relations with old rival Ioannis Vardinoyannis and test Greek competition principles

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GRIMALDI Group company Minoan Lines has announced its intention to switch two large ro-pax ferries onto a domestic Greek route in a move which seems sure to drag into the light a number of arguments festering within the sector.

Minoan said it expects the planned redeployment of the 2001-built sister vessels *Europa Palace* and *Olympia Palace* on April 1 will be endorsed by the Ministry of Development, Competitiveness and Shipping.

However, the case is already shaping up as a test of the Greek administration's adherence to competition principles. A panel tasked with advising the ministry on operators' applications for specific routes is understood to have opted to counsel blocking the move.

The target route linking Piraeus with the Cretan port of Chania is served by Minoan's old rival, Anek Lines, which is headquartered in Chania.

It has been teaming a 37-year-old ferry, *Lato*, with the 1999-built *Elyros* on its home run, an odd coupling that **Grimaldi** and Minoan will hope makes Anek

vulnerable even on its own turf.

As Anek in effect has a monopoly at the moment, insiders linked with **Grimaldi** told Lloyd's List that they see no justification for Minoan being shut out. If it is, the group would take the case to European Union competition authority, they said.

On Tuesday Minoan, which is based in the Cretan port of Heraklion, put its case to the public with a statement trumpeting the benefits of pitching two modern ferries on the new service.

The company said the move would create Greek seafaring and shoreside jobs in the teeth of a recession, boost tourist traffic to Chania and create competitive market conditions on the route. Left unmentioned were motives which internally will have been seen as even more compelling as losses mount at all the major Greek ferry outfits.

Operationally, Minoan's management is likely to see a huge reduction in risk in switching the vessels to a domestic route where distances are shorter and slow steaming more viable.

The run to Chania is about 156 miles, compared with distances of more than 500 miles to Ancona and more than 600 miles to Venice, the two routes where the pair have operated in the past, and at a faster clip.

Europa Palace is still serving the Venice route while *Olympia Palace* is idle in Piraeus.

Behind the scenes and likely to have played a role in prodding Minoan's action, there is also mounting frustration in the **Grimaldi** camp with Anek boss Ioannis Vardinoyannis.

They are old sparring partners, with **Grimaldi** having a brief and unhappy time as an Anek shareholder in 2007 before the Italian giant managed to extricate itself by swapping its stake for Anek's holding in Minoan.

That deal that led to an outright takeover bid the next year.

Ill feeling also stems from a 2009 deal whereby Anek agreed to acquire Minoan's one third stake in a third company, Hellenic Seaways, paying for it in tranches.

The takeover foundered in 2010 as the market slumped and Anek had to forfeit €47.5m (\$62.5m) already paid to Minoan.

This left the Italian group with a major interest in Hellenic Seaways, a privately-held company which can claim to operate the largest coastal fleet in Greece and which until recently was highly profitable.

However, **Grimaldi's** board representation has appeared to count for little in terms of influencing key decisions.

With the company said to be running short of cash, the Italian shareholder has been pushing for vessels to be sold and weak routes to be wound up, to no avail.

According to independent shareholders who spoke to Lloyd's List, Anek owed significant sums to Hellenic Seaways for chartering several of the latter's vessels. By the end of last year the outstanding sums were said to have reached about €13m.

Lawyers are known to have explored arresting Anek ships in Italy in support of Hellenic Seaways' claim, but this is thought to have been blocked at board level. ■

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