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Baltic transport 2014 highlights

by Lena Lorenc and Przemysław Myszka

From among the tremendous amount of Baltic last year's diverse events and ventures, depicted on the pages of this and previous BTJ issues, our editorial board have decided to highlight the below. Some of them we find most promising, brave, some most appalling. They are nonetheless highly significant, and influential – not only on the countries they occurred in, but to the entire region as well.

Finlines' and DFDS Seaways' EUR ~100 mln scrubber investments

In 2014, it became more than evident that the 0.1% Sulphur Directive is inevitable and shipping companies cannot escape the challenge it imposes. In contrast to others who will tank the higher priced low-sulphur fuel, DFDS Seaways and Finlines, the two ro-ro & ferry majors having extensive networks in the European Sulphur Emission Control Areas, decided to launch unprecedented full-scale scrubber abatement programmes, each of them investing approx. EUR 100 mln to capitalize on the price spread between different sulphur content fuels. As a result of upgrading their vessels (DFDS: 21, Finlines: 14), both companies plan to be consistent with their freight rates, hence gaining a competitive advantage over those compelled to cover higher fuel bills by exporting them to clients' pockets.



Emanuele Grimaldi
President and CEO of Finlines

For any ship operator today, bunker fuel is the largest single cost item. Aiming at efficiency in the fuel field is not only an ethical and environmental duty of our sector, but also a matter of competitiveness and survival. Having this target clearly in mind, Finlines built its strategy and multiplied its means to reach this goal – the most important efficiency investment is without doubt the launch of five worldclass ro-pax and six large ro-ro eco-friendly ships in 2007-14, and the purchase of three ice-classed well fit ro-ro units in the Fall of 2014. The total investment amounted to nearly EUR 1 billion.

At the same time, treasuring on its unique position of the full owner of a young, large-sized, modern fleet, with a good balance sheet and liquid resources, Finlines scaled up its green investments. In 2014 Finlines ordered new propeller blades in six of its vessels and fitted their rudders with innovative bulbs. Simultaneously, Finlines placed orders for retrofitting 14 of its vessels with scrubbers. Indeed, after 1st January 2015 scrubber technology looks like the only safe, viable and sustainable technology available, allowing for fully complying with environmental rules and avoiding paying the MARPOL compliant fuel price premium. Propellers, rudders and scrubber retrofits will reduce fuel consumption and costs and leave the operative efficiency of the vessels untouched. Similar investments are under study for the remaining part of the ro-ro and ro-pax fleet. Investment would near EUR 100 mln.

Green retrofit works will involve the dry-docking of a number of vessels, amounting to two-thirds of the Finlines fleet, within a short time span, mainly in late 2014 and early 2015. Vessel substitutions within the Group, and timely use of the charter market, will help us manage these temporary withdrawals from service. Finlines' management has worked hard to keep service disturbances to a minimum, though realistically we have to admit that some problems are possible. We will do our utmost to reduce such impact on our clients.

