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Grimaldi to Order Five Car Carriers Worth \$300 Million This Month

Carriers will transport vehicles produced by Fiat Chrysler between Europe and the U.S.



BRUSSELS—Grimaldi Group, the world’s biggest passenger- and car-ferry company by capacity, will this month complete an order for five giant car carriers worth a combined \$300 million to move vehicles made by Fiat Chrysler Automobiles NV, the shipping company’s managing director said Wednesday.

“We have shortlisted some Chinese yards and the order will be finalized in March,” Emanuele Grimaldi told The Wall Street Journal. “The ships will carry 7,000 cars each on 13 decks and will move Fiat- and Chrysler-made cars from Europe to the U.S. and the other way around.”

The family-owned, Naples-based company, which operates more than 100 ships through five main companies—Grimaldi Lines, Atlantic Container Lines, Minoan Lines, Malta Motorways of the Sea and Finnlines—moves cars and containers from the U.S. and Canada to Europe and West Africa, from Europe to South America and West Africa, and from northern Europe to the Mediterranean. It also ferries passengers across Europe and the Baltics.

Sales of car carriers are a barometer for car sales around the world, and the Grimaldi order signals rising optimism on that score. Mr. Grimaldi said he expects the overall shipping industry to start emerging this year from one of its longest-ever down cycles, which has lingered since the recession of 2008-09 and has been worsened by the European debt crisis.

“Now, after some very bad years of the economy in the southern part of Europe, there will definitely be a pickup in car sales,” which will benefit shipping companies, he said. “Many countries, like Italy, Spain and Portugal, have been suffering a lot from the crisis, and people have not changed their cars. In Italy, in the good years, you had 2.4 million new-car sales annually; now it’s one million.”

Press review

Fiat Chrysler Automobiles is the seventh-largest auto maker in the world, whose brands include Chrysler, Dodge, Ram, Fiat, Lancia, Alfa Romeo, Ferrari and Maserati. Grimaldi is also the premier carrier for other car companies, including General Motors Co. and Ford MotorCo.

Mr. Grimaldi said falling interest rates have substantially cut borrowing costs both for countries servicing their public debts and for private enterprises, and the falling euro is making European car brands more competitive abroad.

“Cars like Maserati are very popular in the U.S....and the falling oil prices are a benefit all around. This year will definitely be better,” he said.

The oil bill for Grimaldi in 2012 was close to \$1 billion but is about half that at today’s prices. However, stricter environmental rules that went into effect this year, including the mandated use of low-sulfur fuel for vessels operating in northern Europe and along the U.S. and Canadian coastlines, have added \$100 million in compliance costs over the past year.

“For those [in the shipping industry] who have made the necessary investments, the future looks promising,” Mr. Grimaldi said. “Even if the price of fuel comes up, we are now much more efficient. Crisis or no crisis, goods will be moved by sea, so I am not obsessed with risk.”

Mr. Grimaldi, whose group’s Greek-based Minoan Lines moves passengers and cargo around the Greek islands and from Greece to Italy, said he isn’t concerned by fears about Greece leaving the eurozone. The debt-ridden country’s new leftist government wants better financing terms in ongoing negotiations with its international creditors.

“I am sure a compromise will be reached and Greece will stay with the euro,” he said. “But even if it leaves the eurozone, there will be a devaluation [of the new currency] which will make it cheaper for tourists to go to Greece and cut my salary cost.”

Apart from Europe, Mr. Grimaldi expects growth for passenger and car ferries in the Philippines, South Korea and the Caribbean.

“If U.S.-Cuban relations are fully restored, it will create a lot of new opportunities in the Caribbean,” he said.