

Trade Winds
29 maggio 2015

SHIPOWNING

Grimaldi hunts for PCTCs for Fiat-Chrysler business

Changes in car transport market between Europe and US behind planned \$300m newbuilding order from Naples-based shipowner

Ian Lewis Rome

Emanuele Grimaldi believes his company needs a series of car carrier newbuildings in anticipation of an upsurge of demand from a major client.

Italy's Grimaldi Napoli group is expected to press ahead with an order to service Fiat Chrysler Automobiles (FCA), despite fears over the stability of the market.

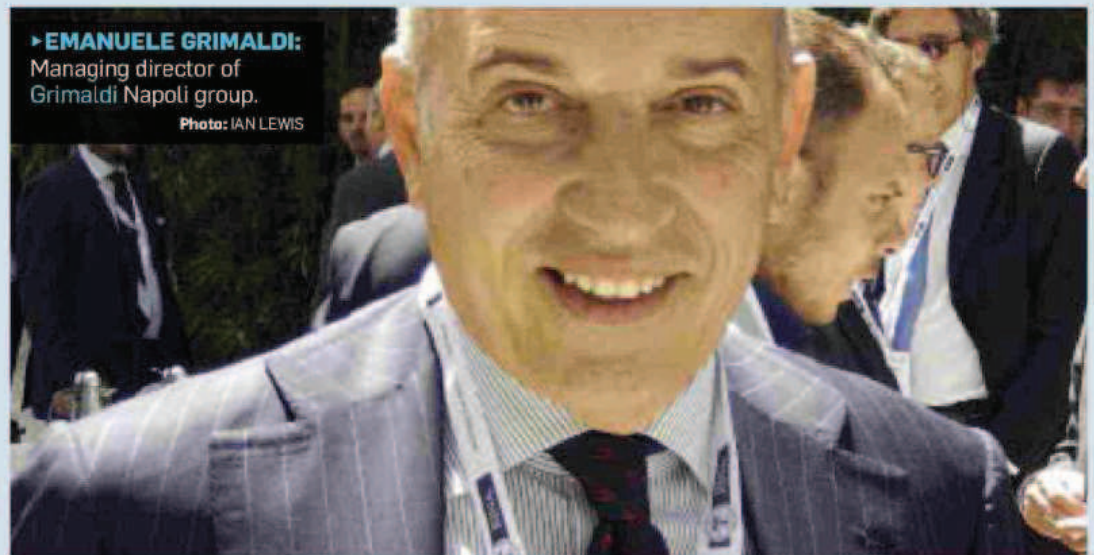
The Naples-based owner is poised to ink a \$300m order for five pure car/truck carriers (PCTCs) with a Chinese yard, to add to a dozen ships scheduled to be delivered in the next year.

Managing director Grimaldi told the Mareforum conference in Rome that his company needs the vessels because the weaker euro is likely to mean more vehicles will be transported between Europe and the US.

"I don't think that this market is growing. It is a niche market and, unfortunately, it could create an oversupply," said Grimaldi.

He says one of Grimaldi's biggest clients is newly merged car maker FCA, which is expected to sell massive numbers of European-built cars in the US due to the strength of the dollar against the euro.

"We have contracts and we believe that there will be a huge growth and movement of cars between the US and Europe, particularly because of the merger of these



► EMANUELE GRIMALDI:

Managing director of Grimaldi Napoli group.

Photo: IAN LEWIS

two groups," he said. "Therefore, we are building for this new market."

The order for 7,000-car-equivalent-unit (ceu) vessels is likely to go ahead despite Grimaldi's call for other owners to heed his call for "pragmatism". Grimaldi believes it wisest for owners to rein in newbuilding activities and focus on retrofits to existing tonnage in the ferry and ro-ro sector. The Grimaldi group has itself invested EUR 100m (\$109m) in recent years on retrofitting ships. The move made financial sense when demand for tonnage is low, Grimaldi says.

"This is a pragmatic approach that should have taken place on

bulk carriers. I think there has been huge ordering without a growth in demand," he added.

Grimaldi is also taking delivery of a series of up to 12 newbuildings for its liner shipping services. These include five vessels that will replace 30-year-old units in the fleet of Grimaldi subsidiary Atlantic Container Line (ACL). The 1984-built, 2,908-teu container ro-ro (conros) will be substituted by larger and more efficient vessels to be delivered this year from Hudong-Zhonghua Shipbuilding. The first of those, the 3,809-teu *Atlantic Star*, will arrive in the autumn — slightly later than expected

— because of a decision to fit the ships with exhaust scrubbers. The vessels will be then phased into ACL's weekly Gothenburg-Continent-UK to US East Coast (USEC) loop.

Grimaldi also implies that a series of conros ordered in 2012 at Hyundai Mipo Dockyard will be expanded to the full quota of seven vessels. Three remain to be delivered, following delivery in February of the 900-teu, 5,700-lane-metre *Grande Cotonou*. The vessels, which can carry up to 1,800 teu in container-maximised mode, are destined for use in Grimaldi's West Africa services.