



Photos: Grimaldi Group

The Grimaldi Group's XXI Euro-Med Convention, September 29<sup>th</sup>, Santa Teresa di Gallura

# Eco-excellence

by Przemysław Myszka

The 21<sup>st</sup> edition of the Euro-Med Convention, an annual conference and partner meeting organised by the Naples-based Grimaldi Group, took place this year in the town of Santa Teresa di Gallura on the island of Sardinia. The main event was split between two themes – the first focused on making maritime shipping sustainable in the long-term, while the other was devoted to the Italian economy and securing its structural growth in the fast-paced world full of changes.



of the business, driven by new and more stringent regulations, but first and foremost by the tangible profits modern eco-technologies started to deliver.

“The trend is set, no matter how cheap the oil will be,” Grimaldi said. So, decarbonisation and increasing public demand for environmentally friendly transportation will be the two most influential trends shaping the future of transport in general, and its maritime sector in particular. “An effective decision making in the maritime field passes through compounding the common good of people with the fair needs of the blue industries. It is for our stakeholders, for the next generations, for coastal populations. That’s why this all started,” Grimaldi commented.

Digitisation, in addition, will be a potent catalyst for making tomorrow a reality, what seemed to be a daydream yesterday. “The fallout of this most probably epic change is still largely unknown, but anyone can understand that maritime work, cargo handling and navigation techniques, maintenance and safety on-board will never be the same again,” Grimaldi said in this regard.

**a**fter the welcome speeches, Emanuele Grimaldi, the Group’s Managing Director, presented his understanding of what will be the future of the maritime industry. “Going green – he said – is already the matter of economic survival.” In today’s world, it’s not only about social conscience, when one decides to pay more to adhere to the virtue of sustainability. Being environmentally-friendly, Grimaldi underlined, simply became part



**Bigger = better = greener**

The company's answer to these challenges lies in its GG5G newbuilding scheme, part of its overall almost EUR 2.0 billion eco-excellence investment programme. The Danish Helsingør-headquartered naval architects from Knud E. Hansen have designed for the Group what will be the world's largest ro-ro ships once the first one comes online in 2020 (six units are already inked, with an option for four more). The new vessels will be 235 metres long and 34 metres wide, each offering 7,300 lane metres (for ca. 500 cargo units) of cargo capacity across five decks. Although these hybrid vessels will have nearly twice the carrying capacity as compared to the company's existing largest 4,000-lane metre Eurocargo-class

ro-ros, they are to emit 50% less carbon dioxide per tonne-kilometre. Moreover, thanks to solar panels and lithium batteries (5.0 MWh in total, the biggest pack ever installed on board a single ship, and the very first time ro-ros will utilise this technology), the GG5G newbuilds will be virtually emissions-free while docked. Additionally, fuel consumption at sea will be lowered thanks to air lubrication, LED lamps, electrical pumps, and waste heat recovery. The ro-ros will be equipped with scrubbers to comply with the more restrictive legislation on sulphur emissions, as well as to take advantage of the price spread between Heavy Fuel Oil and compliant bunkers, particularly post-2020 when the global 0.5% sulphur cap will enter into force.

Apart from these vessels, the company will invest in lengthening its current fleet. Here, four ro-paxes of Finnlines (*Finnsky, Finnsun, Finntide, and Finnwave*) will gain around 30% in cargo capacity (currently each offers 3,291 lane metres). Two cruise ferries of Grimaldi Lines (*Cruise Roma and Cruise Barcelona*), will also be jumboized (from 3,000 to 3,500 pax capacity), and will receive batteries to make them emissions-free during port stays. As it is in the case of the GG5Gs, making the vessels bigger, thus lowering their fuel consumption per carried cargo unit and/or passenger, is ultimately aimed at making the company's offer more competitive against competitors disposing of obsolete and seemingly less adaptive tonnage.



The Group already has rich experience in eco-performance to prove that being green pays off. As a result of its earlier investments in newbuildings (incl. the world's largest con-ros of the Atlantic Container Line as well as Grimaldi Lines' Euro-Med car carriers), enhanced afterwards with more efficient rudders and covering their hulls silicon paint that provides less friction in the water, the Group saw its CO<sub>2</sub> emissions per tonne-km go down by as much as 40% between 2011 and 2016. In absolute numbers, this translated into avoiding the emission of 0.5 million tonnes of carbon dioxide annually. The greenhouse gases (GHG) aspect put aside, all of this points out to a more pocket-friendly full bill at the end of the day, a thing also appreciated by shippers who last year put 10% more shipments across the Group's network on 2015 volumes.

"When including the above newbuilding and lengthening projects, we can say that in the last four years Grimaldi committed to an expense of over EUR 1.5 billion for the building of 25 green units, and to an expense of about EUR 0.3 billion for about 150 green retrofit interventions on existing ships. All in all, nearly EUR 2.0 billion will be spent on actions aimed at reaching environmental excellence and at curbing polluting emissions. Institutions are slowly but steadily recognizing the role of Grimaldi in this green battle and recently the International Maritime Organization invited our company to join the Global Industry Alliance, a club of the top 20 environmentally-friendly marine corporations, set up for pushing the marine technology R&D to the next level," Emanuele Grimaldi summed up the company's eco-efforts.

### Eco-rationality

The following panel debate – moderated by Alfons Guinier, Former Secretary General of European Community

Shipowners' Associations – centred on issues related to the environment, too. Several new challenges, which the maritime business will have to tackle, are clearly visible on the horizon. These include the aforementioned 0.5% sulphur cap that will encompass sea shipping worldwide; making Northern Europe, which already is a 0.1% Sulphur Emission Control Area, also a Nitrogen ECA; ensuring ship recycling is done in EU-approved facilities; facilitating the uptake of more eco-friendly alternative fuels; as well as implementing some sort of a worldwide monitoring system which would help reduce the industry's GHG footprint.

Emanuele Grimaldi and Mikael Makinen, President-Marine, Rolls-Royce, emphasised that when it comes to decarbonisation, the maritime industry is not the problem, quite the opposite – it is the solution, and one that is continually striving to improve its performance. While there won't be any revolution in the foreseeable future, the two agreed, even small steps can deliver big results. For instance, Grimaldi said, a thing as simple as replacing propellers can lead to 10% savings in fuel consumption. Also, digitisation will increasingly come in handy by providing a wealth of data based on which virtually real-time fine-tuning to operations will be possible to make. Grimaldi and Makinen summed up this thread by saying that there will be no one-size-fits-all panacea. Instead, we'll see a mix of technologies for future smart ships, which will differ from each other, too, as at least many ro-ros and ro-paxes are built for specific routes, operational conditions, and markets.

The legal framework is crucial, too, added Peter Weiss, Head of EMEA Supply Chain Management & Global SCM Coordinator, Fiat Chrysler Automobiles. If there's no structure, companies are experimenting on their own (or as Grimaldi said later, "If there are no rules, everybody has its

own set of them."). Next, Weiss went on, infrastructure is key as well, because it's no use having a perfect law on e.g. alternative fuels if there is no infra coupled with a supply chain that actually makes them available on the market. Nevertheless, law or no law, Grimaldi said, sometimes policymakers are just gambling at the expense of the shipping industry. That was the case with the Sulphur ECA before it hit the clock in 2015, and it will most likely be the situation with the 0.5% limit. It's ultimately the transport segment that has to sort out things related to regulations impacting bunker prices and deal with the consequences of a potential modal backshift. "It's no good to gamble," Grimaldi stated. That's also what it means to be a frontrunner today – one that is ahead of the knowns and unknowns of the future economic-political landscape.

Ennio Cascetta, Managing Director, Rete Autostrade Mediterranee, drew the audience's attention to the need to see the bigger picture. Decarbonising the maritime business is just one of the elements in the grand game of making the transportation sector less polluting. The entire domain of transport and logistics, including mobility, must move toward sustainability in line with what people expressed in their support for a greener future, embedded i.a. in the so-called Paris Agreement. Indeed, the world is waiting and carefully watching what the maritime industry will do, added Patrick Verhoeven, Director Policy and Strategy, International Association of Ports and Harbors. He then also said that cooperation between stakeholders representing different transport modes, as well as ports who act as interfaces between them, is key. It would be unthinkable, Verhoeven underlined, to witness the eco-gains earned by the maritime players to be wasted down the supply chain and vice versa. "It's eco-rationality," said Grimaldi. He then pointed to the importance of unrolling the TEN-T network in an intermodal-friendly way,





when investments in rail and port infrastructures are aligned with each other so that we can have the best of both worlds.

### Having the right setup

Session III – also carried out as a panel and led by Giorgio Mulè, Director of Panorama, an Italian media outlet – focused on cooperation as well. The topics put under discussion included, among other things, the new port authority system in Italy, where the powers and resources of single port entities were recently combined into authorities that govern multiple seaports. The main aim of this action was to foster a system that is more concerned with teamwork and joint projects rather than sometimes unnecessary competition.

This will be all the more important in the foreseeable future as maritime traffic is on the rise. This also will be vital if sea shipping is to continue making a logistics difference, particularly as transports in the South (e.g. between Italy and Spain), as well as with its partners in the North will be more and more interconnected. In addition, taking care of the human factor will

play an essential role, too. One thing is the persistent truck driver shortage in Europe; the other, increasing the attractiveness of this profession. This is to be done by combining cabotage and intermodality, especially in Italy, on the north-south axes on both sides of the country's mainland. Such setup ensures that drivers can work in regions where they're based at, close to their homes and families, meaning that they don't have to undergo very taxing countrywide hauls.

### Against business

The conference part of the event closed with a press briefing during which Emanuele Grimaldi expressed his views on a number of issues. Asked about Brexit, he said that there's much speculation about it. On the one hand, it won't be an issue granted that the free movement of people, goods, services, and capital will stay in place. "Post-Brexit, the UK should be a good friend of Europe alike Norway," Grimaldi said. If the Leave Option goes hard, on the other hand, companies will have to react accordingly. For instance,

the vessels of the Atlantic Container Line, currently flying the UK flag, may have to move to another register.

On a more general note, Grimaldi is concerned with the still persisting nationalistic sentiments in Europe which act against businesses. As a case in point, he brought up the move done by the French government to nationalize the STX France shipyard in order to block its takeover by the Italian shipbuilding company Fincantieri; the yet another failed attempt to privatise the Polish ferry company Polferries, which Finlines wanted to add to its portfolio; or the long-lasting ownership hurdles the Group has to face regarding its assets in the Greek ferry market.

Finally, Grimaldi shared his thoughts on the 0.5% cap. Drawing on the experiences gathered while preparing for the 0.1% Sulphur ECA, the Group is pretty much sure that refineries can produce compliant bunkers without adding a hefty premium on the price. However, there is still guesswork when it comes to the refining capacities to cater the market with sufficient supply. Therefore, the Group will continue placing its bets on the scrubber technology. However, Grimaldi noted, investing in this technology is a decision made on a case-by-case basis. What makes sense for newbuildings or fairly young units, does not need to be the optimal solution for others, particularly old and fuel consuming vessels, where the cost of a scrubber, its installation, operation, and maintenance would outweigh the value of the ship.

The XXI Euro-Med Convention concluded with an evening gala dinner, where, among many attractions, the Group handed out the Grimaldi Excellence Awards to its partners, suppliers, and clients, honouring all those who are the real backbone of the maritime freight transportation and without whom the strive for eco-excellence would be just empty words. ■

