

SHIPPAXINFO

FERRY, CRUISE, RO-RO AND HIGH-SPEED INFORMATION FOR PROFESSIONALS

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**FERRIES IN SPAIN: A BIG INDUSTRY
MANAGING PAX DISTRESS CALLS
P&O FERRIES' JANETTE BELL
SARONIC FERRY SERVICES
CALANTHE OKUSHIRI
SEABOURN ENCORE
QUICK Q&As: ALAN KLANAC**

FERRY AND CRUISE ON ORDER



PHOTOS: WOLFRAM SCHEID, FRANK LOSE, P&O FERRIES, TSUYOSHI ISHIYAMA
COVER: MIKE LOUAGIE

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THEME

FERRIES IN SPAIN: A BIG INDUSTRY

Spain's ferry industry is among the biggest and most comprehensive in Europe. The country has an ideal maritime geography for short-sea passenger and freight transport operations. The demand for ferry services is steady and growing tangibly. There are a number of well-established domestic and international ferry companies serving and competing in this market. The industry is complimented by the country's experienced shipyards, which are at the cutting edge of shipbuilding technology revolution and are building the next generation of ro-pax vessels. Above all, the industry is supported by the government and a modern landside infrastructure.

Shippax commissioned Jose Rodríguez, an industry expert, to undertake a panoramic appraisal of Spain's ferry industry.



With 30 years of experience in the transport sector, Jose Rodríguez is the CEO and Managing Partner of the Spain-based The Maritime Consulting Group. Since 1987, he has held several senior management positions in Spain and Latin America in various companies specialising in passenger and freight transportation. His experiences extend from surface transportation to supply chain management, warehousing, and tourism. Currently he is dedicated to his own strategic consulting business, aiming at providing innovative IT and business intelligence to the passenger shipping industry.



A COMPREHENSIVE PORTRAIT OF SPAIN'S FERRY INDUSTRY

TEXT: JOSE RODRÍGUEZ

Spain's ferry transport infrastructure is among the most comprehensive systems in the world. It encompasses an immense number of ports for a relatively small country, as well as serving a large number of routes and users. In support of the industry, the government operates an inclusive subsidy scheme for both travellers and ferry operators. To complete the picture, the country also has well-established passenger shipbuilders that are embracing new ferry technologies.

Spain's infrastructural development in general has benefitted from the country's membership of the European Union. Its seaports and airports, in particular, have seen major investments in the last three decades, as well as its 200,000km of roads. The country's 3,000km high-speed rail network is the largest in Europe and second only to that of China. This is an enviable achievement for a country of 46 million people, 505,990km² of territories, and a nominal GDP of a little over USD 1.23tn.

Spain today has one of the most advanced and efficient transport networks in the world, perfectly complementing its rapidly modernising ferry industry. The country is a strategic shipping hub connecting Europe, Africa, the Middle East, and Latin America. It is also a logistics platform for Southern Europe. This is particularly epitomised by its port system.

PORTS IN PERSPECTIVE

Among European Union countries, Spain has the longest coast line, about 8,000km in total, spanning from the Atlantic coast in the Bay of Biscay to the Western Mediterranean and all the way down to the Canary Islands, encompassing 46 state-owned ports and managed by 28 port authorities, controlled and coordinated by the government agency known as Puertos del Estado (State Ports) – an independent body answer-

able to the Ministry of Public Works and Transport, which is responsible for implementing the government's port policies.

Broadly speaking, 55% of Spanish ports are located in the Mediterranean, 27% on the Cantabrian coast, and 8% in the Canary Islands. Collectively they host around 130,000 ship calls annually, handling 85% of the country's imports and 60% of its exports. The ports directly employ about 35,000 people and 110,000 indirectly, contributing about 1.1% of Spain's GDP, representing 20% of the transport sector turnover.

The port management is based on the so-called 'landlord' model, whereby the port authority's responsibility is limited to being a provider of infrastructure and land, regulating the use of the public areas, maintaining fair competition, and ensuring quality in the provision of services, which are mainly delivered by private operators under a concession or authorisation.

Aside from other forms of deep-sea and short-sea cargo ships, these ports also handle a myriad of cruise, ferry, and ro-ro traffics effectively. Ports such as Barcelona, Palma de Mallorca, and Santa Cruz de Tenerife are now major global cruise terminals as well as being key regional ferry ports.

Strictly managed and controlled by the agency in Madrid, Spain's maritime port system is widely deemed to be far too centralised in the interest of fair competition. Many now openly call

for reform, akin to what was recently approved in Italy, as Spanish ports are facing radically changing dynamics of maritime business. Ideally, the Puertos del Estado should be devolved and decentralised into ten different entities. This suggestion is now under discussion and debate. The need for reform is also recommended by the European Union.

In the light of continuous introduction of new laws and requirements, especially those concerning the environmental protection, ANAVE (Asociación de Navieros Españoles), the Spanish Shipowners' Association, has recently requested the public administration for more cooperation, consultation, and transparency in adopting new rules that may affect the port sector. The progressive regulatory framework so far has been costly to the industry. ANAVE therefore has proposed that no new rules should be implemented without allowing a reasonable period of grace for shipowners to properly prepare for its impact – a clement request that fell rather short of demand.

Against this ever-evolving background, Spain's ferries of all shapes, ages, and sizes set sail every day, and every night.

VARIETY OF FERRY LINKS

Apart from the extensive domestic ferry and ro-ro networks connecting the mainland with the Balearic Islands, Canary Islands, and North Africa, Spain

also has regular ferry and short-sea freight services to the UK, Ireland, France, Italy, Greece, and beyond. Major ferry passenger traffic is concentrated in the Strait of Gibraltar, where there are several links between Spanish mainland ports and various North African ports, including the Spanish enclaves of Ceuta and Melilla. The competition in this region is intense, with a few ferry companies engaged in tit for tat route expansions in recent years.

In the Balearic Islands and Canary Islands, there are companies engaged in vibrant inter-island ferry services, where competitions are equally cut-throat.

Much of the country's transport system depends on its domestic and international maritime networks. Spain's ferry operators include well-known names such as Trasmediterránea and Baleària, both of which also have expanding international presence. Foreign ferry and ro-ro companies such as Brittany Ferries and Grimaldi Lines, too, operate to and from Spanish ports such as Santander, Bilbao, and Barcelona.

MILLIONS OF PASSENGERS

Spain's railways, airports and seaports, under the control of Ministerio de Fomento (Ministry of Development and Transport) – the so-called Fomento Group – handle about 725 million passenger-journeys each year.

This figure is partly supported by the huge number of tourists the country attracts. In 2016, 75.6 million people

visited Spain, a 10.3% increase on the previous year. Incredibly, Spain attracted more foreign tourists than the USA did last year. Not surprisingly, according to the World Economic Forum, Spain's tourism industry has been repeatedly topping the World Tourism Competitiveness Index year after year.

On the whole about 465 million travellers used Spanish trains last year, representing a 40% increase in four years; ➤



PHOTO: MIKE LOUAGIE

▶ about 230 million passengers passed through the country's airports, an 11% rise over the previous year, which was already a record.

Compared to these huge numbers, the Spanish ferry sector, which carried 23.8 million travellers in 2016, is a relatively minor league player. The ocean cruise traffic figure to and from Spanish ports is even smaller, at 8.6 million. The total seaborne passenger number rose by just 4.48% between 2015 and 2016, a relatively slow march. It is widely believed that the sector's lacklustre performance is due mainly to Spain's recent economic woe and competition from budget airlines.

GENEROUS SUBSIDIES... FOR AIRLINES

Like in several other European countries, because of its social and geographical nature, Spain's public transport services, including ferries, are still heavily subsidised by the state. It amounts to EUR 450m annually: the biggest portion of which, totalling EUR 355m, is awarded to air travels; the maritime sector receives EUR 95m.

The subsidies are given mainly to non-mainland residents, especially to those who require inter-island transport and travelling between outlying islands and mainland Spain. In 2016, about 5.3 million seaborne passengers took advantage of this scheme. Residents of the Canary Islands, Balearic Islands, and Spanish North African enclaves of Ceuta and Melilla are principal beneficiaries of these subsidies, which are run by the Ministry of Development and Transport

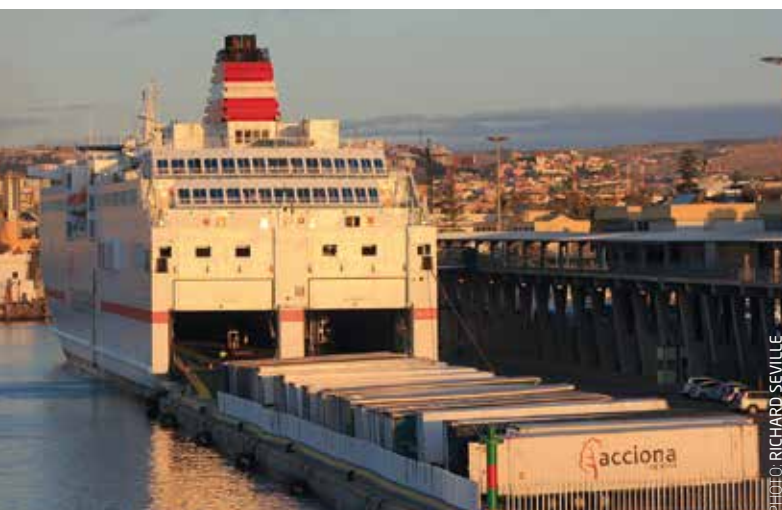
and the Directorate General of Merchant Marine.

The scheme also favours large families in proportion. Last year 769,000 Spanish families of this category benefited from discounted domestic air and sea travels.

The Spanish government also offers subsidies to ferry companies, which are

awarded contracts and concessions to provide services in the interest of the public, especially on non-profitable routes. These subsidies are awarded based on safeguarding and promoting free movements between the Spanish mainland and outlying territories; they serve to ensure territorial continuity and social unity.

SOROLLA and FORTUNY both serve the Spanish enclave of Melilla from the Spanish mainland.



The 1992-built DENIA CIUTAT CREATIVA is the former SCANDOLA.



Fred. Olsen Express's Austal-built trimaran BENCHIJIGUA EXPRESS has been a huge success in the Canaries.

The conditions for these subsidies are very specific, governing service schedules, ship's passenger and vehicle capacities, age of the vessels, the maximum tariff allowed, ship registry, and vessel speeds, etcetera.

Currently, Spain's two main ferry operators, Trasmediterránea and Baleària, are awarded substantial subsidies for services linking the Spanish mainland with the Canary Islands/Ceuta/Melilla.

WELL-ESTABLISHED SHIPBUILDING INDUSTRY

Spain's ferry business is supported by its well-established, century-old shipbuilding industry. Most of the country's ferries are built domestically. Shipyards like Barreras, LaNaval, Astilleros Armon, and Astilleros Vulcano are actively engaged in ferry building and refitting. This is undoubtedly a major strength of the country's ferry industry. It completes the picture.

At the time when many other European ferry operators are looking east, to China in particular, for their newbuildings, Spanish companies are still resolutely contracting domestic shipyards to build their ships. All three of the nation's top conventional ro-pax operators – Trasmediterránea, Baleària, and Armas – are building new ships in Spain. In the case of Baleària, the company has a major, 56,000-gross-ton new ferry coming on stream in 2019. This ship will be LNG-powered, the first one of its kind in the Mediterranean, and built by LaNaval, a shipyard that is currently engaged in an intensive LNG vessel

development programme in association with its international partners.

Spanish shipyards are at the cutting-edge of ferry building revolution. Unfortunately, like most other builders in Europe, they are chasing a diminishing number of new orders and are facing the headwind of increased competition from builders in Asia, especially those in China, which are winning contracts to build large-scale LNG-powered vessels for European owners.

Spanish shipyards are still mainly building offshore and fishing vessels. At the end of 2015, only 20% of their orders were for passenger ships.

Having said that, Spain has one other distinct advantage in connection with the next-generation LNG ferries. It has a relatively more advanced infrastructure, experience, and decisive geo-strategic position to provide LNG bunkering services to ships. Seven of Europe's 22 LNG re-gasification plants are situated in Spain, with 36% storage capacity.

In addition, Spanish ports also offer 50% discount on port charges for ships

using LNG as fuel. There is now a nationwide plan for further developing the LNG infrastructure.

COMPLETING THE PICTURE

Spain has also a relatively young ferry fleet serving regular and stable ferry routes. Its ferry companies are performing better compared to their contemporaries in Italy and Greece, for example. These companies are expanding, in some cases reaching out globally.

At the end of the day, it is, we believe, the comprehensive nature of the industry – which encompasses a viable port system, routes, government policies, and experienced shipbuilders – complemented by the country's modern and efficient transport network that sustain and nurture Spain's ferry business. This will continue to serve the industry well in the coming decade when the Spanish ferry industry will undergo a technological revolution, accompanied by a possible structural transformation. ■

Algeciras ferry port with VRONSKIY and POETA LOPEZ ANGLADA.



PHOTO: RICHARD SEVILLE

The Visentini-Class VISEMAR ONE serves Palma de Mallorca from Valencia.



PHOTO: FRANK BEHLING

In 2016 Africa Morocco Link entered the fray on the Gibraltar Strait.



PHOTO: RICHARD SEVILLE

A BIRD'S EYE VIEW OF FERRY COMPANIES OPERATING IN SPAIN

TEXT: JOSE RODRÍGUEZ

The natural characteristics of the Spanish geography mean that the country's domestic and international transport system depends, to a large extent, on ferry and ro-ro services. It is therefore not surprising that Spain has a large and progressive ferry industry. There are currently more than ten ferry operators of various shapes and sizes serving this market, including a few renown and well-established brands.

TRASMEDITERRÁNEA

Operating a fleet of 23 vessels on 40 routes, Trasmediterránea is arguably Spain's biggest ferry company and in many ways one of the top 20 biggest ro-pax operators in the world. As a part of the Acciona group, the company celebrated its 100th anniversary this year. It is the oldest ferry company in Spain, established in November 1916 through a fusion of four shipowners and began operation in January 1917.

The line currently operates passenger and freight services between the Spanish mainland and the Canary Islands, Balearic Islands, and North Africa.

Throughout the century, the company's fortune has been changing in accordance to that of the nation. It has also evolved organically in the market.

In 1978, Trasmediterránea was nationalised, became a state-owned entity until it was privatised in 2002. It was sold to a consortium consisting of Acciona Logística, Caja de Ahorros del Mediterráneo, Compañía de Remolcadores Ibaizábal, Agrupación Hotelera Dóliga, Suministros Ibiza, and Naviera Armas. Acciona alone has 60% controlling interest in the company.

Headquartered in Madrid, Trasmediterránea also operates its own terminals

and maritime stations in Barcelona, Valencia, Las Palmas de Gran Canaria, and Cadiz. The company's network stretches to the Balearic islands of Ibiza, Mallorca, Menorca, and Formentera, as well as to the Canary Islands, Ceuta, Melilla, Morocco, and Algeria.

One of its main objectives is to offer a complete experience to its travelling customers by adopting and pioneering the use of new technologies. The company has signed a Good Environmental Practices agreements with eight port authorities, aiming at carrying out a series of measures to protect the environment and marine life, accompanied by periodic awareness campaigns.

Until recently, Trasmediterránea was considered by its holding company, Acciona, as a 'non-strategic asset' that was not profitable. It was put up for sale but as no proper buyer was found, the company embarked on a restructuring process instead. At the last AGM, held on 18 May 2017, Acciona proclaimed that the restructuring had been successful, as Trasmediterránea now accounted for 5% of the group's EBITDA.

The continuous process of reorganisation and efficiency drives, combined with a relatively more favourable external economic environment and lower fuel prices, allowed Trasmediterránea to increase its EBITDA by 50% during

the 2016 financial year, compared to that of 2015, to EUR 61m, according to José Manuel Entrecanales, Chairman of Acciona Group.

In 2016 the group as a whole achieved an EBITDA of EUR 1.2bn, 1.5% higher than in 2015. In relation to this figure, Trasmediterránea closed the financial year with a revenue of EUR 431m, 1.65% higher than the EUR 424m attained a year earlier.

The operator carried 2,508,535 passengers in 2016, a 2.3% increase on the previous year, a total of 575,991 vehicles,



Armas' inter-Canaries VOLCAN DE TABURIENTE and the high-speed craft VOLCAN DE TIRAJANA.



Trasmediterranea's chartered Coraggio-Class TENACIA connects the Spanish mainland with Palma de Mallorca.



PHOTO: MIKE LOUAGIE

VOLCÁN DE TAUCE and VOLCÁN DE TEJEDA, built by Barreras in Vigo. At USD 22m per vessel, at the time these ships represented a significant investment for the company. It marked the beginning of a new era of expansion for Armas.

Under its "Fleet Plan 2003/2006", the company had four more vessels built by the same yard: VOLCÁN DE TIN-DAYA, which serves the Playa Blanca-Corralejo route; VOLCÁN DE TAMASITE, serving the Las Palmas-Morro Jable route; VOLCÁN DE TIMANFAYA, serving the Tenerife/Gran Canaria-Lanzarote route; and VOLCÁN DE TABURIENTE, which connects Tenerife with La Gomera and El Hierro. These four ships were the largest single investment made by the company so far. The Las Palmas-based operator also spread its wings outside its core Canary region and entered the competitive market across the Alboran Sea.

BALEÀRIA

The Dénia-headquartered Baleària is the youngest among the top players. Established in 1998, the company is a ▶

an increase of 5.7% over that of 2015, and 5,780,966 lanemetres of rolling cargo for 1,143 customers, representing an increase of 2.3% from the previous year.

NAVIERA ARMAS

Family-owned Naviera Armas celebrated its 75th anniversary recently. Established in 1941, the company has a major presence in the Canary Islands, competing principally with Fred. Olsen Express for inter-island services.

By current standard, Armas operates a fleet of relatively newer ships, compared to other contemporary European ro-pax operators of the similar size. It has one ship under construction at Astilleros Armon; the 35,587 gt unit is due for entering service in 2018.

In 1975, the company introduced its first roll-on/roll-off vessels to the Canary Islands with the acquisition of two minor units. The next major step taken by Armas was in 1995 when it decided to enter the passenger and freight market by introducing two new ferries,

The 2009-built MARTIN I SOLER has been built for the Balearic trade but also had a spell on the Gibraltar Strait, illustrating the ship's flexibility.



PHOTOS: FRANK LOSE



The Incat-built BENTAGO EXPRESS at Santa Cruz de Tenerife.



► major force in the Spanish ferry scene.

Baleària is also the Spanish ferry company with the most global presence. Its Caribbean ferry service connecting Fort Lauderdale in Florida with Freeport on Grand Bahama is most notable in this context. Its international expansion continues under its ambitious 'internationalisation' programme, which began in 2011.

Corresponding to specific market requirements, the company operates a mixed fleet of conventional ro-pax and high-speed vessels. Including options, Baleària expects up to four newbuildings by the end of 2019. Built by Visentini of Italy and LaNaval of Spain, these four ships, if all built, will comprise of two dual-fuel and two LNG units, with the latter being 56,000 gt each, which will be the biggest and the first-ever LNG-powered ferries in the Mediterranean.

Baleària is owned by Adolfo Utor, the chairman of the company, who holds a 57.5% interest, and the Matutes group, which controls the remaining 42.5%.

The company specialises in passenger and rolling cargo transport in the Balearic Islands and it is also one of the largest players in the Strait of Gibraltar. Currently the line operates routes from Barcelona, Valencia, and Dénia to the Balearic Islands, as well as inter-Balearic island services. In the south, it operates the Algeciras-Tangier Med and Algeciras-Ceuta routes – east of the Gibraltar Strait it also connects Almería and Málaga with Nador as well as Valencia with Mostaganem in Algeria. In June this year, it also started the Almería-Nador service, thus entering in direct competition with Armas, which

had established a service on the same route last year.

Baleària employs 1,500 people and deploys 25 vessels. It has an annual turnover of EUR 300m; it carries about 3.5 million passengers and five million tonnes of cargo in 2016. Compared to its nearest rival, Trasmediterránea, Baleària appeared to carry more passengers but less cargo.

FRED. OLSEN EXPRESS

The Tenerife-headquartered Fred. Olsen Express, a high-speed ferry specialist was established in 1974. Like the UK-based cruise line of the same name, the company is owned by Norway's Olsen family, which has been involved in the shipping business since the 19th century. Its first contacts with the Canary Islands were made in 1904 when it started offering shipping services between the Canaries and mainland Europe. In 1974 the family established a company called Ferry Gomera S.A. This was changed to Fred. Olsen S.A. in 1994.

The family also controlled the Ganger Rolf group, which merged with Bonheur ASA in 2016. Listed on the Oslo Stock Exchange, Bonheur is now the Norwegian holding company of the Olsen family business empire. It has numerous energy, shipping, and real estate subsidiaries under its control. The group also owns hotels, restaurants, a complex of villas and apartments, a golf course, and agricultural plantations in the Canaries.

With its fleet of six modern high-speed vessels, including the world's first commercial trimaran fast ferry, the

2005-built BENCHIJIGUA EXPRESS Fred. Olsen offers services on six routes throughout the Canary Islands: Tenerife-Gran Canaria, Tenerife-La Gomera, Tenerife-La Palma, Gran Canaria-Fuerteventura, La Palma-La Gomera and Lanzarote-Fuerteventura. It is in direct competition with Armas.

The company recently bought the 2011-built LEONORA CHRISTINA from Færgen A/S, the Danish ferry company, which had lost its Bornholm service concession to Mols Linien. The ship will join the Fred. Olsen fleet at the end of 2018 when its current service contract expires.

LESSER PLAYERS

Beside the top four domestic companies, the Spanish ferry market is served by a number of other local and international operators: some of whom are major international players, such as Grimaldi Lines, Brittany Ferries and GNV, but they normally link Spain with international destinations.

"Beside the top four domestic companies, the Spanish ferry market is served by a number of other local and international operators."

On the purely domestic front, one smaller operator is worth noting: the 40-year-old, Ibiza-based Trasmapi. The family-owned company, under the control of Insotel Group, operates seven generally pax-only fast ferries between the Balearic Islands of Ibiza and Formentera. The passenger capacities of its vessels range from 189 to 413. Trasmapi also operates one 1977-built, 1,117 gt ro-pax unit – CRISTOBAL COLON DE IBIZA. In all, the company carries about a million passengers per year.

In the Strait of Gibraltar, The German-owned FRS Group has been operating ferry service from the Spanish mainland to Morocco and Ceuta since 2000, using both high-speed and con-

ventional ro-pax ferries.

The group has also significant presence in the Middle East. For more than a decade, FRS has focused its efforts on its internationalisation plan, transforming itself from a regional ferry operator to an active international business group, with over ten branch offices spreading throughout Europe, Africa, the Middle East and the USA, offering ferry transport services for vehicles, passengers, excursions, and freight.

Other international operators also play major roles in the Spanish ferry market. In the Mediterranean, two Italy-based companies, Grimaldi Lines and GNV, are most noticeable in their presence. They dominate international ferry and ro-ro connections from Barcelona and Valencia (Grimaldi Lines only) to various ports in Italy and North Africa, offering services to Civitavecchia, Porto Torres, Cagliari, Savona, Genoa, Livorno, Salerno and Tangier (Med). GNV recently added the Barcelona-Nador service to its offering.

Africa Morocco Link, a joint Moroccan bank BMCE (51%)/Attica Group (49%) operation, offers up to eight services a day between Algeciras and Tangier Med. Its nearest comparable competitor, Inter Shipping, a newly emerged company now offers comprehensive high-speed, ro-pax and ro-ro services on Algeciras-Tangier Med and Tarifa-Tangier Ville routes.

On the Bay of Biscay coast, Brittany Ferries operates the long-standing Santander-Portsmouth and Bilbao Portsmouth routes.

SATURATING THE MARKET

With a stagnating market and new players emerging, it does appear that the Spanish ferry market may be in danger of over-saturation, if not already, especially in the Strait of Gibraltar where the competition is most intense and the battles are often internecine. For years now the elephant in the room has been the overcapacity question concerning nearly all Spanish domestic routes.

It is unlikely that there will be any major passenger and freight volume increase on most Spanish ferry routes in the near term. In the medium to longer term, it is inevitable that the ferry industry in Spain will need to consolidate or rationalise, especially when larger operators are planning expansions and capacity increases. ■

TANGER EXPRESS crosses the Gibraltar Strait in 90 minutes (Algeciras-Tangier Med).



Competition is fierce and Inter Shipping's chartered NOVA STAR equally connects Algeciras with Tangier Med.



AML is a joint-venture between BMCE (51%) and the Attica Group (49%) serving Algeciras and Tangier Med with up to three ferries.



IN CONVERSATION WITH KEY SPANISH FERRY INDUSTRY

TEXT: JOSE RODRÍGUEZ

On behalf of Shippax, Jose Rodríguez was in conversation with a number of key executives of the Spanish ferry business in his probe into the state and direction of the ferry industry in Spain. The extracts from these dialogues shed interesting light onto the thinking behind various strategies and planning of the sector.

MIGUEL PARDO GIL-ALBERDI - CCO OF TRASMEDITERRÁNEA

Jose Rodríguez: What are the keys to Trasmediterránea's continuous and successful growth?

Miguel Pardo: First of all, we can't ignore the fact that the number of tourists coming to Spain has reached a record. In this scenario, our aim has been to stay close to our customers by first listening to their requests and then analysing our strengths and weaknesses. We have realised that passengers appreciate our work, but they need better service from our part, both before and during the travel.

We started working on this early last year and we can already see some of the results from our efforts. Our strategy is based on improving the customer experience, which in turn is based on three maxims: first, product quality, i.e., ship refurbishment and upgrading facilities on board and entertainment; second, end-to-end



Miguel Pardo Gil-Alberdi

hassle-free travel experience, from buying tickets to checking-in, boarding, and disembarking; and third, to afford

personalised service to each customer, through CRM (Customer Relationship Management), satisfaction surveys, and focus groups.

Spain has a huge offer of cheap flights to its islands, so we have focused on the ferry customer niche: families with cars, groups on tour with buses, passengers with bulky baggage, and travelling with pets.

Another advantage we have over air transport is travelling by night, which allows passengers to save money on hotels at destination. For this reason, we have doubled our capacity on the Barcelona-Mallorca route that allows both tourists and Mallorca residents to travel by night in both directions, every day.

On other routes, airlines are not competitors to the same extent, such as Algeciras-Ceuta where there are no air links. In this case we have increased our frequencies to offer an early departure from Algeciras, at 6:55, to Ceuta, and we enjoy a good occupancy rate. The same applies to the Alcudia-Ciutadella and Gandía-Sant Antoni routes, which we have recently started. Even though there are airports nearby, the short ferry trip, about two hours, competes well with airlines, as the overall air travel time, including getting to the airport, security checks, and boarding, make the trip lasting up to three hours, point to point.

I hope our customers notice these changes and continue to trust our services for the next 100 years.

"Spain has a huge offer of cheap flights to its islands, so we have focused on the ferry customer niche: families with cars, groups on tour with buses, passengers with bulky baggage, and travelling with pets."

Miguel Pardo, CCO of Trasmediterránea

PERSONALITIES



Juan Manuel Caballero Paton

JUAN MANUEL CABALLERO PATON - CIO OF TRASMEDITERRÁNEA

Jose Rodríguez: What can you tell us about the technological and IT innovations that Trasmediterránea is currently developing?

Juan Manuel Caballero:

Trasmediterránea is currently engaged in a technological and digital transformation supported by four fundamental pillars:

1. Customer centric - Putting the customer at the centre of our activity is much more than a project for an IT department, since it involves a whole cultural change that affects the processes and organisational structure of the company. Within the scope of my responsibility, the efforts concerning this transformation are focused on efficiently using the information we have for the benefit of our client. Therefore, one of the main initiatives in this part is the implementation of CRM with 360° vision of our passengers. Basically it is

about having a unique file on each client, which can be consulted and updated by any point of contact of the company (ticketing desk, call centre, web, mobile app, ships, social networks...), containing information about demographics data, trips made, and tastes, etcetera, so that we can provide better services, personalising customer care, and carrying out uniform follow-ups from all channels.

2. Improving sales channels - In May 2016 we launched our new website (www.trasmediterranea.com). It is an attractive and modern website that, among other improvements with respect to the previous site, highlights the adaptation to multi-device, more clear and efficient search engine and sales process, private user area for personalised management and marketing of new products. A couple of months later a new version of our TarsmeFerry App was born, with new features such as express purchase that remember an earlier trip and reuse the saved information to book another trip with just a few clicks, private area for customising the experience in the App, and issuing the boarding pass that will allow access to the vessel without a check-in at the counter. We are also currently working on a new website for travel agents; we will have it ready by the end of the year.

3. Communications as backbone of transformation - Our aim in this regard is ambitious, as we want to be the shipping company in Europe with the best communications at sea and on land. We have made a great effort to offer Wi-Fi service on board at a price well below the standard levy of the sector. We are also in a process of updating all terrestrial communications that will allow us to establish a necessary basis to be able to implement all these technological changes.

4. Technological innovation on board - As a shipping company, this is a part which I personally feel proud and in which we are dedicating lots of

efforts and resources. We are carrying out a multitude of changes on board, including implementation of digital and interactive signage to provide better information to our passengers, new digital entertainment platforms, technological innovation to improve the pets' travel experiences, and adopting the advanced transformation right now in ePoS, supplied by Carus Ferry.

These are just examples of the new IT projects on which we are working and are part of a broad strategic plan, the objective of which is to turn Trasmediterránea into the leading ferry company of technological innovation.

ALBERTO VALL IBARROLA - SALES & MARKETING, LANAVAL

Jose Rodríguez: What can you tell us about newbuilds?

Alberto Vall: Since the founding of the company more than 100 years ago, LaNaval has been dedicated to the design and construction of sophisticated vessels, which add values to their owners. Today LaNaval is focusing not only in the dredging and offshore markets but also in the ro-pax/ferry market, which has been very active in the last few years. The delivery of TEXELSTROOM – which won the Shippax Award 2016 for its unique CNG/diesel hybrid propulsion system and the innovative T-shaped cross section allowing for a higher car intake – is a good example. This is a new generation of vessel in the market, equipped with the latest technologies, a breakthrough in energy consumption, and environment stewardship. The ship is powered by diesel oil or CNG, assisted by batteries. This, as well as building a DP3 cable-laying vessel with dual-fuel propulsion, puts LaNaval in an unbeatable position as the best choice to build Baleària's LNG vessel. Baleària's new 'smart ferry' will be the first to run on natural gas in Spain. It will also be among the largest in Europe and the ➤

- ▶ biggest [ro-pax] ever built in a Spanish shipyard.

JR: What is the key advantage of LaNaval?

AV: The clients can be sure of working hand in hand with our team from the very beginning of the project, giving them the option to modify the designs during the building processes. In fact we are working like this on our NB348 with Baleària right now.

MANUEL CARLIER - CEO OF ANAVE (SPANISH SHIPOWNERS' ASSOCIATION)

Jose Rodríguez: Are you positive about the future of the ferry sector in Spain?

Manuel Carlier: Absolutely! The Spanish ferry industry is important and could grow further.

In 2016, the ferry industry in Spain carried 23.8 million passengers. Taking into consideration both passenger and cargo traffics, the Spanish ferry industry is the third largest in the EU in terms of volumes, only behind Italy and UK.

There are two interesting trades that demonstrate the high quality of the ferry services offered in Spanish ports: first, the national cabotage trade

between mainland ports (Barcelona, Valencia and Dénia) and the Balearic islands, where daily ro-pax services are so efficient and reliable that the logistics companies have not felt the need to keep storage facilities on the islands – freights are discharged early in the morning on self-propelled vehicles, which then are re-embarked in the evening back to the mainland; the

second is the large ro-pax market share of the cargo traffic between Italy and Spain. In the last five years, maritime services moved more than 45% of the total cargo trade. Obviously, this big share could not be maintained if the consistency and efficiency of the ferry services were not in place.

Taking into account the quality of service, the sizes of the Spanish economy and population (ranked fifth in the EU on both accounts), inhabitants on outlying islands and North African enclaves, the large numbers of ports and tourists, it can be concluded that the ferry industry in Spain is probably undersized and could well grow further.

"It can be concluded that the ferry industry in Spain is probably undersized and could well grow further."

Manuel Carlier, CEO of ANAVE



ANTONIO ARMAS - VICE PRESIDENT AND OWNER OF NAVIERA ARMAS

Jose Rodríguez: Last year Naviera Armas celebrated its 75th anniversary. With a track record of success, new routes under consideration, and new ships under construction, how would you define your daily responsibilities in running a company that bears your name?

Antonio Armas: For me it is a pride to represent the ferry company that bears my name, a company founded by ▶

Manuel Carlier of the Spanish Shipowners' Association meets with the author of the theme articles.



Alberto Vall Ibarrola representing LaNaval at an exhibition.

► my grandfather and reinvented by my father. My day-to-day responsibility is immense. For the company to work, you have to navigate 24 hours a day, seven days a week, and 365 days a year. It is a well-known fact that “an idle ship does not generate revenue”. To keep the ship sailing requires a maximum dedication and attention, from the smallest detail to the biggest decision.

JR: Personally and professionally what do you think has contributed to the Armas success story?

AA: Professional maturity, sense of responsibility, having a clear vision of timely expansions, and investment in new projects are key factors contributing to success.

JR: What can you tell us about the new projects on the Peninsula?

AA: We are very focused on our current routes in the south of Spain, where we connect Huelva with the Canary Islands, Motril and Almería with Melilla, Nador, and Alhucemas, and of course the inter-island services in the Canary Islands, where we connect the seven islands daily.

JR: What can you tell us about new developments in the high-speed services?

AA: After the acquisition of the two fast ferries, VOLCAN DE TENO and VOLCAN DE TIRAJANA, we have learnt that a mixed fleet of conventional and fast ferries is the one that best suits our particular circumstances. We have a new fast ferry under construction at Incat in Australia and a conventional ro-pax at Armon Shipyard in Gijón.

We have not changed our course, nor are we going to bet on a very large fleet of fast ferries, but we do believe in a mixed fleet.

JUAN IGNACIO LIAÑO - FLEET MANAGER OF FRED. OLSEN EXPRESS

Jose Rodríguez: What is your view on the evolution of the passenger market in the Canary Islands during the Fred. Olsen era?

Juan Ignacio Liaño: Fred. Olsen has revolutionised shipping since its inception in 1974, by implementing the strategy of linking the Canary Islands' nearest ports with ferries to complement different types of markets (passengers and cargo). Moreover we also pioneered the streamlining of port operations considerably using simple loading/unloading systems such as ramps to bow and stern. This model, initially introduced on the La Gomera-Los Cristianos route, quickly spread to the rest of the archipelago, resulting in an efficient inter-island transport model that has led the ferry sector to retain about 70% of the inter-island passenger market; the airlines carry the remaining 30%.

JR: What can you tell us about Fred. Olsen's commitment and experience in fast ferry operations?

JIL: In 1999, the company opted to specialise in high-speed operations by completely renewing its fleet. In less than five years we replaced all the conventional vessels with high-speed ro-pax units. After this switch, and choosing to join the nearest points between islands, both passengers and freight are served more efficiently through considerably reducing the sailing time.

With this change of approach, the company improves its competitiveness against other transport models. Having obtained very positive results, we were able to offer competitive pricing and a higher service frequency, akin to that of airlines.

JR: What is your current fleet composition?

JIL: Fred. Olsen Express currently has five high-speed ships: two of them built by Austal and the other three by Incat. One of them is the BENCHIJIGUA EXPRESS, the first trimaran in the world purpose-built for commercial services, which is capable of carrying heavy cargo, and its pioneering design greatly improved the comfort of passengers.

JR: What can you tell us about the new projects?

JIL: We will soon receive a small vessel of about 28 metres in length, with a service speed of about 20 knots, built in Dalmau Shipyard in Barcelona. The vessel will serve the interior route of La Gomera. At the end of 2018 we will receive LEONORA CHRISTINA, the vessel we've acquired from the Danish shipping company Færgen A/S, another high-speed craft built by Austal. The ship is chartered to its former owner until the end of 2018. ■



Juan Ignacio Liaño

PHOTO: FRED. OLSEN EXPRESS

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