Rosyth – Zeebrugge Ferry Service: Business Impact Update

Report

November 2012

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1 Introduction

1.1 Food Port Project context

The Food Port Project is an Interreg IVB North Sea Region project, funded by the European Regional Development Fund (ERDF), which aims to optimise and coordinate logistic chains in the North Sea region within the food sector. The project aims to promote the development of multi-modal and transnational corridors and efficient and effective logistic solutions in the food supply chain in particular.

The Rosyth – Zeebrugge ferry service is an important route as it provides the only direct link between Scotland and the industrial heartlands of Northern Europe.

1.2 Objectives of this study

In 2011 SEStran commissioned The Spyria Partnership to undertake research regarding the Rosyth – Zeebrugge ferry service, with a view to identifying actions that could enhance the long term viability of the service, such as proposals for marketing, identification of potential funding sources or operational enhancements. The Report presented:

- A picture of current usage of the ferry service, based on data that were available at the time of writing.
- A summary of the critical factors that were raised during stakeholder engagement.
- An overview of export and import sectors in terms of current performance, and the potential for increasing volumes from these sectors.
- Identification of actions that could enhance the long term viability of the service.

The findings of the Report were presented at a seminar in Brussels, where further discussion took place regarding actions that are needed to sustain the service in the longer term.

Almost a year has passed since this research was conducted and it is now time to review and evaluate the current position:

- How well is the service performing compared to a year ago?
- What are the underlying factors affecting performance, whether negative or positive – and are there any further lessons to be learned?
- Have the actions identified been implemented and what are the impacts and outcomes?
- Are there other actions that need to be considered?

To this end, The Spyria Partnership has consulted a range of stakeholders (the ferry operator, the port operators and eight logistics providers/hauliers, including users and non-users), with a view to obtaining an updated picture.

2 Outcomes from the previous research and seminar

2.1 Introduction

In 2011 research commissioned by SEStran (*Rosyth – Zeebrugge Ferry Service Business Impact Data Refresh*) culminated in a number of suggested actions and initiatives, which were subsequently discussed and refined at a seminar held in Brussels (Autumn 2011).

The seminar participants comprised hauliers, port managers, DFDS representatives, transport associations, public authorities and politicians from Scotland and continental Europe. The primary objective of the seminar was to discuss the key issues facing the Rosyth – Zeebrugge ferry service and ways in which the service could be sustained in the longer term. The seminar was also intended to be a forum for fostering links between businesses with a view to growing volumes.

The discussion at the seminar concluded that a key objective was to:

'*have a sustainable freight ferry service, with a long term aim of having a daily service.'*

2.2 Outcomes from the research and seminar

Building on the research outcomes a number of topics were discussed at the seminar, resulting in the identification of potential activities and actions that might assist in sustaining the service in the longer term.

Marketing and promotion of volume growth

On-going identification of potential customers (e.g. non-users), import or export and subsequent liaison and targeting of specific sectors, such as food and drink and retail.

Targeted marketing to users and non-users, presenting the benefits of the service and drawing upon experiences of current users.

On-going consideration of the Port of Zeebrugge as a 'hub' for Scottish exports delivered via the Rosyth – Zeebrugge ferry service.

Increased collaboration between logistics providers and producers based in Scotland and Europe with a view to creating the right partnerships and structures thus enabling volume growth.

Exploring opportunities for operational enhancements

Continued dialogue between DFDS and the port operators to discuss ways in which the service can be enhanced operationally.

Terminal opening hours: there was significant discussion last year regarding how opening hours could influence usage, with a number of hauliers stating that if the terminal was open longer it might influence usage of the service.

Timetable, transit time, vessel and route

It was concluded at the seminar that a daily service with faster transit times would be desirable – but that this was not feasible. The research indicated that some of the existing sailings at the time were not optimal in terms of arrival time. However, it was also concluded that there was no real opportunity to revise the timetable given that there was only one vessel in operation. It was recommended that DFDS consider whether or not it would be possible to optimise the timetable further – or whether there are other actions that could be implemented to increase volumes on these legs – e.g. offering an attractive discount to users.

There was some discussion at the seminar regarding the vessel, with the suggestion that further consideration could be given to an alternative vessel that might be more suitable for the route.

Similarly there was some mention of whether there might be possibilities of other routes linking Rosyth with other locations in Europe.

3 Update on service characteristics

3.1 Introduction

This section provides an overview of the service that is currently operating and perceptions of the ferry operator, DFDS, regarding key issues facing the service.

3.2 Service provision remains largely unchanged

The ferry operator, DFDS, continues to operate a freight-only service with one vessel, the Tor Finlandia, which has a capacity of 1,666 lane metres, equivalent to 120 trailers, and operates three return sailings per week.

There have been no permanent changes to the timetable or the vessel in the last year: according to DFDS the current schedule is accepted by the market and the vessel is the most appropriate in terms of size and cost effectiveness for the route.

There was a change of vessel during the last year. The replacement vessel was not suitable for the route and the Tor Finlandia was brought back as soon as this was evident, within a period of several weeks. There are no plans to change the vessel going forward.

3.3 Volumes remain largely constant

The only data available regarding actual volumes since 2010 were obtained from the Department for Transport (DfT). These data indicate that there was a slight overall decline in volumes during 2011 compared with 2010, particularly with regard to accompanied traffic: this decline is mostly related to the change in vessel and limited space for drivers: the Tor Finlandia can only carry a maximum of 12 drivers.

The volume of imported trade vehicles was also slightly down, while the volume of unaccompanied traffic rose slightly.

While no data for 2012 is available, from discussion with DFDS it is envisaged that volumes are likely to be lower than in 2011. The main reason for this is that during 2011 two vessels were in operation for a period of five months, while in 2012 there has been only one vessel in operation throughout the year.

Table 1 – Freight units (accompanied/unaccompanied) 2011[1] and 2010[2]

Unit type	2010			2011		
	Inbound	Outbound	Total	Inbound	Outbound	Total
Accompanied[3]	609	1,453	2,062	203	292	495
Trade vehicles	16,770	300	17,070	15,735	118	15,853
Unaccompanied[4]	14,030	12,654	26,684	13,757	13,277	27,034
Total	31,409	14,407	45,816	29,695	13,687	43,382

3.4 Imbalance of imports and exports remains a key constraint

The main constraint perceived by the ferry operator is the known imbalance between Scottish imports and exports. Scottish exports are mostly taken to the Tees and Humber as this is where most imports are brought into the UK. For every direct Scottish import there will be an export load available so the challenge is to increase direct Scottish imports.

3.5 Timescale for the directive on sulphur emissions is a key issue

The main issue for DFDS with regard to the pending directive on sulphur emissions is the timescale in which it must be implemented: it is not possible to retrofit the whole fleet of vessels within the timescale currently proposed.

The directive largely stipulates the dates and emissions limit agreed in 2008 by the International Maritime Organisation (IMO), when the IMO amended annex VI of its marine pollution convention. All vessels operating in an emission control area (ECA) – which includes the North Sea – must use a fuel with a sulphur content of 0.1% from 1st January 2015.

At a recent European Parliament meeting pressure to amend the directive was over-ruled.

Many industry players envisage a significant rise in fuel costs and a potential shift in mode from sea to road and rail if the rules remain as they are.

[1] DfT UK major port traffic, 2011.
[2] DfT UK major port traffic, 2010, with further data provided by DFDS.
[3] Road goods vehicles with/without accompanying trailers + other mobile self-propelled units.
[4] Unaccompanied road goods trailers and semi-trailers, shipborne port to port trailers and rail wagons.

3.6 New customers are using the service

DFDS report that losses on the route are reducing and while this is happening there is a reason to continue and grow the service. Utilisation is circa 65% and DFDS believe that there is still room for growth – recognising that the Sunday ex-Rosyth and Monday ex-Zeebrugge legs will never be fully utilised.

A really positive development this year is that there are new customers using the service: DFDS has indicated that a number of past customers have returned, the main reason reported as being higher fuel costs for road transport.

3.7 Ferry operator continues to market to its customer base

DFDS continue to market the service to a wide international customer base, with targeted marketing for specific customers.

3.8 No plans for new funding

DFDS do not anticipate any future funding from the European Union or any other sources.

4 Update on port operator and haulier perspectives

4.1 Introduction

Discussions were held with the port operators (Forth Ports and the Port of Zeebrugge) and eight hauliers, the majority of whom also participated in the research carried out last year.

The following paragraphs present an update regarding:

- Activities carried out by the port operators in relation to the Rosyth – Zeebrugge ferry service.
- Perceptions of port operators and hauliers concerning the ferry service, with a view to understanding what the key issues are today.
- Nature of volumes transported and any material changes to those volumes carried on the Rosyth – Zeebrugge ferry service and reasons for such changes.

4.2 Port operators: overview of activities in the last year

The port operators – Forth Ports and the Port of Zeebrugge – support the Rosyth – Zeebrugge ferry service and both are open to collaboration with stakeholders with a view to improving and sustaining the service in the medium to longer term.

One of the port operators reported that customer perceptions of the ferry service are generally high, although some customers continue to report that frequency is an issue.

The Port of Zeebrugge is involved in the Food Port Project, which comprises a number of activities focussed on gathering market data in Scotland and continental Europe to better understand how logistics work – the Port reports having invested a considerable resource into these efforts.

While Forth Ports do not undertake any direct marketing of the ferry service, they are regularly in contact with a number of key customers, particularly hauliers, freight forwarders and distillers, who are also shipping a significant volume through Grangemouth.

The Port of Zeebrugge is active in identifying potential new customers for the service that are located in continental Europe as well as building relationships with key stakeholders based in Scotland. The Port also reports developing a number of initiatives that will enhance the attractiveness of the service to new customers.

With regard to opening hours and other operational requirements, both port operators are open to discussions with users, and would consider alternative arrangements, if there was demand for it, particularly with regard to opening hours. There has been no discussion with the ferry operator, nor have there been any enquiries from users during the last year regarding opening hours.

The Port of Zeebrugge has the resource to offer on-shore electricity if it was required by the ferry operator.

A large area of land at the Rosyth terminal has been allocated to the construction activities associated with the new Forth Bridge Crossing. Forth Ports commented that this might be regarded as an issue as it reduces the available land at the terminal for ferry operations, storage and logistics.

4.3 Port operators: perceptions regarding key issues

The port operators were asked to express their views with regard to the key issues facing the ferry service. The following were stated:

- Imbalance of trade.
- Challenges associated with emissions, particularly legislation concerning sulphur. The impact of the sulphur directive may affect the ferry and feeder market in the North Sea considerably.
- Schedule issues: in the last year the vessel was replaced with another vessel that was not suitable for the route – this caused disruption to the service and likely impacted on users' perceptions and satisfaction of the service.

Both port operators are of the view that the Rosyth – Zeebrugge ferry service is doing well, both in terms of customer perceptions and volumes.

4.4 Hauliers: usage and perceptions

All of the hauliers that provided input to the research undertaken last year were contacted and asked to provide an update. Interviews were held with eight hauliers.

Tables 2 and 3 provide a summary of volumes/usage and perceptions, with the subsequent paragraphs providing a more detailed summary of the points raised by each.

Table 2 – Hauliers: overview of changes to volumes and routes

Haulier	Overall volumes	Volumes on the Rosyth – Zeebrugge ferry service	Rationale for changes in usage
Company A (User)	Little change between 2010 and 2011. 2012 volumes marginally higher.	Previously 80% of volume was transported via the service. This has reduced to just over 50%.	Teesport more attractive due to location of import trailers. Bunker Adjustment Factor (BAF) levels also make Teesport more attractive proposition.
Company B (User)	No change between 2010 and 2011. No dip in 2012 summer period.	No change.	n/a
Company C (User)	Overall volumes have not changed significantly.	Usage of the service has reduced almost to zero, with only ad hoc usage forecast.	Customer has changed product which has resulted in only minimal imports from continental Europe.
Company D (Non user)	2012 volumes have picked up despite a slow start.	No change: no volumes are shipped via Rosyth.	Other ferry services offer early arrival into Europe, which is more suitable.
Company E (User)	2012 volumes are slightly up.	Significant reduction in volumes shipped via Rosyth.	Price increases meant that using an alternative route and mode became viable.
Company F (User)	2012 volume considerably higher.	Volumes have increased in 2012 and are likely to increase in 2013 and possibly 2014.	New contract formed for transportation of outbound cargoes – further new contracts currently being negotiated with regard to inbound volumes.
Company G (User)	Volumes are growing – 25% in 2012, with growth focussed in the southern part of the UK.	The company has started using the service again, with an increasing number of units being shipped: 1,000 outbound and 450 inbound units in 2012.	The company uses a wide range of services to meet different customer needs – and has a specific focus on growing volumes on the service, through targeting customers and internal KPIs.

Table 3 – Hauliers: perceptions of issues

Issue perceived	Summary
Prices/BAF levels	BAF level is perceived as high compared with other ferry services. One user stopped using the service because the price increase meant that an alternative mode and route became more attractive. Some users do not view price as an issue.
Emissions and sulphur legislation	Proposed new fuel efficiency laws on reduced sulphur is regarded as an issue by the port and ferry operators and users.
Imbalance of trade	Operation of a triangular delivery system does not fit with the Rosyth – Zeebrugge ferry service. One user manages to address this problem by shipping empty units north to Scotland.
Frequency and length of crossing	Service expectation is important, particularly the length of crossing and frequency of service. A daily service would be beneficial and help meet customer requirements – one user ships via Teesport on the days when there is no service out of Rosyth. Another user reported that volumes would double if there was a daily service.
Opening hours	This is a key issue for two users, sometimes resulting in other ferry routes being used. Opening hours was previously cited as a key issue at the seminar held in 2011.
Customer service, marketing and communications could be improved	One company reported that extensive marketing on the continent is still required to change perceptions of the service: at the same time, at least one major European company is using the service without issue and another reported that DFDS are extremely customer-focussed. One company reported that communications and customer service levels could be better – other ferry operators meet their customers more regularly.
Maintenance routine affects sailings	The maintenance routine, which takes place every four to six weeks, can affect weekend sailings. DFDS reported that the maintenance schedule is necessary and results in around six sailings being affected per year.
Other ports in Europe are more attractive than Zeebrugge	The non-user stated that there are other ports located in mainland Europe that are more attractive than Zeebrugge: with better infrastructure and connectivity.

4.5 Company A

Volumes and routes

For 2011 volumes remained largely unchanged, compared with 2010 (in the region of 1,500 units inbound and outbound). It is envisaged that volumes will be marginally higher in 2012.

Previously around 80% of all volumes were shipped via Rosyth. In 2012, less than 50% of total volumes have been shipped via Rosyth, with the majority being shipped via Teesport (52%). The reason for this shift is that exports are governed by the number of trailers and units arriving at Teesport – thus exports must leave from Teesport, highlighting the key issue of trade imbalance.

Import trailer volumes are marginally higher in 2012 than in 2011, but these have favoured Teesport rather than Rosyth. Projected 'dry goods' business for the whisky industry did not manifest itself via Rosyth, primarily due to the fact that this market is controlled by suppliers on the continent.

Perceptions on key issues

The Rosyth – Zeebrugge ferry service is very good and much improved since DFDS took over as operator. The service works, DFDS are very accommodating and extremely customer-focussed.

There is a perception that the BAF level is much higher at Rosyth than for other ferry services: for P&O the BAF was 9.8% in October 2012, compared with 27.6% for Rosyth. For this particular haulier, a BAF level higher than 20% makes the economics of running out of Teesport more viable – and this combined with European partners importing to Teesport affects the overall usage of Rosyth.

Projected new fuel efficiency laws on reduced sulphur are a real concern – while customers are confident that the service will continue in the short term, there is no certainty regarding sustainability of the service in the longer term.

Extensive marketing on the continent would be beneficial to encourage more European companies to use the service. Perceptions of the economics and service have not changed over the last 12 months.

4.6 Company B

Volumes and routes

There is generally no change to volumes, overall or those that are shipped via the Rosyth – Zeebrugge ferry service. In 2012 there has been no dip in the summer months, likely due to the price of oil and increase in oil industry work. Goods continue to be mostly moved on flat trailers with steel and oil well equipment in both directions.

Perceptions of key issues

The main issue currently perceived is the maintenance routine for the vessel, which takes place between every four to six weeks, as this can affect weekend sailings.

4.7 Company C

Volumes and routes

This company has considerably reduced its usage of the Rosyth – Zeebrugge ferry service: only limited stocks are shipped from Germany on an ad hoc basis. The reason behind this shift is that the customer has changed their product, which now originates in England rather than Germany – thus there is no requirement to move the product by sea. In the longer term it is envisaged that there will be no requirement to use the Rosyth – Zeebrugge ferry service at all.

4.8 Company D

Volumes and routes

This self-drive operator makes around 900 trips per month from Scotland to mainland Europe, on sea/road routes through English ports:

- Hull – Rotterdam/Zeebrugge.
- Teesport – Zeebrugge.
- Dover – Calais/Channel Tunnel.

P&O suits the self-drive market with a 7.30am arrival in Europe. The business picks up on Monday afternoon in Europe, delivers to distribution centres in England and trucks north to Scotland, filling backloads with Scottish exports destined for Europe.

This year was tougher at the start, but business has picked up and imports are stable.

Perceptions of key issues

Reasons for usage/non-usage of the Rosyth – Zeebrugge ferry service include the following:

- The operation of a triangular delivery system does not fit with the Rosyth – Zeebrugge ferry service.
- A different port is used on mainland Europe, which has better infrastructure and better connections than Zeebrugge.
- Service expectation is important, particularly the length of crossing and frequency of service.

4.9 Company E

Volumes and routes

While overall volumes are slightly up in 2012 it is the case that very few units are carried on the Rosyth – Zeebrugge ferry service: two to four unaccompanied containers (inbound) per week and an occasional unit outbound. Previously this company shipped more than 500 units per annum (outbound) on the service.

The company is now transporting products by rail to the south of England and then by sea via Purfleet.

Perceptions of key issues

Frequency and schedule: a higher level of frequency would enable customer requirements to be met: if, for example, a product cannot be delivered in time for the Wednesday afternoon sailing out of Rosyth, an alternative route must be taken in order not to miss the delivery slot as there is no sailing from Rosyth on the next day.

Price: at the start of 2012 there was a considerable increase in price, which meant that the cost of shipping by rail and out of a southern port became a more cost effective solution.

Trade balance: it makes sense to use other routes, particularly as the majority of inbound goods are coming into the south east of England.

The service needs to be more frequent and cheaper.

4.10 Company F

Volumes and routes

This company is a major European logistics provider and handles a significant amount of distribution from its location in Zeebrugge.

For the first ten months of 2012 just under 1,400 units were shipped eastbound compared with 980 westbound units. Volumes have increased substantially in 2012, mostly due to a new contract formed with a Scottish-based manufacturer of non-chemical products – volumes are shipped to Zeebrugge where this company distributes the product around Europe. The company also envisages an increase in volumes in 2013 and 2014 also.

The company also ships a significant volume of whisky to Europe from Scotland and brings in a range of consumer products, such as wine, water, paper and chipboard.

Around 60% of volumes are shipped via the Rosyth – Zeebrugge ferry service. Units mostly comprise 45 ft containers, curtainsided containers or unaccompanied trailers.

For outbound volumes around 20% cannot be shipped via Rosyth and these volumes are instead shipped via Teesport. In addition some outbound volumes are transported by rail to the south of the UK and then to Europe via other ferry routes.

There is often a shortage of empty equipment at Rosyth. To address this issue equipment is transported by rail back to Scotland, running from Daventry to Coatbridge.

The company is using the Rosyth – Zeebrugge ferry service to bring in consumer goods for distribution to the regional depots of major retailers, such as Asda and Tesco. Currently negotiation is underway with other potential customers to establish further contracts and volumes of this nature – there is a number of other major retailers who have regional depots in Scotland that are being targeted.

These volumes are vital for the sustainability of the service, particularly given the general trend of imports for Scotland being directed through English ports.

Perceptions of key issues

The Port of Rosyth is well located, close to the main conurbations in Scotland. Any possibility of reducing the number of road miles, particularly empty miles, is beneficial given the rising cost of fuel.

Opening hours at the Port of Rosyth is a key issue. Many customers would like to have night deliveries, but it is not possible for hauliers to pick up units at the port as it is closed. In some instances volumes are shipped via Teesport due to this issue. The company reported that ideally the terminal should be open 24 hours seven days per week.

Frequency is also a significant issue: a daily service is required in order to meet customer needs. The company overcomes this obstacle by using Teesport on the days when there is not a service out of Rosyth.

4.11 Company G

Volumes and routes

This Belgium-based company ships a considerable volume of goods between the UK and mainland Europe – in excess of 15,000 units per annum – and uses a range of ferry routes in doing so, which are selected on the basis of price and customer requirements.

There has been considerable growth – 25% in 2012 and a further 10% growth is expected in 2013. Growth is focussed mainly in the southern part of England, rather than in Scotland and the north of England.

Several years ago this company shipped large volumes on the Rosyth – Zeebrugge ferry service, though this ceased when the service was reduced. The company has started using the service again: around 450 inbound units are being shipped on the service during 2012, compared with 200 in 2011. Approximately 100 trailers are shipped outbound each month.

The company has been proactive in marketing and identifying customers that could accept longer lead times with regard to pick up and delivery, which is necessary if the Rosyth – Zeebrugge ferry service is to be used.

The management have put KPIs in place for employees, with a view to encouraging usage of the Rosyth – Zeebrugge ferry service specifically.

In addition the company has set up an operating centre in Scotland with trucks positioned in close proximity to Rosyth.

Perceptions of key issues

The schedule of the service is a key issue, as it does not fit well with the company's business model or with the general business of moving unaccompanied trailers: the company reported that if the service was daily volumes could be doubled.

Opening hours at Rosyth was cited as a key issue, in that it is not possible to pick up and delivery trailers in an efficient, flexible way.

The company felt that customer service and communication on the part of the ferry and port operators could be improved. On other routes, the ferry operator communicates with the company frequently (circa eight times in the year), whereas DFDS has only communicated once with the company over the same period.

It was reported that when making bookings, the company is frequently told that the vessel is full and that they are on the waiting list and that there is a general perception that DFDS have more important customers. The company speculates that this is because their volumes are not necessarily constant from week to week, and also because they use a combination of routes, depending on costs and customer needs.

The company suggested that customer surveys might benefit Forth Ports and DFDS in understanding what the issues are and where improvements could be made.

5 Conclusions

5.1 Introduction

The Spyria Partnership has consulted a range of stakeholders (DFDS, the port operators and eight logistics providers/hauliers, including users and non-users), with a view to developing an updated picture of the Rosyth – Zeebrugge ferry service.

The following paragraphs provide:

- An update on the service and volumes.
- Perceptions of key issues.
- Key success factors.
- Potential actions and initiatives.

5.2 Update on the service and volumes

No major changes to the schedule or vessel

The Rosyth – Zeebrugge ferry service has seen no major or permanent changes in the last year, with the Tor Finlandia continuing to operate three sailings per week. DFDS is of the view that this vessel is well-suited to the route and there are no plans to change the vessel, although there was an unsuccessful trial of an alternative vessel earlier in the year.

The economics of service operation are improving and volumes are largely constant

DFDS report that while the service continues to be loss-making, losses are constantly reducing and there is room for further growth.

Across the board volumes are generally higher in 2012. In general companies reported that there has been an increase in overall volumes in 2012 or that they remain unchanged – there were no reports of a decline in overall volumes.

There is a mixed picture with regard to changes in volumes transported on the Rosyth – Zeebrugge ferry service. Available data on carryings indicates that volumes were slightly down in 2011 compared with 2010. DFDS report that volumes in 2012 are likely to be down when compared with 2011 – although this is mainly due to the fact that there are less actual sailings in 2012.

With regard to users of the service and changes in volume, some users are transporting higher volumes, some volumes remain unchanged and some users are transporting less – at least one company has stopped using the service, resulting in around 500 fewer outbound units per year.

On a positive note, one customer is growing inbound volumes considerably, with new contracts in place and future contracts being negotiated. Two previous customers have also returned to the service, indicating that the price and benefits of using the service outweigh the alternative routes via road and English ports in some instances.

5.3 Perceptions of key issues

A number of recurring issues are perceived among stakeholders.

Imbalance of trade

Imbalance of trade presents an issue with regard to the service suiting the needs of hauliers and their customers: as long as imports are coming in through English ports, it often makes sense for companies to carry goods through these ports. The problem is defined in the Scottish Freight Report[5], which identifies three key reasons behind the imbalance:

- *Whisky, the main export flow in terms of tonnage, is produced using mainly indigenous products. Outbound deliveries are not, therefore, balanced by inbound flows of raw materials.*
- *A large proportion of the products imported into Scotland are channelled through warehouses and factories in England. The last leg of their journey into Scotland is therefore a domestic haul.*
- *In terms of physical freight volumes, there is a 'trade-imbalance' between Scotland and the rest of the UK.*

Sulphur directive

The implementation of the directive on sulphur emissions is viewed as a key issue by a range of stakeholders as it will, if implemented, impact directly on the operator and users of the service, as any associated costs with the usage of different fuels or retrofit of vessels would likely be passed on to customers.

The directive largely stipulates the dates and emissions limit agreed in 2008 by the International Maritime Organisation (IMO), when the IMO amended annex VI of its marine pollution convention. All vessels operating in an emission control area (ECA) – which includes the North Sea – must use a fuel with a sulphur content of 0.1% from 1st January 2015.

At a recent European Parliament meeting pressure to amend the directive was over-ruled.

Many industry players envisage a significant rise in fuel costs and a potential shift in mode from sea to road and rail if the rules remain as they are.

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[5] Prepared by Professor Alan McKinnon for the Freight Transport Association, 2012.

Frequency of service

A number of hauliers commented on the need for a higher frequency of service in order to meet customer requirements.

Some users reported that they would ship significantly higher volumes if there was a daily service in operation.

This issue was raised previously, but users generally understand that a higher frequency of service is not possible.

Cost increases

Cost increases in the last year resulted in one user significantly reducing volumes shipped on the service and moving to another mode.

One user commented on the level of BAF charges, and that they are significantly higher than for other ferry routes out of English ports. The BAF charges are a function of route distance and fuel burned, thus the longer journey time on the Rosyth – Zeebrugge route is one of the reasons for this higher level, coupled with currency exchange rates.

It should also be noted that a number of users do not view price and cost as an issue – indeed, new customers of the service are using it because it is cost effective compared with alternative routes.

Opening hours

Extended opening hours, particularly at Rosyth, but also in Zeebrugge, was highlighted by a number of hauliers last year. In addition, port operators and DFDS reported that they were open to discussions with customers regarding flexibility of opening hours.

During this update two hauliers reported that this is a key issue. Both of these hauliers have a base in Belgium.

Customer service, marketing and communications

While not reported as an issue by all users, several companies commented on customer service, marketing and communication from the ferry and/or port operators.

One company reported that that extensive marketing on the continent is still required to change perceptions of the service.

One company reported that communications and customer service levels could be better – other ferry operators meet their customers more regularly.

At the same time, at least one major European company is using the service without issue and another commented positively of DFDS customer service.

5.4 Key success factors

From the information obtained, a number of key success factors can be highlighted:

- DFDS report that the economic viability of the service is improving and they are targeting future growth and higher vessel utilisation.

- Generally companies are reporting higher volumes overall in 2012.

- Previous customers have returned to the service because it is more cost effective than alternative routes.

- European logistics providers are using the service to bring in direct Scottish imports and it is envisaged that – at least for one company – these volumes will likely increase in 2013.

- There is a high level of satisfaction amongst some users of the service.

5.5 Potential actions and initiatives

There are several key areas where continued focus could be beneficial:

- Continued lobbying with regard to the directive on sulphur emissions, both from industry players and politicians.

- Promotion of the benefits and economics of the service – particularly to non-users, with a view to growing volumes of direct Scottish imports. This was a key outcome from the previous research and seminar and it is evident that DFDS and the port operators are concerned with their own independent marketing activities. It might be worth exploring a joint approach to targeting non-users, particularly those that are European-based.

- On-going development of business relationships between importers, exporters and logistics providers. New volumes are driven by new contracts and relationships: any activities that can assist in developing such relationships are beneficial.