New English Channel ferry service hopes to benefit from Brexit boost

Seaborne Freight aims to reopen Ramsgate to Ostend ferry route, without the distraction of passengers

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An ambitious plan for a new freight ferry service across the English Channel is being launched despite the UK's pending departure from the European Union.

Seaborne Freight is a start-up venture that aims to reopen the Ramsgate to Ostend ferry route within a matter of months.

French ferry veteran to head up Seaborne Freight's dream team

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The project is slated to cost about $100m, with all but $25m to $30m of the finance lined up.

The UK's exit from the EU is seen as potentially beneficial to the Seaborne Freight project, as increased customs checks will put further pressure on existing already, congested cross-channel routes.

Currently, just getting to the port of Dover or the Eurotunnel terminal can be a problem — with motorway approaches at times choked with tailbacks of up to 5,000 trucks, and delays of up to 18 hours.

Ramsgate and Ostend have been ferry ports without ferries since the TransEuropa service ended in 2013, with the route having the reputation of being difficult to operate successfully.

So why should UK-based Seaborne Freight be successful where others have failed?

The answer, according to the promoters, is an exclusive focus on freight, without the distraction of running a passenger service.

The UK ferry market has been badly hit by the success of low-cost airlines, but their impact is confined to the passenger and mixed passenger-and-freight sectors.

Part of the financial backing is coming from 10 haulage companies that have a vested interest in supporting the ferry service.

The Ramsgate-Ostend crossing saves 100 kilometres (62 miles) in road miles in each

The Belgian port of Ostend will serve as the continental terminus Photo: Gary Houston/Creative Commons

direction between the UK and Northern European destinations.

The sea miles are longer than the Dover-Calais or Dover-Dunkirk routes, but this is seen as beneficial rather than a disadvantage. The four-hour crossing allows for rest periods for drivers to be aligned with ferry schedules, with space on all crossings bookable.

Seabourne Freight will be in competition with P&O and DFDS ferry services, as well as the Eurotunnel rail link, and plans to have similar pricing.

Ben Sharp, a key figure in the project, says it is in nobody's interest to start a price war.

Price war

Seaborne Freight's UK terminal will be in Ramsgate Photo: JackyR/Creative Commons

“No operator would benefit from a price war as a loss of market share would be preferable to an overall drop in profitability. The added capacity created by Seaborne is more than compensated by the 4.5% rise in forecast traffic,” notes a Seaborne Freight prospectus.

“We are not being ambitious in terms of the cross-channel market. We are only talking about a 5% share. But it is ambitious to just get going,” Sharp said.

The prospectus says the project is fully costed, with budgets and projections independently reviewed by accountants.

The aim is to be in the money from the first year, with projected profit of €4.3m (£3.8m) from turnover of €54m. For year two, the projection is a €14.3m profit on turnover of €70m, and €28.5m profit on turnover of €87m in year three.

Translating one third of turnover into profit seems ambitious but Sharp says the projections are realistic.

“Freight is very profitable. It’s passengerships that struggle with the margins,” he said.

Long term, as the business grows, Seaborne Freight hopes to acquire newbuildings that could offer operational efficiencies.

“This is a very scalable business because the volume of cargo is increasing,” Sharp said.

The aim is to run a three-ship service, with negotiations to acquire a French-built through-deck ro-ro at an advanced stage.

A shortage of suitable secondhand vessels is likely to mean that the two other ships will be stern loaders, that can be converted to drive through at a cost of less than $5m per unit.

Funding to buy the vessels on 80% mortgages has been lined up, with Rotterdam-based Clearwater appointed as shipmanager.

Clearwater is allied with 24Vision Solutions, the innovative business set up by former RaetsMarine entrepreneur Martin Lanting, which aims to change the way the shipping and insurance industries interact.

Apart from the haulage industry, Seaborne Freight has attracted investors from the UK and Asia, with part of the funding also coming from the management team.

The funds that have still to be raised could come from a single large player or through the issue of shares, with a potential price tag of £9,000 ($12,161) each, avoiding the problem of small inexperienced investors being attracted.