

The Interview: Alexander Panagopoulos



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Innovation is in shipping veteran's genes, with his latest project developing vessels that make LNG credible as a fuel for tramp dry bulk and tanker shipping

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ALL his life Alexander Panagopoulos has heard the mantra that, in shipping, being a first mover does not pay. But most of his career in shipping he has been ahead of the curve and by now he could write a dissertation on the rewards and the frustrations of being first.

As a youngster he was involved with the ground-breaking Royal Cruise Line founded by his father, Pericles Panagopoulos.

By the 1990s, RCL had been sold and the family was pioneering again with Superfast Ferries, which heralded a new era of fast, modern ropax ferry transport across the

Adriatic Sea and later also shook up the ropax trade in the Baltic as an outsider.

More recently Mr Panagopoulos was in the news as the recipient of one of the first new operating licenses for ferry travel between the US and Cuba. This came against the backdrop of the era of former US president Barack Obama, when a thawing in relations between the two countries occurred.

However, Mr Panagopoulos had his eye on services to Cuba ever since his first visit to the island in 1996, directly after the launch of Superfast's Greece-Italy service.

The advent of the administration of President Donald Trump has cooled excitement about Cuba for the time being, but Mr Panagopoulos has innovation in his genes and his new project, Forward Ships, promises to have a ripple effect far beyond any previous entry in his CV.

Forward thinking

'Project Forward', a five-year research project led by Mr Panagopoulos' dry bulk company Arista Shipping and involving ABS, designer Deltamarin, containment system specialist GTT, Shell and most recently Wärtsilä company Eniram, focused on developing the first liquefied natural gas-powered vessel for global trading.

Milestones have been reached at a rattling pace over the past year.

Mr Panagopoulos' Forward Maritime vehicle, which claims to be bringing the cleanest ships in the world to the market, unveiled the first major practical application of the project, a revolutionary kamsarmax bulk carrier, equipped to operate on LNG worldwide.

Although there has been a flurry of announcements concerning LNG-fuelled vessel projects in 2018, all have concerned liner-type shipping with frequent or predetermined port calls, necessitating modest LNG bunkering capacity.

By contrast, the Forward kamsarmax can trade fully-laden at 14 knots for 42 days, or 14,000 miles, before needing to be refuelled. Shell has pledged to have the requisite geographical spread of LNG bunkering stations girdling the globe to serve the fleet.

A letter of intent for up to 20 vessels was inked with Chinese shipbuilder Jiangsu

Yangzijiang as Forward sought chartering support and finance for the series.

Some backers of the project envisage that the amount of ships ordered could eventually number in the hundreds.

The project won the award for the most sustainable project at the Maritime 2020 Summit in Copenhagen, beating several other green shipping projects.



Alexander Panagopoulos (right) receives the Maritime2020 Summit 'Most Sustainable Project' Award for Forward Ships

Meanwhile Forward has also unveiled a comparable design for a neo Aframax tanker, delivering on its promise that the design concept behind the bulk carrier could be rolled out for various classes of ship.

The kamsarmax letter of intent with Jiangsu Yangzijiang has now expired as sufficiently remunerative charters and consequently financing commitments could not be tied up within its span.

"We got a lot of traction with both the chartering side and on the financing and funding side," Mr Panagopoulos tells Lloyd's List.

"We managed to achieve so much in such little time but with hindsight we were a little too early. We found ourselves having to

educate people — that the ships are not floating bombs, that they can trade to any ports, the basics — rather than speaking to willing ears.”

Changing times

In just a few months, the landscape has changed dramatically, he says. “First of all, the market is much readier to face up to 2020 than it was earlier this year. People now understand it is not a moving deadline but it is fixed, and the street seems to have taken notice that this is going to happen.”

As important as are the revolutionary Forward ships in Mr Panagopoulos’ vision, just as significant are the forward price curves of different types of fuel.

Until recently there had been no international benchmark for LNG. But this has been brought into view with the launch of futures contracts by the Intercontinental Exchange with Platts and the CME Group together with Cheniere Energy.

“Already you can see the 2020 effect kicking in in the spread between low-sulphur fuel and heavy fuel oil but the curves will show that LNG is the clear winner,” he says.

Complying with the IMO-mandated sulphur cap will increase costs, whether owners opt for a programme of installing scrubbers or use pricier compliant fuels.

However, Forward has worked with Deltamarin and other collaborators to produce a design that represents a leap in efficiency in comparison with conventional bulker and tanker designs.

Modern design

The patent-pending design includes a jump to a four-stroke engine as well as greater machinery redundancies and a streamlined hull. All the features contribute to the commercial viability of the vessels, says Mr Panagopoulos. But the estimated savings from burning LNG cannot be ignored.

For the kamsarmax, the initial calculations of running 100% on LNG were estimated at \$3,500 per day, or \$1.3m a year. As the price of oil creeps up, that could turn out to be too conservative.

“The additional capex for LNG is not that bad,” he says. “LNG is not only greener in fuel, it’s greener in dollars. The new ships are so competitive they render other ships obsolete.”

That said, Forward has tweaked its approach to get the first ships built. It is now looking to secure a large anchor investor before returning to the chartering community and offering a smaller number of ships for time charter to the highest bidders.

“We are still getting a lot of interest and in fact momentum is building,” says Mr Panagopoulos. “We are the technology leaders in this space and we are being recognised as such.”

There is also real conviction behind the project. Forward is among the few shipping companies that are not shy about linking ships’ emissions to deaths from air pollution and he strongly believes that LNG is the best answer for the medium term, before future technologies are ready to be implemented for a majority of the world’s fleet.

Figures and curves aside, he says: “Let’s do the right thing.”

He maintains that a background in passenger shipping has provided him with much wider experience than the average bulk carrier owner.

At the start of the Forward quest for the cleanest, most efficient model vessel, Mr Panagopulos gave — for “experimentation”

— “Superfast VII”, one of the family’s ropax ferries that were state-of-the-art in the 1990s.

Today, armed with greater understanding of the impact of shipping emissions, he looks back on the Superfast Ferries era with near-incredulity. “Those ships were gas-guzzlers,” he says. “What were we all thinking?” ■