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**PRIVATE & CONFIDENTIAL**

**by email**

Minister for Transport and the Islands

Dear Minister

As previously published, Ferguson Marine Engineering Limited (FMEL) was successfully awarded the contracts to construct and deliver the two dual fuel ferries for Caledonian Maritime Assets Limited (CMAL), which will be first in class for Scotland and indeed in the UK.

As the first ferries in the UK capable of being run on liquefied natural gas (LNG) and marine gas oil, not only has this been an extremely exciting and ambitious project for both FMEL and CMAL, but it has been an extremely complex one as well. Whilst FMEL and CMAL continue to work closely together on the highly challenging engineering issues arising from the unique nature of the dual fuel ferry project, the result of these unforeseeable challenges will result in a delay to the previously announced dates that the two ferries would enter into service. However, the experience and knowledge gained during this project will be of enormous benefit to the competitiveness of Scottish shipbuilding in the future as technology continues to develop to meet tightening clean energy legislation.

The first ferry, named MV Glen Sannox, originally estimated for delivery in Summer 2018 will now be delivered in Winter 2018 / 2019. We are in the process of finalising the revised delivery date for the second ferry which I will advise you of as soon as we have an agreed date.

Over the past 3 years we have invested c.£25m in the business which we bought out of administration with only 7 employees. Today we have a total of 360 employed at the yard including 37 apprentices and 92 contractors. Most of our investment has been focussed on rebuilding the yard into a modern, competitive, highly productive facility with the goal of being the technology leaders in Clean Energy Propulsion Systems within a modern efficient shipyard.

Whilst building these first ferries in the UK capable of being run on Liquefied Natural Gas (LNG) and Marine Gas Oils, we are also working on a project to build the first ferry powered by Hydrogen Fuel Cell Technology combining traditional shipbuilding experience with leading edge science and engineering.

The socio-economic impact and prosperity that is being created by the investment in Port Glasgow, one of the most deprived areas in Scotland, is immense. Hundreds of well-paid professional, technical and highly skilled jobs have been created and further investment is



planned next year to establish an industry leading ship repair and maintenance facility creating more new high quality job opportunities.

We have been able to attract a highly qualified team of individuals from some of the best talent in the industry and through our very active apprentice training scheme we are developing these skills in our young people to ensure that we are well prepared for the future.

We are disappointed by the delays caused by the challenges presented by the specification of these vessels. However, the foresight shown by The Scottish Government to pursue a low carbon future in the ferry sector provides Scottish industry with an excellent platform to establish a leading position in low carbon marine technology globally.

Yours sincerely



Founder, Chairman & CEO