

# French brokers alive and kicking

No other broker in Paris can challenge the size of Barry Rogliano Salles but the turnout at the French Shipbrokers' Association proves France still has many key players in an industry characterised by an avoidance of 'internal wars'.

Geoff Garfield

Paris

Common perception is that shipbroking in France begins and ends with one major player — but dig deeper and there is plenty of activity involving companies that have been around for decades.

Likewise, France still has a cluster of shipowners, charterers and support industries ranging from marine insurance and finance to lawyers and arbitration.

The likes of Louis Dreyfus and Total have shifted parts of their operations abroad but the view that France is a spent force in shipping is wide of the mark.

CMA CGM, Bourbon, Sea-tankers, Setaf Saget, Brittany Ferries, STX France and, on the logistics side, Bollere are testament to shipping-related activities still generating plenty of employment.

So it came as no surprise that 700 or so charterers, owners, shipyards and others from various parts of the world attended the French Shipbrokers Association's biennial reception for clients in the heart of Paris recently, evidence that *Le Broker* is very much alive and kicking.

Barry Rogliano Salles (BRS) is one of the biggest brokers in the world, employing hundreds of people and with offices spanning the globe.

Headed by Tim Jones and Jean-Bernard Raoust, its classical headquarters in the affluent Paris suburb of Neuilly reflect a company that has been around since 1856 and, unlike some of its peers across *La Manche* in London, remains in private hands.

There are no publicly listed broking shops in France. None, apart from BRS, are big enough. But there are plenty of broking houses. Some 21 are affiliated to the brokers' association, whose full title — *Chambre Syndicale des Courtiers d'Affretement Maritime et de Vente de Navires de France* — fills a large part of its president Laurent Lerbret's business card.

Another 10 or so brokerages operate outside the association. "If you compare that to London, it is smaller but if you look at the structure, every aspect of shipping is there," said Lerbret, who is also chairman of long-established brokerage Lerbret & Cie.

Dry-cargo, tanker-chartering and sale-and-purchase (S&P) brokers — including cruiseships, where BRS has been a big player given the presence of builder STX France/Chantiers de l'Atlantique — are all present, and not just as



**TOP BRASS:** Jean-Bernard Raoust (left) and Laurent Lerbret at the French Shipbrokers' Association's reception in Paris

intermediaries for large cargo-ships. "Even if you need a fishing boat there is a company there to deal with that," added Lerbret.

After BRS, there is a big gap to the "cloud" of smaller broking shops averaging 10-15 people, a third tier each with around five, and then some with just a couple of brokers often focussing on specialised business but that have typically survived for a long time.

Cyril Jarnet, president of Parimar Francharte, the sale-and-purchase (S&P), newbuildings and chartering broker, and vice-president of the shipbrokers' association, quips that his company ranks among the "youngsters" — it is celebrating its 25th year in 2012.

SCAC Shipping, for example, has existed since before World War One, while BRS is more than 150 years old.

Lerbret et Cie started in 1919 when Lerbret's grandfather re-



**MAJOR IMPACT:** CMA CGM is a big French player in the transport of containers. Pictured, the 6,627-teu "CMA CGM Berlioz" (built 2001)

sociation's president, in a reference to alleged practices in parts of the Far East. By avoiding "internal wars", brokers typically remain for many years with the same French broking shops, many with 20, 30 or even 40 years' service, he says.

A spin-off is that companies are prepared to train young entrants in the knowledge that they will remain long-term.

"That makes one hell of a difference," said Lerbret. "Once they are trained there is a good vocation for them here. People are treated fairly right from the start. You have to if you want them to stay. That isn't the case in some countries."

The profile of France's broking community mirrors to some extent its shipowners, a mix of leviathans such as CMA CGM on the container side and Bourbon in offshore, as well as medium-size companies such as Sea-tankers, with a fleet of around 30 smaller vessels of up to 19,000 dwt.

Add to that the ferry owners and various local companies, and France still has, despite no longer being regarded as a major shipping powerhouse, a "culture of ship-owning and shipmanagement", says Lerbret.

Often overlooked is that France also has a pool of good seafarers, many of whom find employment on foreign-flag vessels, he adds.

"We are still a maritime centre," insisted Lerbret. "A small one but we can do everything on our own."

The country still has numerous charterers, including some of the biggest grain houses such as Soufflet Group, which is said to be France's largest wheat buyer and miller, trading around eight million tonnes a year.

"When you saw Dreyfus decide to leave and go to Geneva, you immediately had this impression there is nothing left," said Lerbret.

However, he claims the switch from Paris to Switzerland of both Louis Dreyfus's trading (but not owning) division and Total's chartering arm has not "changed anything for the broking scene in France".

"The links have remained and because these companies are growing substantially — their volumes have doubled in the past five years — there is more business to be done," he said.

Agricultural fertiliser group Mekatrade has also moved some of its operations from Paris to Geneva but it still works with French brokers.



**CAPITAL GAINS:** Two-thirds of shops linked to the brokers' association are in Paris, home to the Eiffel Tower.

"If all this had happened 20 or 30 years ago, it may have been more difficult but today you can work the Internet or use the phone 300 times a day," said Lerbret.

Long gone are the times when principals had time to meet regularly with their brokers or the "good old days" of the Baltic Exchange, when the guy fixing could spend a couple of hours each day drinking with his buddies, Lerbret says. What is important now is not so much location but being "close in terms of providing a good-quality service". "If you are a good broker they [clients] will listen to you," added Lerbret.

He also plays down the belief that today's brokers must be big to properly serve their clients and survive.

He points to totally contradictory policies of big charterers such as Elf and Total in the 1980s, when in the space of a few years they switched from requesting small broking shops focussed on specific trades to wanting mega-brokers with research departments.

"But a broker isn't just someone providing information. It is someone you can share ideas with, not just someone with statistics," said Jarnet.

While not on the scale of BRS,

he claims his Parimar Francharte company has the confidence of banks, owners and insurance companies to handle, for example, valuations, and has been appointed as experts in the liquidation of Sea France.

Do people have time to read 80-page reports? asks Jarnet. "What is important, as with a doctor, is to have credit with your client."

And don't forget language: English may be the universal tongue in shipping but it appears that great weight is still placed on the convenience of French owners, brokers and charterers being able to converse easily.

## Smaller shops 'benefit' from big presence of Barry Rogliano Salles

Laurent Lerbret, the president of the French Shipbrokers' Association, says French brokers are fortunate to have a big player such as Barry Rogliano Salles (BRS) in their midst.

It is a surprising statement but a situation smaller brokers say they can benefit from.

For instance, broking shops of BRS's size must have research departments, not least because of dealings with investors and, says Lerbret, it is "fairly open in allowing access to [some] of its reports".

Almost all the 21 broking houses affiliated to the association are said to work on a preferred or exclusive basis for one or two clients but 80% to 90% of business, whether, tankers, dry cargo or sale and purchase (S&P), is on a competitive basis.

Most brokers are independently owned by individuals, partners and families.

Given the absence of publicly listed brokerages — which are under constant pressure to grow — mergers and acquisitions are rare. Lerbret says he cannot remember the last time it happened — probably in the 1970s.

He adds that the association's members survived the previous major crisis in shipping — around 1986-1987 — largely intact.

"It was rough, a lot of companies had to streamline but they are still there," he said.

There have been no failures during the current downturn in shipping.

Over the years, companies have restructured and sometimes reduced in size "to face the realities of the market", adds Lerbret. But the names remain.

Around two-thirds of shops affiliated to the brokers' association are in Paris, with the rest in places such as Brest and La Rochelle on the Atlantic Coast and Marseille in the Mediterranean. Their business comes from various quarters.

As well as Soufflet Group, the main chartering players left in France include companies such as Invivo, a union of French agricultural co-operatives serving farmers and exporting especially to North Africa.

Meanwhile, France's sometimes infamous tax breaks remain, although they have been revised to comply with European rules.

The Groupements d'Intérêts Economiques (GIE) system, originally focussed on making the French register more attractive, now applies to any European flag. All European owners are eligible and to benefit from 15% to 20% savings on building costs, only need to have a small management office in France.

According to the shipping-in-



**KEY DUO:** Cyril Jarnet (left) and Laurent Lerbret, the respective vice-president and president of the French Shipbrokers' Association

There is also a network of service industries, such as Axa for marine insurance and various insurance brokers, as well as BNP Paribas and Societe Generale on the ship-finance side, although the latter has been seeking to trim its marine portfolio. Another is Credit Agricole Corporate and Investment Bank (CA-CIB).

There also exists a network of lawyers, including leading UK companies such as Holman Fenwick Willan and Ince & Co, and for arbitration the *Chambre Arbitrale Maritime de Paris*. There are said to be around 66 arbitrators in France, normally using French law but with the option to use English law.

"So, there is a complete set [providing] what you need [in order] to do business," said Cyril Jarnet, the vice-president of the brokers' association.

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dustry association, *Armateurs de France*, more than 1,400 ships are operating, including 700 that fly the French flag.

The vessels are said to employ 14,000 seafarers and 15,500 staff worldwide, of which 10,000 sailors and 8,500 shore-based personnel are in France. Each year, 305 million tonnes of cargo and 12 million passengers are carried.

The University of Nantes/St Nazaire offers Master of Sciences (MSCs) in shipping and many graduates are said to find jobs with companies such as Cargill and Louis Dreyfus. It also creates what Jarnet describes as a "close community", including between brokers.

So what does the future hold for French shipbrokers given the world is in its fifth year of economic turmoil and much of the pain is being borne by their clients, the shipowners?

Surprisingly, neither Lerbret nor Jarnet appear too depressed about the situation.

"There are projects, activity is not dead," said Jarnet.

The 700 or so who turned out for the shipbrokers' association reception the same evening indicated that although times are tough, shipping has not met its Waterloo. It remains a people's business where brokers remain pivotal, whether it is in Singapore, Oslo, London or Paris.

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