

## FRENCH FLAG IN THE SHIPPING WORLD

**"There is no great maritime nation without shipping" ... On December 2, 2014, at the "Assises de l'économie de la mer", the French annual gathering on maritime economy, Prime Minister Manuel Valls emphasized the contribution, strength and future of this industry. Here is an opportunity to highlight the attractiveness of the French flag in international shipping.**

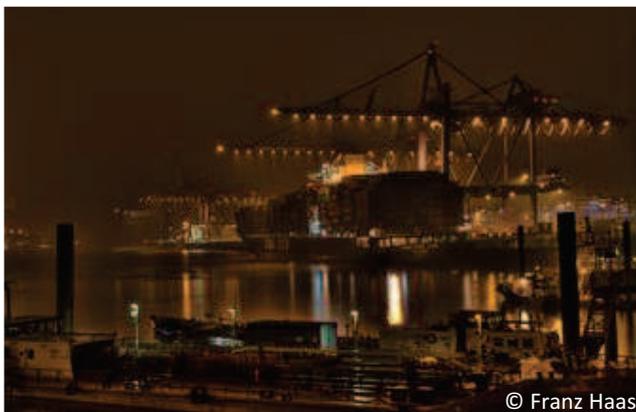
### THE PLACE OF FRENCH SHIP BUILDING AND EQUIPMENT

The French flag has an excellent image, inherited from a true maritime tradition. In 2012, the *International Chamber of Shipping* (ICS) identified France as one of the best pavilion states, both from the point of view of the quality of the fleet, state control of the ports and the number of international conventions ratified.

However, while global maritime traffic is exploding, the French merchant fleet is shrinking. Between January 2012 and July 2014 the number of ships under the French flag fell by nearly thirty; France passed under the symbolic threshold of 200 large vessels over 500 UMS<sup>1</sup>. It now ranks 29th in the world, against previously ranked fourth in the world until as late as the early 1970s.

Yet, the French sector has at least a hundred companies operating 547 vessels flying the French flag in the first register, which is applicable in France and its overseas "departements". The second French International Register (RIF flag) also plays its part with almost 1400 vessels owned by French companies displaying it. It was established in 2005 for ships equipped for long distance trade or international cabotage and helped support maritime employment and competitiveness of French shipping facing international competition.

France is well represented in various shipping sectors: CMA CGM is the third largest player in the container industry, while Bourbon is the leading provider of marine services for the offshore oil industry. Louis Dreyfus Armateurs is one of the specialists of dry bulk transport, while Alcatel-Lucent, Orange Navy and Nexans are among the world's leading sea cable manufacturers.



Today, with the rise of emerging countries, especially Asian countries, the French shipowners - and more globally the European ones - must forge alliances in order to remain leading international shipping players. After the failure of a proposed alliance with Maersk and MSC, CMA CGM set up "Ocean Three", a collaboration with China Shipping Container Lines and United Arab Shipping Company, a company with majority ownership by Qatar. This group, which envisions the sharing of shipping lanes and ships, to reduce costs on the main maritime trade routes.

### WHAT FUTURE FOR SHIPPING?

The enormity of the global fleet of container ships raises major questions for the future considering the average capacity of container ships has tripled in 25 years. Economic calculation dictates an obvious logic: the more containers the ship carries, the more profitable it is. However, vessels of more than 18,000 containers pose a real maritime and port security problem. Dramatic sea accidents have been making headlines (*MSC Flaminia*, *MOL Comfort* ...), illustrating the issues of accidental pollution, towing and rescue assistance.

The challenge of sustainable development is also of increasing significance. France has ratified and fully implemented the vast majority of the conventions of the International Maritime Organization. The excellence of the French flag demonstrated with respect of the environment is a competitive advantage that can be strengthened with the "ship of the future", a safer, more economical and cleaner ship.

Still, the constraints related to construction, safety and environmental impact can also end up affecting the financial competitiveness of maritime transport compared to increasingly competitive terrestrial alternatives. The "Silk Road" is a large rail corridor stretching from the Pacific Ocean to the Baltic Sea that China wants to develop which could have an impact on shipping in the Indian Ocean. This mode of transport seems all the more an interesting option as piracy remains a very real threat to transport vessels in certain maritime areas. For now, in many areas, maritime transport still remains the most cost effective way to transport a large amount of goods over long distances, and remains a must.

<sup>1</sup> Universal Measurement System, international unit of tonnage