

SHIPPING REVIEW



INTRODUCTION

France is the fifth largest economy (by GDP) in the world. According to the WTO, France is the sixth largest exporter and fifth largest importer of manufactured goods. It is considered the second most important outward direct investor with French companies investing an estimated \$220 billion in 2009. The country has undergone a major transition in recent years, moving from extensive government ownership and intervention to a more market economy. The government has partially or fully privatised many large companies, banks and insurers. France is among Ireland's top 10 trade partners with medical and pharmaceutical equipment and office machinery the biggest export to France and road vehicles being the largest import. There are frequent weekly shipping services between Ireland and France provided by 4 roll-on/roll-off (ro/ro) operators and 3 liner lift-on/lift-off (lo/lo) operators.

TRAFFIC

Shortsea Links

Shipping links between Ireland and France are well established. It is the closest and most direct trade route to the Continent, and consequently an important route for tourism, direct freight exports and cattle exports. There are frequent ro/ro and lo/lo services provided by 7 different operators giving shippers choice, flexibility and frequency of service.

Currently there are four ro/ro and three lo/lo services operating between Ireland and France. Container operators which include French ports in their Irish schedule are C2C, CMA CGM, and Eucon. In 2008, C2C moved their French service from Waterford, and currently operates a 340 TEU capacity, twice weekly service between Dublin – Radicatel. The frequency and capacity of these routes have not changed indicating this remains a successful trade route for both countries.

LoLo

Route	Operator	Capacity/Week (TEU)	Frequency
Dublin - Radicatel	C2C	340	2
Dublin - Zeebrugge - Le Havre -Liverpool	CMA CGM	1,200	1
Dublin - Belfast - Antwerp - Radicatel	Eucon	750	1
Total		2,290	4

Source: IMDO

Irish Ferries, Celtic Link and LD Lines operate year round passenger and freight services from Rosslare Europort to France, providing direct links between Ireland and continental Europe. In October 2008, LD Lines entered the Irish ro/ro market offering a high TEU capacity weekly passenger and freight (ropax) service between Rosslare and Le Havre, adding further capacity to a very competitive market. Celtic Link and

LD Lines have since entered into a vessel sharing agreement, operating the larger passenger capacity Norman Voyager from Rosslare to Cherbourg at the weekends and the larger freight capacity Diplomat during the week. Brittany Ferries operates a predominantly passenger service from Cork, but also caters for freight between the south of Ireland and France providing a vital link between the South-west and the Continent.

Ro-ro

Route	Operator	Freight Capacity/wk	Frequency
Rosslare Cherbourg/Roscoff	Irish Ferries	3,000	3
Cork - Roscoff	Brittany Ferries	3,500	1
Rosslare - Cherbourg	Celtic Link	5,550	3
Rosslare - Cherbourg	LD Lines	2,250	1
Total		14,300	8

Source: IMDO

France, Ireland, the UK, Spain and Portugal have established a consortium for a Motorway of the Sea Project, 'WEST-MOS'. The project is proposing dedicated liner services between the Member States with the objective of reducing congestion on national roads, and to promote shortsea shipping as an alternative mode of transport in line with current EU policy. The project is aiming to provide a direct alternative to road transport for the time sensitive perishable goods market from Spain and Portugal to the UK and Ireland. There are currently a number of proposals put forward for new services for both EU and regional funding, however, as yet none have been instigated.



Source: <http://westmos.eu/objectives.aspx>

French Ports

It is estimated that road congestion in France costs its economy about 1.5% of GDP per year¹, significantly higher than most other European countries. This is evident on the North-South axis, where congestion adversely affects the large volumes of Transatlantic and Northern European traffic, from northern ports such as Le Havre, destined for Spain, Italy and southern France.

¹ www.eubusiness.com

The French Government's National Port Reform has resulted in inefficiencies at French ports, leading to unnecessary congestion problems. The longer such issues remain unresolved, the more of an impact it will have on international maritime trade with French ports. Indeed there may be negative ramifications for Ireland, as France is one of its top trading partners.

Le Havre

The primary French deep-sea port Irish feeder operators connect to is Le Havre. The port has specific facilities including a ro/ro centre open 24 hours a day, 7 days a week to ro/ro vessels of any size. It is the second biggest French port and fifth biggest North-European port with 80.5 Mt handled in 2008. It is the leading French port for container traffic with nearly 2.5 million TEU in 2008, or more than 63% of all the containers handled in French ports.

For the first six months of 2009, Le Havre handled 38.2 million tonnes (Mt) - provisional figures, ship stores and bunkering included - or a 1.7% drop compared to the first six months of 2008 (38.8 Mt). Liquid bulk rose by 1.4% compared to the first six months of 2008 or 23.9 Mt. The volume of crude oil accounted for about 70% of the tonnage of liquid bulk with 16.7 Mt, a slight decrease of 1.4% compared to the same period in 2008. Refined products handled amounted to 6.1 Mt, recording a 6.2% rise against the same period in 2008. The same applies with gaseous hydrocarbons and the other liquid bulks with increases of 16.1% and 25.2% respectively (267,000 t and 820,000 t). Containerised trade remains lower with a tonnage of 10.8 Mt (1.1 million TEU) at the end of the first six months compared to 11.9 Mt over the corresponding period in 2008, an 8% drop. 3,200 calls were recorded since the beginning of the year 2009 in the port of Le Havre, a 1% rise. While the number of passengers using the cross-channel services to and from the 'Porte Océane' (Ocean Gateway), has increased by 3.4% with 150,000 people transported².

Port of Rouen

The other major French port for Irish container operators is the Port of Rouen, and more specifically the Radicatel terminal. The Port of Rouen is a seaport, river port, inland port, estuary port and occupies a strategic position within the French port system. Rouen is a major river port on the Seine leading down to Paris and the hinterland and further afield. It is situated right at the heart of a major agricultural region and is considered Europe's leading grain export port³. The Port of Rouen specialises in handling grain, refined petroleum products, forestry and paper products, agri-food products, heavy lifts, and containers for North/South destinations.

During the first six months of 2009, the Port of Rouen handled just over 13.2 million tonnes of freight, an increase of 9.3% compared to the same period in 2008 which saw volumes of 12.1 million tonnes. It is also an increase on 2007 volumes by 3.5%, or 12.8 million tonnes.

The volume of liquid bulk grew by 4.6% at 6.4 million tonnes in the January to July period. The volume of cereals increased dramatically from 2.98 million tonnes to 4.1 million tonnes, a 36.8% increase. However container volume dropped by 10% from 661,992 tonnes to 595,748 tonnes. Other considerable drops included forestry and paper products by 39.2%, flour and sugar by 6.7% and other commodities by 41.1%⁴.

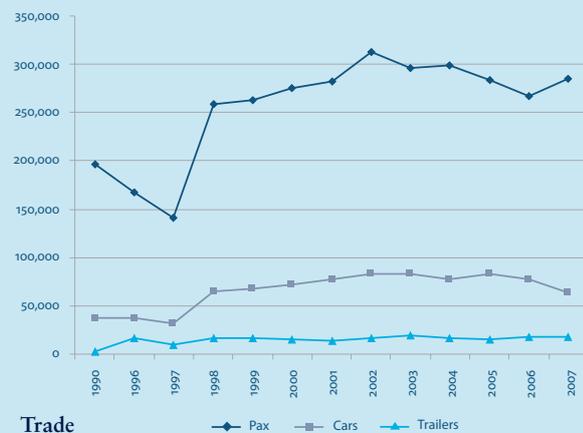
Cherbourg

Cherbourg is the main port for Irish ro/ro traffic to and from France. It serves as the gateway for both freight and tourist traffic. The number of services between the port and Ireland has increased in the past year as a result of LD switching their service from Le Havre to Cherbourg. Access to the port of Cherbourg has been greatly improved through the development of a motorway connecting the port to the rest of France and further to Spain. This reduces the driving time for freight traffic and allows easier access for tourist traffic.

	JUNE 09	JUNE 08	6 months JUNE 09	6 months JUNE 08	% 08/09
Cruise passengers	4.374	6.370	30.795	29.295	5,12
Ferry Passengers	81.509	89.496	256.827	295.500	- 13,09
Tourist cars	24.321	25.513	70.133	77.846	- 9,91
Freight Units (ro-ro)	6.195	7.860	32.782	46.960	- 30,19

Source: <http://welcome.port-cherbourg.com/statistics/>

Total trend in Ireland - France Traffic



Trade

Despite being in a recession, France is weathering the financial crisis better than many large economies with GDP growth only dropping from 2.1% in 2007 to 0.7% in 2008. However, low fiscal revenues and increased expenditure indicate that the general government deficit will exceed the euro-zone ceiling of 3% of GDP in 2009.⁵ In recent years the French government has shown signs of a shift toward less government intervention and more control being passed over to market mechanisms. Accordingly, industries with traditionally heavy state involvement such as financial institutions, telecommunications and transport are gradually being privatised. However France's transition to a purist free market economy remains hampered by relatively strict labour regulations and widespread public opposition to proposed reform of labour laws. Merchandise trade figures for France declined in the second half of 2008, levelled off in the first quarter of 2009, and have since declined again.⁶

² www.havre-port.fr

³ www.portofrouen.com

⁴ www.portofrouen.com – 'resultants cumulés' 01 January 09 to 22 July 09

⁵ CIA World Factbook, available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/fr.html> (accessed 27/07/09)

⁶ OECD International trade statistics: trends in first quarter 2009, available at www.oecd.org

France is Ireland's fifth largest export partner after the US, the UK, Belgium and Germany. In 2008, the value of Ireland's exports to France was €4.97 billion; a decrease of 4% compared with 2007. In terms of value, Ireland's largest export commodity to France in 2008 was office and automatic data processing equipment, worth €970 million and representing nearly 20% of total export value to France. The second and third main exports to France by value were medical and pharmaceutical products (€773 million) and organic chemicals (€592 million). In terms of volume, metalliferous ores and metal scrap were the highest exports commanding over 22% of the total share of exports by volume (157,082 tonnes), followed by fertilisers (101,079 tonnes) and meat products (87,891 tonnes).

Total imports from France in 2008 amounted to €2.25 billion; a drop of 14% compared to 2007 figures. France is Ireland's sixth largest import market with road vehicles accounting for the highest imports by value (€286 million). CSO figures reveal that French car companies Renault, Citroen and Peugeot together accounted for 9% of all new cars licensed in Ireland in 2007⁷. French car manufacturers generally produce smaller, more fuel efficient cars and consequently saw their market share rise due to higher fuel prices.

With regard to imports from France by volume, cereals & cereal preparations, and petroleum and petroleum related products were the largest commodities accounting for 32% and 17% of the total volume of imports respectively.

Business Links

Ireland and France have a tradition of strong business links, particularly regarding France's participation in major infrastructural projects undertaken in Ireland. For instance, in 2002 French company Alstom was awarded a fifteen year contract for the manufacture and supply of LUAS trams which will see it through the Government's ambitious Transport 21 plan which includes seven new LUAS projects.⁸ Other noteworthy examples include the Cork sewage treatment plant, the Dublin-Galway gas pipeline and the Ringsend CCGT operated by Synergen.

There are a number of agencies dedicated to developing strong business links between Ireland and France, most notably the French-Irish Chamber of Commerce and Industry and its sister agency the Irish-French Chamber of Commerce. The Irish embassy in Paris also provides useful information regarding the Irish economy and links to information on living and working in Ireland. On a more general level, the IDA (Industrial Development Agency) is a promotional agency with a mandate to attract and develop foreign direct investment in Ireland. The IDA currently supports 41 French companies employing 2622 workers⁹.

A range of examples of French industry exist in Ireland. In manufacturing, companies Yves Rocher, Pernod-Ricard Gerflor and Essilor have operations in Ireland. Ireland's comparative advantage in financial services has also attracted many French financial institutions to set up operations such as Societe Generale, Dexia and BNP Paribas, as well as the insurance giants AXA and Allianz. Other areas that have attracted French business into Ireland include aviation (CityJet), waste management (IPODEC), technology services (Altran Group)

and food and drinks companies such as Danone and Yoplait, which manufacture their products through Glanbia.

Business Links

Chamber of Commerce (in French)
www.ccip.fr

Embassy of Ireland in France
www.embassyofireland.fr

Enterprise Ireland (France Office)
www.enterpriseireland.com/Contact/Overseas+Offices/Paris+office

Franco-Irish Chamber of Commerce
www.franceireland.com

Invest in France - The French Government Agency for International Investment
www.afii.fr

Ireland in France
<http://idaireland.fr>

Irish Cultural Centre in Paris
<http://www.centreculturelirlandais.com>

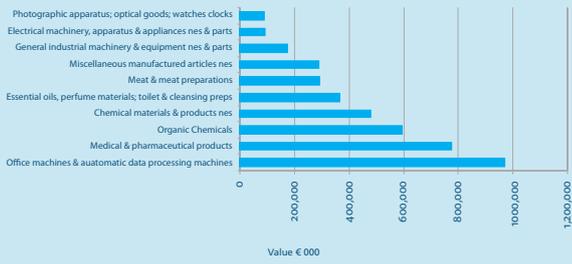
National Institute for Statistics and Economic Studies
www.insee.fr/en

⁷ CSO, 'Transport 2007', available at: http://www.cso.ie/releasespublications/pr_transport.htm

⁸ http://www.railwaygazette.com/news_view/article/2005/03/1711/keeping_luas_up_to_speed.html

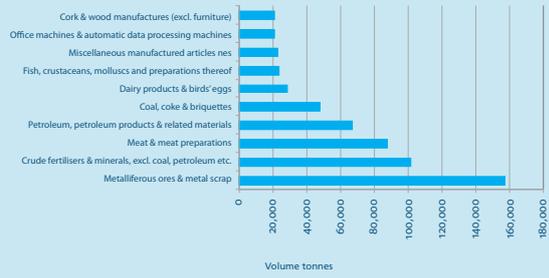
⁹ IDA Ireland

Value of Commodities Exported to France 2008



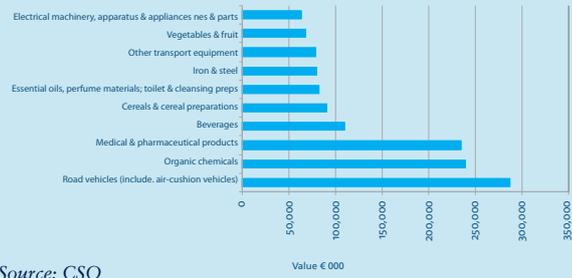
Source: CSO

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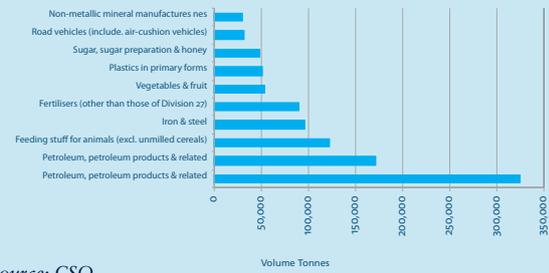
Source: CSO

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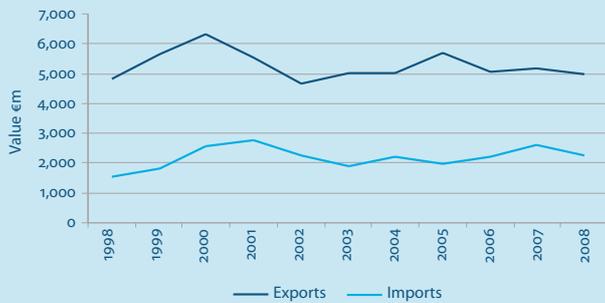
Source: CSO

Volume of Commodities Imported from France 2008



Source: CSO

Value of trade between Ireland and France 2008



Source: CSO