

Bruhn focus on quality shipbroking

The German shipbroking scene is constantly changing but there is still plenty of room for small and medium-size shops.

Geoff Garfield London

Exactly two years ago Hamburg sale-and-purchase (S&P) broker Christoph Bruhn took the gamble of striking out on his own.

The move was not untypical in the world of shipbroking and certainly not unique in Germany's shipping capital where small S&P broking shops are common.

But Bruhn has survived. He runs his business from the top floor of an office building in An der Alster, a short walk from Ballindamm where some of his larger competitors such as Andreas J Zachariassen and Peter Gast Shipping ply their trade.

They are larger but still not on the scale of shipbroking's heavyweights in Europe such as Clarkson, Simpson, Spence & Young (SSY), Fearnleys and Barry Rogliano Salles.

Bruhn, previously a partner in Tetzner & Bruhn, is a board member of the Hamburg Shipbrokers' Association. Although still in his 40s, he has been around long enough to have seen how the industry in Germany has developed and, despite its enduring feature

of small and medium-size shops, is still changing.

Not least the encroachment of foreign players, either through joint ventures or, as in the case of London-based Howe Robinson, by opening an office in first Bremen and now Hamburg, with a total of five brokers.

UK brokers led the charge including SSY teaming up with Stuewe & Co. Braemar Shipping Services and JE Hyde were involved for a time with Shipping & Chartering and Mentz Decker, respectively. Some focused on S&P, others dry-cargo chartering.

Traditionally, local brokers have dominated but today even Maersk has crossed from Denmark to share in the huge volume of newbuilding business being transacted via a tanker tie-up with broker Albis Shipping.

Only last week TradeWinds reported on a loose alliance between Hamburg's Toepfer Transport and Norway's Lorentzen & Stemoco targeting the German-China newbuilding axis.

The obvious question is whether, given the scale of German shipping, local brokers have

missed an opportunity to expand and fight off this foreign incursion. Today Germany's shipping market is much broader.

Owners, and this includes the KG (limited partnership) players, who typically order tonnage to charter out, have broken out of their traditional containership sector to move into tankers, bulkers and, as with Hartmann Schiffahrt, even the offshore market.

A respectable number of bulker owners have always existed, alongside the ever-present coastal operators but even the KG houses are now involved on the dry-bulk side. This was demonstrated last week by Dr Peters's order for four capsize bulkers to add to the Dortmund-based emission house's four panamaxes.

Bruhn says it is surprising that, combined with the extremely strong shipping markets of the past three or four years, that the German S&P broking community is still so fragmented size-wise.

One explanation is that the profile and culture of German shipping still lends itself to smaller and medium-size broking shops and the value placed on trust be-



HAMBURG: Germany's shipping capital is buzzing with shipbrokers.

Photo: Bloomberg

tween broker and principal persists, especially confidentiality.

Many deals in Germany often take months to become public.

At the same time, German brokers, unlike some of their peers in London and Oslo, are less apparent with offices in places like China, co-operation deals aside. This is no reflection of a lack of ambition. They have fixed plenty of newbuildings in many countries, including dozens in Poland during the 1990s. In China, German owners and brokers have pioneered activity at many up-and-coming yards.

But what has undoubtedly helped overseas broking houses make inroads into the German market, and persuade local brokers to form joint ventures, is their manpower and research muscle.

The KG houses and banks in Germany have become increasingly important players and to assemble and syndicate new projects to investors they require plenty of market analysis and charts. Here, the likes of Howe Robinson and Clarkson have a clear advantage.

Bruhn describes the competition today as fairly aggressive and the way to cope with it is by continuing to provide a quality service built on reliability and trust.

He says there is a place and justification for even Germany's smallest S&P players, as there is in any market. They have sought to compete with their larger rivals by focusing on special types of vessels or simply working with clients outside of Germany.

Bruhn is typical. Alongside

D'Alesio books products tankers at Hyundai Mipo

Ian Lewis Genoa

D'Alesio Group of Italy has placed newbuilding orders for two more products tankers.

The Livorno-based tanker owner has gone back to Hyundai Mipo Dockyard in South Korea for a pair of 37,000-dwt chemical/products tankers for delivery in 2010.

Chartering manager Gaetano D'Alesio confirms the deal and expresses satisfaction at the relatively early delivery dates.

The price is estimated to be in the range of \$40m to \$45m per vessel, although the order was finalised in July. It brings to six the number of handysize tankers D'Alesio has built at the Korean yard.

The last two vessels were the 40,000-dwt *Montenero* and *Meloria* (built 2006). The *Montenero* is on time charter for five years to Eni.

The newbuilding orders leaves

D'Alesio with six tankers under construction in Turkey, Indonesia and Korea.

Two tankers of 15,500 dwt are set for delivery in 2008 from Gemak Gemi Shipyard in Turkey, while two 24,000-dwt IMO III chemical/products tankers are being built by PT Pal in Indonesia.

The first is scheduled for delivery in June and the second in 2009.

These deliveries are nearly a year later than expected because of problems the yard has had with suppliers.

Another four small bunker barges of 2,000 dwt are slated for delivery by the end of next year as replacements for older bunker vessels.

In June, D'Alesio sold its only aframax, the *Gaetano D'Alesio* (built 1991), for around \$35m. The ship went to an unnamed buyer who is expected to put it through a conversion project.

New men in top slots at Greek shipping ministry

Gillian Whittaker Athens

Greece's shipping ministry this week got new leadership and an expanded portfolio under the fresh government line-up announced following general elections last weekend.

Its new title is the Ministry of Merchant Marine, Aegean and Island Policy, while it has also for the first time been assigned a deputy minister.

Prime Minister Costas Karamanlis has handed George Voulgarakis the ministerial portfolio, while his deputy is first-time ministerial appointee Panos Kammenos.

Outgoing shipping minister

Manolis Kefaloyannis has not been given a new portfolio.

Cretan-born Voulgarakis, who has a doctorate in economics, has been a member of parliament continuously since 1989 with the centre-right New Democracy party. From March 2004 to February 2006, he served as minister of public order when he took over the culture ministry.

Kammenos is one of the substantial number of younger members in the new cabinet. The 42-year-old studied financial management and psychology.

Both men are married with four children each, while outside his political activities Voulgarakis is said to be a fan of extreme sports.



VOULGARAKIS Photo: Scanpix

Diverse group of players fight for slice of German business

The overall German shipbroking scene has been distorted with the private investor-based KG (limited partnership) houses now controlling much of the newer tonnage being purchased.

Consequently, owners increasingly earn their money from managing ships but try also to add value by offering chartering services, again raising demand for experienced brokers — not only to

handle owned tonnage but, if the opportunity arises, by entering the competitive market.

Many chartering brokers in Germany are also keen to spread into sale-and-purchase (S&P) so they can capitalise on ship sales by owners they serve and to whom they are often closely tied. This again is competition for the small and independent S&P houses.

A few owners, including Peter Dohle and Ernst Russ, already have their own S&P departments. Hamburg S&P broker Christoph Bruhn has the impression this in-house trend is growing as seen, for example, in Greece.

The direct approach means fewer multibroker deals are done and from which commissions can be earned.

The only companies with a physical presence in Hamburg

trying to develop freight-derivatives broking are thought to be Ernst Russ and Freight Investor Services from London, which has entered the market in a tie-up with HF Navigator.

Bernd von Blomberg was involved until earlier this year, while trading house Alfred C Toepfer International, which is not a broker, only uses freight derivatives to cover its physical positions.

One view is that the larger broking houses have little option but to follow suit because of the pressures they face to broaden their services to clients.

Bruhn is among the sceptics who believe that a couple of big collapses could see a swift change of sentiment toward forward freight agreements (FFAs).

As for Bruhn Shipbrokers, the intention is to grow, although the

bull markets of the past four or five years have a flip side. Small broking houses in Germany have made money but salary expectations mean it is difficult to find experienced people. The alternative is to train newcomers.

Bruhn says the bottom line, if small shipbroking ventures are to survive, is to "constantly give a quality service because that is the only way you can compete".

Recently, he has been working on an exclusive basis on a couple of KG-house reefers for sale but most of his work is competitive.

Despite being a one-man operation, most of Bruhn's clients are drawn from medium to larger-size companies and KGs.

Bruhn, who is currently active with various containership and bulker projects, says this year good support has also come from local tanker owners.

tankers and containerships, he specialises in reefers.

The obvious answer is also for some of the German brokers, who between them have the manpower, to unite in response.

Instead, spin-off ventures are being set up. Most recently three brokers left Zachariassen to form a new company.

One question often raised is whether the medium-size German brokers are now caught between two stools — unable to compete with the big brokers from London because of their size and research facilities but too large to provide clients with a boutique service.

Companies like Zachariassen would argue to the contrary. It says it still has a big forward orderbook of newbuildings and its team of eight brokers remains "highly motivated and are very successful".

In fact, Bruhn insists that Germany's smaller broking houses have a healthy and fruitful co-operation with their larger local rivals in which both sides contribute. The bigger brokers have an overview of the market, while the smaller shops have a good grasp of off-market information.

Places like Leer, close to the

Dutch border, still have numerous owners with substantial fleets of smaller ships that provide local S&P brokers, especially those with a few employees, a solid client base.

Meanwhile, Bruhn highlights another change in German shipbroking — greater openness. Perhaps this is a generation issue.

"When I was brought up in this business it was very closed, very silent, very low profile," said Bruhn. Today, younger guys everywhere are easier about exchanging information, he says, although Hamburg is still not as transparent as London.

The increased presence of younger managers at German shipowning and KG companies may also help to explain the greater involvement of foreign broking shops. They are usually globally educated and more receptive to approaches from outside.

Financially-orientated London brokers have tended to focus on the larger deals and in some cases have already established strong relationships with some of Germany's bigger owners.

"There are certainly good working contacts that were not there 10 or 15 years ago," said Bruhn.



CHRISTOPH BRUHN: 'Healthy and fruitful co-operation with larger rivals'

Photo: VHS

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CANCELLATION OF EVENT CELEBRATING THE 15TH ANNIVERSARY OF COOPERATION BETWEEN NANIWA AND FRANMAN

The companies Naniwa Pump Mfg Co., Ltd. and Franman Ltd., have decided to cancel a reception scheduled for October 2, 2007, celebrating 15 years of successful cooperation in the Greek shipping market, and instead to offer the cost of the event to the relief fund organized by the Greek government, as an expression of support for the victims of the recent devastating wildfires in Greece.

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