

Q&A: An NVOCC on the front foot



Isabel Lesto | Tuesday, 10 July 2012

US-based CaroTrans, which handles over 150,000 teu a year, has just opened its first office in Europe, in Le Havre. CEO Greg Howard talks to Isabel Lesto about his plans

Isabel Lesto: Why France, why Europe, why now?

Greg Howard (pictured): France is a large trading partner of the US. Generally what is being shipped to France is staying there whereas Germany or Holland are sometimes gateways to other countries.

Another reason we chose France is that we have a significant portfolio in the oil and gas industry, so the connection through Le Havre for parts of West Africa is attractive as well. We used to organise these movements through partners in Rotterdam and Antwerp. Now we can offer this particular clientele a better service because of less handling and more speed to market.

In terms of establishing a business in Europe while others are concerned about the Eurozone, we've been operating with partners and agents in Europe for more than 30 years and it's now the right time. While some companies may be struggling in France or Europe, we find that's an opportunity to take advantage of. We're a strong company, we're financially strong and France seemed like the ideal place to go because of the relationship with the US.

Are you looking for acquisitions in the Eurozone?

When opportunities arise we do take advantage of them, but we're not aggressively pursuing anyone at this point for aggressive takeover, no.

Are you the only American NVOCC setting up shop in Europe at this time?

This is not new – Vanguard Logistics acquired a company in France three or four years ago and they struggled in some respects in the European market, either because of the economy or their set up, I don't know why – but we're the latest ones doing it at a time like this, with the change in government in France and with the Eurozone crisis.

We think it is very important to have our own presence because it establishes certainty in what our commitment is to the market and it allows us to have a direct influence and control over the quality of service we provide.

I hope this move into Europe will demonstrate the confidence we have in where things are heading. We'd rather be on the front foot and make things happen.

Import or export?

We want to establish the business going into France first, then probably mid-August, when things start to ramp up again, we will have the export service going to the US. We'll be loading groupage containers from five centres in the US to France, and we expect to have groupage boxes from France loaded back to those same five destinations.

Is there enough freight from France to the US to merit this?

Antwerp has been a more favoured port for French importers and exporters. We aim to change that; we intend to load French-origin cargo from France. Of course we will not be able to replace Antwerp and we will use the Rotterdam gateway for some destinations, but Le Havre will be the place to export from for certain destinations.

Have you seen any changes in volumes to and from Europe over the past year?

As an NVO consolidator we do very well during tough economic times because people will ship or consume less but in more frequent amounts. So we see increases in LCL freight coming to and from Europe as a result of the Eurozone crisis through our traditional customers.

Where are you seeing most growth?

The European and Asian markets are big for us but the most recognisable growth is from South America, the Middle East and India. In the past three to five years our business to and from South America has been probably our fastest-growing trade area, with Brazil, Columbia and Peru being strong performers.

Describe the forwarding marketplace in the US

We have seen consolidation among the forwarding community and there has been some consolidation within the NVOCC community with one of our larger competitors, Vanguard Logistics, recently taken over by UK private equity group Man Capital.

Our forwarding customers are looking for more global solutions – services between countries that may not necessarily involve the US. In the last six to eight months we've also noticed forwarders competing for the same business. And in the last three to four months we've seen freight shifting from air to ocean [mainly from Europe] because of cost. We only do ocean freight so we've seen new business come onboard, and the supply chain shifting to accommodate these additional trends.