

Shipowner cash to bail out Greece?

Could the mountain of cash salted away by Greek shipowners in foreign banks during the boom years provide a key prop to the country's creaking finances? And even perhaps help secure more shipping loans?

That is certainly the idea from well-known Greek shipping-finance analyst Ted Petropoulos.

He believes some of the estimated \$60bn to \$70bn cash held by owners before the current financial crisis could now be used to help the Greek economy through the issue of a new series of government bonds.

Petropoulos thinks patriotic Greek owners may be willing to buy government bonds to ease the nation's current borrowing crisis.

If yields on the new bonds were sufficient and protection from tax adequate, owners who traditionally hold much of their cash offshore could be persuaded to repatriate some in the national interest.

"The shipping industry is part of Greece," said Petropoulos, managing director of Petrofin. "It may be a free international industry, which is why it has blossomed, but in the heart of every Greek lies the wish to support his state."

An initial \$500m, five to eight-year bond issue targeted at Greeks with cash liquidity overseas — especially shipowners — if successful, could generate follow-on issues and help ease the Greek central bank's debts.

Speaking on the fringes of the Greek Shipping Summit in Athens this week, he said: "There is an awful lot of Greek liquidity; providing it is properly assured, there is a lot of money available."

Before the crisis, Petrofin estimated Greek owners had around \$60bn to \$70bn in cash, so even accounting for losses over the past 18 months, there may be plenty of money looking for a good return on a safe investment, argues Petropoulos.

He says the bonds could further be used to offer support to Greek banks, which would enable them to get additional liquidity and thereby offer more loans, some of which may be to the shipping sector itself.

"The idea is that if you have to borrow as Greece has to do, who owns your paper? And to whom are you indebted?"

"I think it is better to have Greeks owning that paper. The question is do Greeks have the capacity to absorb part or all of this paper? And the answer is yes."

He admits the idea would need detailed development to test whether it is viable.

"All in all I believe these are times where everyone should hold everybody's hand and support each other. We are all facing a crisis and the way to solve a crisis is by working together and not by working apart."

Greece's new government may have no choice but to study such a plan.

"I see this government has some fresh ideas. If they are smart — and I am sure they are — they will latch on to anything that helps them achieve what they are looking for."



LOUKA KATSELI: Greek minister for economy, competitiveness and shipping



GABRIEL PETRIDIS: Head of Aries Energy Corp
Photo: Elisabeth Tchoudjinnoff



TED PETROPOULOS: Petrofin managing director
Photo: Julian Bray

Greek minister Katseli builds bridges

Julian Bray

Athens

Greek shipowners have welcomed a pledge from the country's new government to safeguard the country's shipping tax and regulatory system.

Louka Katseli, Greece's new minister of economy, competitiveness and shipping, reassured the local shipping community this week by affirming not to change the current tax system.

Epaminondas "Pandy" Embiricos tells TradeWinds the minister's words were "positive" and "encouraging".

The chairman of the London-based Greek Shipping Co-operation Committee said: "We welcome the comments and think the positive statements are encouraging and very good."

Greek owners have been nervous that the newly elected socialist government led by George Papandreou could target them as the administration battles to balance the nation's books.

Since the 1950s, Greek shipping companies have operated under a very light tax regime, helping the nation to evolve into the world's largest shipowning nation.

However, the new government faces pressure after admitting that the budget deficit would reach

12.5% of GDP this year, more than double the previous conservative government had predicted.

Katseli, speaking at the Greek Shipping Summit's World Tanker Forum, said: "First and foremost the ability of the regulatory and tax framework within which Greek shipping has been established and flourished, will be safeguarded."

She also moved to allay shipowner concern over the impact of the surprise post-election merger of the previously independent shipping ministry with the much-larger economy ministry.

Katseli argued that shipping's interests would now be more closely aligned with other areas of the economy.

"Let me assure you from the very beginning that the integration of shipping into the new ministry of economy, competitiveness and shipping highlights the importance we attach to Greek shipping and the beneficial impact on the Greek economy, as well as our deep commitment to expand even further the competitiveness of the sector," she said.

It is the first time since the Second World War that almost all trade, investment and shipping policy tools are gathered under the same institutional umbrella,

she added. "Such concentration of competences under one roof permit, if wisely and effectively used, the creation of synergies and the profitable exploitation of interdependencies to promote competitiveness and enhance opportunities for profitable investment."

Katseli hoped this will improve the competitiveness of Greece's ports, the construction of new logistics centres and other business benefits.

"Needless to say, it is our intention to maintain whatever has worked well in the past and has proven beneficial for the shipping sector and its stakeholders," she said.

Embiricos says he remains concerned at the implications of the ministerial merger, however, and urges the government to reconsider its decision.

"We still believe that doing away the Ministry of Merchant Marine, and perhaps equally or perhaps more importantly splitting up the Hellenic coastguard that runs the ministry, is a mistake and we hope they will reconsider it," he said.

He added: "We have made our views clear and have communicated them to the government."

The financial crisis has created

new challenges for shipping that demanded new responses.

She pledged Greek government support to the International Maritime Organisation (IMO) in forthcoming United Nations (UN) negotiations over climate change in Copenhagen.

And she vowed to upgrade seafarer training and investigate how to slow the number of skilled seafarers leaving the profession early.

"It is my intent to commission a study on the subject to introduce appropriate measures to reverse this trend," she said.

Katseli paid tribute to the growth of the country's shipping sector in recent years.

"As we all know, Greek shipping has expanded both in tonnage and ship numbers and has improved in sophistication tremendously.

"Its leading position in the world and the permanence of the Greek flag in the 'white list' of the Paris MOU makes every Greek proud. Under many flags, the Greek-owned fleet has seen its average age drop by half and this trend is expected to continue over the next two years," she said.

The Greek Shipping Summit was organised by TradeWinds and Seatrade.



IN ATTENDANCE: Top Ships chief executive Evangelos Pistolis, Vafias Group chief executive Harry Vafias and Atlas Maritime chief executive Leon Patitsas

Photo: Julian Bray



RICHARD FULFORD-SMITH (RIGHT): Talks with Leon Patitsas

Photo: Julian Bray



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