



In the light of Greek shipping's rich 10,000-year history, what are the prospects for the years to come?

Winter 2001

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Greek Shipping is steeped in myth and legend. From the exploits of Ulysses and Jason's quest with the Argonauts, Greek shipping has been interwoven within the very fabric of the Greek nation across the ages.

Greeks as traders, have been relying on their ships for over 10,000 years. This tradition and know-how has been instilled in the minds of every Greek via his knowledge of Greek history, tradition, folklore, the family and the extensive coastline and position of Greece in the Mediterranean.

Over the centuries and especially over the last 50 years, Greek shipping has become a global force and is in terms of ownership the world's most important nation. Is this top position, however, sustainable? With international trade focussing primarily on the Pacific basin, can a nation of cross traders compete effectively? How important is history, tradition and know-how in an age of rapid technological changes in communication systems and organisational structures? How can the traditionally small Greek owner compete in a world where size and a globalised approach has begun to rule? Lastly, where is Greek shipping going over the next century and will it continue to be as prominent in the world's stage as today?

I will attempt to provide some answers and predictions to the above questions and others in this article.

The Greek owned fleet at the commencement of the 21st century, comprises of just short of 4,000 vessels. For the first time, Greeks figure so prominently in new building orders, especially in the bulk and tanker sectors. As such, no one can deny that the Greeks are the most dedicated and committed to shipping nation. In the light of shipping's erratic investment returns this commitment is truly remarkable.

Whereas in previous centuries, Greeks had few investment alternatives than the sea, nowadays the alternatives are many and easily realisable. Still, shipowning represents the main investment focus of many Greeks and of many aspirants outside the Greek shipping industry.

Traditionally, new shipping entrants have come from seafaring Captains and less so Engineers. Whereas this is still the case, the rate of new entrants has fallen as the capital requirements for entry into shipowning have risen.

Furthermore, economies of scale and the attitude of banks have raised obstacles to new entrants. Greeks have been forced to consider joining

forces in their efforts to overcome such handicaps. However, a sense of co-operation at ownership level is not a prominent Greek tribute and progress is going to be a painful but necessary experience.

As shipping companies have grown larger, so has the distance grown between the office and the vessels themselves. Whereas ship to shore communications have improved and the written word prevails, the intimacy between office staff and the ship's crews has been lost.

A key factor behind this loss of intimacy has been the virtual disappearance of Greek crews. Supplanted by less expensive Eastern and ex USSR crews, the remaining and fast aging Greek captains and senior officers represent the umbilical cord between Greek owned vessels and their offices.

Many Greek owners believe that the loss of Greek crew and their replacement with third world country nationals is a blow to their ability to run the vessels efficiently and inexpensively. Better communications and enhanced vessel maintenance systems have come to partially redress the problem. However, Greek owners feel that the new crews lack "seamanship" and are apathetic to the fortunes of their vessels, let alone the vessels' owners.

Enhanced training of officers and crew has helped and the use of ISM manuals has improved safety and procedures. However, more and more responsibility for the smooth running of vessels has been borne by the office staff who are forced to deal with the vessel's problems relying on the quality, accuracy and quantity of information flow that comes from the vessel.

Commercial issues are now almost exclusively the domain of office staff since Captains and officers are working to the rules and regulations taking less into account the commercial interests of the owners. Some say this is inevitable and even welcomed as a sign that standards must not be compromised. Many Greek owners, however, believe that the pendulum has swung too far with bureaucracy, over regulation and officialdom focusing on the trivial and ignoring the main issues.

With officers and crew free to go from one ship to another, many owners feel that they are not getting a return on their investment from training. They do have a point and perhaps time has come for officers and crew to contribute to their own training costs.

As international regulation has grown, Greek management offices have had to adapt. The days of small offices run by experienced all rounders and managing old vessels on a "shoestring" budget have gone forever. No one is prepared to tolerate this approach any more. Although the message from flag, class, charterers, Banks and Port State controls has been loud and clear, Greek Shipping has a still very large number of average vessels.

Year 2000 PETROFIN research shows that 53.3% of all Greek owned vessels are over 20 years old. Furthermore, there were 376 Greek companies out of a total of 835 or 45%, which are running 1-2 vessel fleets. Even more significantly, these small Greek shipping companies managed 525 vessels in total of which 418 or 79.6% were over 20 years of age.

One cannot help but feel that we are witnessing the "last act" of Greek Shipping focusing on old and inexpensive vessels.

Increasingly, Greek offices have become staffed by highly educated and

computer literate staff that has come like a break of fresh air. Prepared to challenge everything and having the brashness and assurance of youth, they have made uncomfortable bedfellows with their older comrades who are long on experience but short of computer and communication skills.

Some Greek offices have taken the bold decision to let go of the old timers. This is an act of folly that will be paid dearly in the years to come. Hard earned experience is both irreplaceable and valuable. However, it has to be applied in the modern technocratic world of today in which Greek Shipping has become a part.

Greek owners, sensing that their old competitiveness may be slipping, have been looking for ways to redress the competitive balance. They have started to focus on building up bigger fleets but emphasizing on younger ages and newbuildings, as well as, managing sister vessels. Rather than buying what Scandinavians and other Europeans have decided or have been forced to sell, they are instead placing orders for series of newbuildings to their own adapted design and specification.

This is the singlest and most impressive statement of faith in shipping by Greek shipowners. By their placement of orders they are stating that they can compete efficiently and make investment returns not from sale and purchase alone but also from the long-term exploitation of vessels.

This changes the investment profile of Greek owners and underlines their commitment to well maintained fleets.

Competing through quality and not quantity is the message of Greek Shipping into the 21st Century.

In order to do so, Greeks have had to commit vast sums of resources. Since this is not sustainable in the long run, nor can the size of the fleet be maintained as old vessels are sold / scrapped and young expensive vessels take their place, Greek shipping will have to seek financial backing from outside their own personal resources.

The search for capital has begun. Let us not confuse this with the search for Bank finance, which is a continuous affair. The search for capital is now on a globalised basis. Greeks are looking into the US, European and Greek investment communities for capital.

It would be wrong to assume, because of some failures in the US junk bond scene and the bad state of the Athens Stock Exchange, that these capital forums are dead. To the contrary, Greeks will need to develop inexpensive capital funding. The need is paramount if one considers the low long – term average investment returns of buying and utilising newbuildings. These low returns require the presence of low capital cost spread among a number of providers (markets) who are looking for modest but consistent investment returns rather than "overnight killings". To raise such capital, Greek companies will need to become transparent, investor – friendly and to provide consistent returns to shareholders.

An analogy can be drawn from high street retailing. The old shops have been replaced by supermarkets. Franchisers have replaced the individual shops. Only non – franchised and highly specialised "niche" shops have survived. In shipping as well, only by being a niche player can a smaller shipping company survive. Otherwise, the forces of the market will prevail sooner or later.

Greeks should not be frightened by globalisation. For shipping they are Global players in terms of ownership and vessel operation.

What Greeks are missing most of all is control of cargo. Whereas other nationality owners are closer to industrial users and major physical commodity traders, Greek owners have been rather slow to develop these links.

Sensing that relying on the open market for employment is rather like "playing against the house" in a Casino, Greek owners have begun joining or forming pools and / or competing for cargoes.

The move from vessel ownership and operation to that of securing cargo contracts is a major move, which the Greeks are only now beginning to make.

Focusing on the future, I believe that Greek shipping will increasingly compete in terms of quality and not on quantity. The number of Greek shipmanagement companies shall decline over the years but the individual strength and average size of each company shall rise. International joint ventures and mergers or associations across national boundaries will increase. Greek shipmanagement techniques shall become "state of art" and technology and its use shall become widely adopted. All the above, however, will be meaningless if the know-how and tradition of Greek Shipping shall be lost by an over rapid immersion into the above model before the younger generation has taken all the intangible skills from the older generation.

Greeks are notoriously flexible, quick and adaptive. Shipping needs such skills and perhaps the last coefficient of success in shipping lies with the character skills and weaknesses of the Greeks themselves. As the French would say "vive la difference".

 [Back to top](#)

From '10,000 Years of Greek Shipping'
Vol. II, T&T publication 2001
Winter 2001
