

PIRAEUS MARINE CLUB

The World Economy and Shipping Finance

2nd Nov 1985

The seminar was held at the Piraeus Marine Club and Organised in co-operation with the International Centre for Shipping and Shipping Finance of the City University Business School, London

Mr. Ted Petropoulos, general manager of Omnibank AG, told Greek shipowners that the number of banks involved actively in shipping finance had fallen from 250 to 26 in the last four years. He warned that the Greek market in particular faced a problem as banks were now tending to back their national lines. He added that shipping was beginning to offer exciting investment possibilities and that new equity investment, particularly in second-hand shipping, was now necessary.

Mr. Graham Day, chairman of British Shipbuilders, said that bankers had to be taught to take a less generalised view of shipping loans, and a more segmented view for specific operators.

Mr. Martin McNeil, a director of Hill Samuel and Company, said that banks were not likely to be willing to introduce corporate lending to shipping companies, since as a rule they would be lending to companies which already had loans worth more than five times their assets. However, he added that there might be more corporate lending, noting that some banks had, so far with little success, tried to fill the equity gap. He advised Greek owners to view their businesses as a corporate whole, concentrating on fleet and debt management. He said that banks should get more involved in shipping management.

Mr. Roy Farndon, the editor of Lloyd's List, suggested that banks were concerned with lending against capital assets to the exclusion of the operating and equity finance that would be found in most industries. There was, he said, a parallel lack of involvement by banks in the whole of a shipping firm's business.

Mr. Bill Lawes, director of Transportation Finance at Grindlays Bank plc, said that finance might be more available if companies held long-term contracts of affreightment. Banks looked at what ships would be doing in the future, he said, not at their value as assets.

The panel also discussed joint venture and the role of banks in setting these up. Lloyd's List reports reservation on all sides.