

British Hellenic Chamber of Commerce

*PIRAEUS Conference*

*11<sup>th</sup> April 2003*

*The future of Greek Shipping – An International Perspective*

**The Service Industry**

**Piraeus versus London as a Service Centre for Shipping**

**Focus on Banking and Finance**

*presented by*

*Ted Petropoulos*

*MD*

*PETROFIN S.A.*

# *London*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

- **Until the 1970s, the unchallenged centre for the shipping service industry**
- **Centre of international shipping finance**
- **Centre of shipping service providers, i.e. insurance, chartering, S&P, etc.**
- **Concentration in the ‘square mile’**
- **Significant Greek presence, especially among top owners**
- **Tradition**
- **Availability of qualified shore-based and vessel-based personnel**

# *London*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

*but also*

- o **Higher operating cost base**

# *Developments over the last two decades*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

## **LONDON**

- **Gradual departure from shipping of most UK banks, e.g. Hambros, National Westminster, Barclays, Hill & Samuel, Guinness Mahon, Henry Ausbacher, ANZ-Grinlays, etc.**
- **Reduction of non-UK banks with shipping presence in London due to mergers and take-overs.**
- **Development of other shipfinance centres, such as Piraeus, Paris and Germany.**
- **Reduced importance of the Lloyd's insurance capacity**

# *Developments over the last two decades*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

## **LONDON**

- **Reduction of UK owners**
- **Dramatic fall in UK flagged vessels.**
- **Dramatic fall in experienced and qualified staff.**
- **Departure of many Greek owners to Piraeus, initially by setting up crewing and technical offices, later for operations and, lastly, leading to a decision for the re-location of top management and the owners themselves.**

# *Developments over the last two decades*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

## **PIRAEUS**

- **Friendly tax environment for shipmanagement companies**
- **Reduced cost of operations**
- **Abundance of qualified shore and ship-based personnel**
- **Increasing importance of Greek-based small and medium-sized owners**

# *Developments over the last two decades*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

## **PIRAEUS**

### *leading to*

- **749 separate shipping Groups in 2002 (Petrofin Research ©)**
- **21 Greek and international banks having an operating basis in Piraeus (Petrofin Bank Research©-January 2003)**
- **Development of the Greek banks in shipfinance representing a loan volume of \$4.472bn, or 21% out of \$21.261bn total (Petrofin Bank Research©-January 2003)**
- **Development of a wider shipping infrastructure, e.g. insurance, technical, supplies, advice, legal, IT & software, etc.**

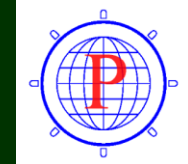


# *Re-examining the concept of a centre of shipping*

- **What is ‘service’ in the 21<sup>st</sup> century? A redefinition. Emphasis on custom-made and intimate service provider-client relationships.**
- **Effects of enormous improvements in telecommunications and IT**
- **Effects of globalisation and truly international banks**
- **Reduced ‘physical’ concept**
- **Increased importance of non-risk products and services**
- **Competitive response by London to meet increasing challenges**
- **Development of the concept of a regional (same time zone) provider**



# *Re-examining the concept of a centre of shipping*



PETROFIN S.A.  
[www.petrofin.gr](http://www.petrofin.gr)

## *Leading to*

- **Multi-sourcing service**
- **Immediate response concept**
- **‘complex interactive’ solutions**

## *London versus Piraeus*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

- A symbiotic future stressing advice quality, effectiveness, timing and cost instead of the geographical location of the provider
- Both centres have an important role to play in structure, access to capital, marine insurance, financial products and services, shipping and shipfinance advice, marine telecommunications and software and the provision, in general, of service to the Greek shipping industry

## *London versus Piraeus*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

- The shipping industry needs to bring together all its expertise (irrespective of geographical location) to address the real issues facing the industry, such as regulation and control, crewing, shipbuilding and technical standards, safety and security and to resist pressures motivated by short-term political considerations and opportunities.

## *London versus Piraeus*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

- o **Greek shipping is responding positively to the increasing challenges via an unprecedented newbuilding and fleet modernisation programme, as well as upgrading its management, operation, technical and crewing procedures and standards. It requires, though, the support of both London and Piraeus to turn this investment into a success rather than an expensive failure.**

## *London versus Piraeus*



PETROFIN S.A.

[www.petrofin.gr](http://www.petrofin.gr)

- All shipping service providers have a vested interest in working together to render shipping an industry enjoying positive returns to capital employed and reduced cyclicity.