



Greeks sitting on pile of cash



22 October 2004 - TRADE WINDS

by Gillian Whittaker, Athens

[Hot markets are spinning \\$1.5bn per month for Greek shipowners](#)

The current hot freight markets have allowed Greek shipowners to build liquidity to such a level that they could pay off their total debt in just over a year, according to new research.

Ted Petropoulos of Athens-based analyst Petrofin says Greek shipping interests are making profits after operating expenses and interest and principal debt servicing of an astounding \$1.5bn a month or \$18bn annually. And the sum is still growing.

Based on Petrofin's own earlier research, at the end of 2003 Greek shipping finance stood at \$25.5bn out of a world total estimated at between \$160bn and \$200bn.

According to Petropoulos, who was speaking at the sixth annual Greek Ship Finance Forum organised by Marine Money in Athens, loan-prepayments have become a regular feature as spare liquidity has been built up.

In addition to reducing debt, he says, Greek owners are channeling funds into fleet expansion and renewal through newbuildings but a substantial amount of the cash is going to increased deposits, non-shipping investments such as real estate and personal investments in shares, bonds and other instruments.

The high liquidity of Greek owners is increasingly attracting the attention of lenders' private-banking departments, he adds.

Looking back over the past 25 years, Petropoulos says that 105 banks were lending to Greek owners in 1979, a number slashed by the end of 2003 to just 54. UK and

rish banks with a Greek portfolio decreased from 18 to five. The most substantial drop was in US banks after 26 active in 1979 fell to just four that are lending to Greeks now.

Greek and Cypriot banks have slightly increased their presence from 12 to 15.

A new Greek entrant was Omega Bank, which has recently concluded its first secured ship loan.

Petropoulos says there are rumours that other banks are proceeding to enter or strengthen their position in shipping finance.

Petropoulos estimates that there are more than 100 Greek shipowners with an attractive fleet, management, financial characteristics and potential that form the target list of most banks.

However, the criteria applied by banks preparing to face Basel II have furthered the prevailing two-tier market, Petropoulos says.

Top owners can obtain reduced spreads but smaller owners frequently pay more, he adds.

From Trade Winds
22 October 2004
