Then and now

When Captain Panayiotis Tsakos, one of Greece's most prominent shipowners, first went to sea, he did so as an unpaid supernumerary who thought he was lucky if there was a bale of hay to sleep on.

His son, Nikolas, who heads up New York-listed Tsakos Energy Navigation (TEN), came into the business after graduating from Columbia University in New York with a degree in economics and political science. He later gained a master's degree in shipping, trade and finance from London's City Univer ity.

The changes that have taken place in Greek shipping over the past two decades may not be quite so dramatic but they have seen an industry that was viewed with suspicion by the outside world evolve into a modern and vital sector that powers the international sale-and-purchase (S&P) market and takes the lead in tonnage, newbuildings, finance and not least publicity.

To start from the basics, in the last 20 years, the Greek-controlled fleet has almost doubled in the number of vessels and more than tripled in dwt. It grew from 2,487 ships of 85 million dwt in March 1988 to 4,173 ships of 261 million dwt in February this year, according to figures provided by the Greek Shipping Co-operation Committee (GSCC).

Available data for the fleet-age profile only goes back to 1995. The average age of all ships at that time was 19.1 years. This year it stands at 12.5 years.

As far as newbuildings go, leading Piraeus newbuilding consultant George Banos of brokerage George Moundreas says his statistics do n t go back 20 years but his experience does.

"The modern story of Greek owners starts from 1993. Before that, we had practically no orders at all," said Banos.

In the 1970s and even earlier, Greek owners had placed orders but in the extended crisis of the 1980s, almost nothing was booked.

"The market improved drastically from March 1987 but still e owners in Greece didn't move and we had to spend another seven years idle," said Banos.

The broker started keeping annual statistics from 1998, when they show that Greeks ordered a total of 70 vessels of 3.8 million dwt. In 007, they invested an astounding $31.9bn, booking 556 ships of 42.8 million dwt.

Last year's peak has not so far been reflected in the figures for e first four months of this year, which stand at a total of just 73 ships booked in the period.

Up until 2004, the majority of money financing the expanding Greek-controlled fleet came from banks.

Ted Petropoulos, head of Athens-based research company Petrofin, estimates that in 1987, the total loan volume stood at just around $8bn.

"In 1987, the sentiment for shipping was profoundly negative," Petropoulos added. The industry was emerging from the longest and deepest recession in living memory, which had resulted in numerous owner failures and a considerable number of bad loans for banks, he points out.

"The international public perception toward the Greek shipping industry was that it constituted a second-class force running substandard vessels and often defaulting on its obligations," he said.

How things have changed.

Since 2001, Petrofin has conducted annual research on bank finance to the industry and its end-of-2007 statistics showed a total portfolio of $66.9bn provided by 41 banks to finance Greek owners. Of that, $45.4bn was drawn-down loans and $21.6bn committed funds that had not yet been drawn.

Petrofin also estimated that some 77% of the huge Greek orderbook had already been financed.

The analyst was able to comment that irrespective of the subprime and international banking crisis, it was expected that the Greek fleet would continue to modernise and grow and that total shipping-finance loans to Greek owners would continue their upward trend unabated.

An element not taken into consideration in Petrofin's research is the impressive amount of money that has been raised through initial p blic offerings (IPOs) and follow-on or secondary offerings by Greek companies in the stock markets in both the US and UK.

Figures provided by Dealogic show that from 2000 up to the end of April this year, Greek-led companies had pulled in a total of over $5.7bn from the US markets alone (see page 42). If US companies headed up by principals of Greek origin are included, the total swells by about a further $1bn.

As of last month, 24 Greek-led companies are listed on the US and London markets with others preparing to do so. In mid-May, a regulatory filing revealed that the Hajioannou family's Safe Bulkers hopes to raise between $200m and $220m from an IPO the first conventional shipping IPO since last August. This shift to public markets to raise equity has allowed companies to rapidly develop larger fleets and, as some owners claim, given them a solid position from which to face consolidation.

Closer to home, the Athens Stock Exchange is in the process of nce again tweaking its regulations to encourage ocean-going shipping companies to float. To date, only passenger-shipping companies are listed in the Greek capital but now some of the more stringent requirements for other companies are expected to be removed. If all goes as mooted, shortsea owners are waiting eager y in the wings to raise money from the market for fleet renewal. The presiden f the Mediterranean Cargo Vessels Shipowners' Union, Nikos Varvates, comments that Mediterranean vessels in particular need renewal as they have an average age of 30 years.

"For some time we have been trying to find ways to make this renewal and get back into the game," he said.

Meanwhile, not only the surge toward the public markets but also increased regulatory requirements and a general streamlining have contributed to the growing corporatisation of Greek shipping companies (see page 48).

Two decades ago, the habit of the late, great Aristotle Onassis of writing all his business dealings on small scraps of paper would have been considered quite acceptable by many Greek owners who today are using ship-to-shore applications and keeping track of every aspect of their businesses.

Of course, among the many changes that have taken place in Greek shipping in the past 20 years are those affecting Piraeus itself. The city where telephone communications once called for the patience of a saint is today equipped to deal with the challenges of fast broadband connections and other telecommunications requirements.

Piraeus is essentially used as a generalised name for all Greek shipping activities, although many shipping offices are now dotted around the wider Athens-Piraeus area, from the northern suburbs to the seaside in the south. But regardless o e precise location, the Greek capital is a much cheaper operating environment than London (see page 31) and, following the£30,000 ($59,390) annual charge that the UK government decided to levy on non-domiciled foreigners this year, a number of UK-based Greeks are returning home in some cases after mo e than half-a-century in the UK capital.

As Greek shipowners and their fleets have grown, so have the services available to them on their own turf. In addition to banks already mentioned, international law firms have opened Piraeus offices, as have classification societies, protection-and-indemnity (P&I) clubs and even shipbuilders.

Not unexpectedly, a phenomenon of modern Greek shippin is the emergence of companies run by the children of the previous generati n of owners. While some are content to play a role within the structure of the family company, others have branched out entirely on their own.

To come full circle, Captain Tsakos continues to rule family-owned Tsakos Shipping&Trading but publicly listed TEN is headed by Nikolas, who has taken on a different role.

Far too many new-generation owners and companies have sprung up to mention all of them but they include Harry Vafias, who launched Stealth Maritime and later Nasdaq-listed Stealthgas separate to his family's Brave Maritime. Siblings Hariklia, Natalia and George Moundreas are involved with NGM Energy as opposed to the long-term partnership of their father, Nicholas, in Good Faith Shipping.

Ismini Panayiotides has stayed within the framework of father Gabriel's companies, Excel Maritime Carriers and Maryville. But her brother, Alexandros, who even spells his surname differently from his father, has branched out elsewhere.

One example of a shipping family that has chosen to split is the Dalacouras family. Father George Dalacouras founded Dalex Shipping in 1968. In 2004, h s eldest son, Dimitris, set up his own business, Conbulk, in partnership with rge Bamiotis. Middle son Vassilis is said to be in line to take over the family business at some point, while the youngest, Michalis, is currently wor ng at Dalex but may later also break away.

"We were a small to medium-size Greek shipping company with three brothers," Dimitris said. Historically speaking, a number of sibl ngs have tended either to end up quarrelling or destroying the company they take over, he says.

Had Dalex been a 100-ship company with a corporate structure, his decision might have been otherwise, he says. But having chosen to set up outside Dalex, Dalacouras adds that he has the full support of the family in his choice.

The majority of the new generation in Greek shipping has only seen the industry in relatively favourable years and the wish is often expressed that they will never have to experience dark days like those of the 1980s.

But even should the market fall, Greek shipping as a w ole has come a long way from where it was two decades ago.

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