



## **Screw tightens on small Greek owners**

**by Gillian Whittaker**

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In Greece, the ambitious have been able to start their dream with one or two ships and mirror the success of other self-starters like Onassis, Niarchos, Latsis, Haji-Ioannou and Tsakos.

Today, however, there are signs that this traditional route to riches may be threatened by an increasing number of regulatory demands.

The looming deadline for the introduction of the next phase of the International Safety Management (ISM) Code is the latest development likely to put pressure on smaller owners at a time when their numbers are already shrinking.

Shipping analyst **Petrofin** recently published its research showing that in the past four years the number of Greek companies actively involved in shipping has decreased from 926 to 785.

The number of companies operating with four or less vessels amounts to a staggering 521, or 66.45% of the total. Their numbers are also decreasing. Companies operating three to four vessels decreased from 189 to 172 last year, while companies operating only one or two ships shrank from 377 to 349.

**Petrofin's** research also attributes the shrinkage to 'the unfriendly attitude' of almost all sectors of the industry towards smaller owners.

For example the study points out that banks traditionally involved in ship financing tend to look at bigger, and more innovative deals, while small single-ship financing now requires more effort to find a banker to back a deal.

Observers believe the deadline for ISM phase two compliance on 1 July 2002 will turn the screw further. This will put small owners under more stringent monitoring by classification societies who have been 'embarrassed' by continued port state control detentions of vessels following the introduction of ISM certification under phase one.

"Now they have realized they have to be very careful," said one senior shipping executive.

"The guys here with the bulk carriers will not have the same luck as the tanker owners," he added.

Indeed, many see the doors closing for small shipowners.

However, there may be alternative, if small shipowners make greater use of third-party ship managers who can steer them through the upcoming rigours of inspection.

Greek owners have been notoriously resistant to giving out management of family controlled ships, but a slow trickle of companies have already sought the third-party solution.

Most notable was LMZ Transoil; it placed its whole fleet under the management of Acomarit Hellas, which has recently been taken over the V Ships.

Stuart Simpson, head of V Ships in Greece, believes it would be advantageous to smaller owners if they looked to third-party management but he acknowledges the realities of the Greek market.

“Greek owners with older or smaller fleets tend to be sentimentally attached to their vessels and fear they will lose control when in fact that is not the case,” he said.

The recent marriage of the Greek company Mare Maritime with Denholm Ship Management to create Mare – Denholm is another indication of the keenness of international ship management companies to be close to the potential of the Greek market.

Some existing ship management companies are quietly taking on vessels for third parties in addition to their own tonnage. Among them Combine Marine, set up independently under the auspices of Petros Pappas’ Oceanbulk group, has been managing vessels for owners for several years. Technomar, headed by George Youroukos, is also managing tonnage for other owners.

Legislative and industry pressures could finally swell the trickle into a reasonably sized stream.

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