

The battle for hegemony in ship owning between Greece and China

By Ted Petropoulos

Head

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This article focuses on an analysis of the above top two ship owning positions in terms of nationality. In recent years China moved to second place in terms of fleet size behind Greece's steady first position in the world and also became the top owner in Asia followed by Japan.

Table 1 shows the fleet development of the top 5 ship owning countries over the last 10 years.

Table 1: Fleet development of 5 top owning countries over 10 years

Source: Clarkson's	P.R. China	Greece	Japan	S Korea	US
Date	DWT million	DWT million	DWT million	DWT million	DWT million
2012	174.10	246.70	225.59	69.73	57.57
2013	193.12	261.45	240.33	80.38	58.37
2014	201.88	283.04	245.56	83.41	61.10
2015	205.29	308.80	250.03	84.92	70.74
2016	219.11	326.37	249.43	83.27	71.45
2017	234.37	344.21	247.01	85.39	77.67
2018	254.81	367.25	247.25	81.43	79.60
2019	287.51	380.37	247.47	80.97	71.27
2020	309.66	396.77	256.12	85.44	72.00
2021	326.70	405.33	265.29	89.93	69.72
2022	358.23	418.62	259.72	95.37	71.79

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Table 2 depicts the fleet development differential of the two protagonists i.e. Greece and China, over the last 10 years.

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Table 2: Fleet Differential

Source: Clarkson's	P.R. China	Greece	Greece vs China
Date	DWT million	DWT million	DWT differential
2012	174.10	246.70	72.60
2013	193.12	261.45	68.33
2014	201.88	283.04	81.16
2015	205.29	308.80	103.51
2016	219.11	326.37	107.26
2017	234.37	344.21	109.84
2018	254.81	367.25	112.44
2019	287.51	380.37	92.86
2020	309.66	396.77	87.11
2021	326.70	405.33	78.63
2022	358.23	418.62	60.39
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Whereas Greece retains the top position, measured in DWT terms, there is no doubt that China is closing the gap. The rate of growth over the last 10 years, for China, has been on average 7.48% p.a., whereas for Greece 5.4% p.a. It is noteworthy, that the Greek and Chinese fleet past ten year differential reached its maximum in favour of Greece in 2018 at approx. 112 million DWT. The gap has been reduced to approx. 60m DWT, as per the end of 2022. If the rate of growth for each country remains at similar averages, the differential is likely to diminish by 2030 or earlier and China may well become the top ship owning nation in the world.

What are the underlying factors supporting China's ship owning growth?

Whereas Greece's GDP represents 0.201% of the global GDP, China's represents 17.09% thus far in 2023. China is a leading export / import nation and has also developed a very large coastal shipping. As such, it is best placed to support the expansion of its ship owning sector via the need to service its own exports / imports, as well as internal requirements.

China

China is currently expanding its output at a time when high energy costs and rapid inflation have adversely affected growth in western countries. Furthermore, China's interest rates have actually declined, as it continues to support monetary growth and quantitative easing, as well as promoting bank lending.

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China's economic growth for 2022 was a modest 2% but is forecasted by the IMF to grow to 5.2%, taking into account its improved economy, post-covid sharp increase in productivity, consumer confidence regained and competitiveness.

Another factor supporting China's growth, relates to its ship financing capabilities, which continue to rapidly expand. Local owners have no problem in obtaining satisfactory finance, as well as charters from Chinese charterers at favourable rates. Moreover, Chinese owners have a huge local shipbuilding, repair and spare parts industry, to cover their needs and receive top service. They have their own classification society, insurance providers, as well as local crewing, all speaking the same language.

China's shipping growth is also linked to its 'One Belt One Road' policy.

The above key characteristics are significant and do support China's elevation to the top place.

Greece

In contrast, Greek owners are more focused on ship owning and they enjoy the benefits of using the rest of the services of other countries including China, such as classification, insurance, crewing etc. Greek owners have also developed close links with Chinese shipyards and repair and spare parts providers, to whom they turn for continuous service. Greek owners have developed their own crew pools, often involving Ukrainian officers but also Philipinos and Chinese as well, with English as the common language.

Greece has sustained its leading position in the shipping market also through the support of Greek banks, as well as a number of committed western banks that have built up good relationships with Greek clientele and offer competitive terms. Increasingly, Chinese leasing has also proven beneficial to Greek owners (especially the larger names).

The long-standing use of the US stock exchanges by Greek owners in order to develop their public status, has contributed to raising the very large sums required that enabled the Greek fleet expansion. We have seen an increase in the number of public companies, often via offshoots of existing ones involved in various sectors. Greek owners have thus been able to develop their ability to tap into public money, often involving smaller fleets but with a clean objective to grow. In addition, private equity has been and continues to be very active in Greek shipping.

The race to the top

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China does, without doubt, offer its owners an overall advantage, due to its economic size and its position in international trade. In addition, as has been previously stated, the tonnage differential with Greek shipping has narrowed significantly.

Table 3: Orderbook

Source: Clarkson's	P.R. China	Greece
Date	DWT million	DWT million
2023	11.04	7.06
2024	9.95	5.92
2025	4.87	5.02
2026	0.64	1.46
2027	0.87	0.00
2028	0.74	0.00
Grand Total	28.11	19.46
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Looking at the next years, in table 3, we show the breakdown of committed newbuilding orders, where Chinese owners have a much larger order book.

Table 4: Second-hand Purchases

Source: Clarkson's	P.R. China	Greece
Date	million GT	million GT
2018	8.09	14.42
2019	8.75	9.37
2020	9.51	11.75
2021	14.08	18.18
2022	11.06	13.26
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On the other hand, Greek owners tend to acquire substantial tonnage via the S&P market. In table 4, it is shown that Greece is consistently ahead of China in second-hand purchases.

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Table 5: Estimated Fleet Values (Current fleet and Orderbook)

Source: Clarkson's	Values
as of end 2022	\$bn
China	208
Japan	180
Greece	177.1
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Table 5 shows the estimated fleet value where China is in the lead and Japan and Greece are following. Needless to say that estimating a nation's fleet value is not as easy as measuring in DWT terms, as it involves estimating the values of different types of vessels, age and updated market values that keep fluctuating.

It has been noticed that Greeks have been holding back, to some extent, to see what new fuel and technologies will emerge, to meet the 2030 and 2050 emissions regulations, as their decisions are often based on the long-term potential, as opposed shorter term market needs.

The race to the top still remains in doubt, as both Chinese and Greek owners may further speed up their orders and second-hand purchases. How each nation's owners shall view and adapt to the future market challenges and the always unpredictable geopolitical factors at play will determine which shall occupy the top ship owning spot in 2030.