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## Ted Petropoulos: Shipping will adopt multi shareholder schemes as capital requirements

*Adapting to major disruption and challenges in shipping may require huge volumes of capital and this will promote multi shareholder schemes.*

*The above serious prediction was made by Ted Petropoulos, Founder and Head of Petrofin Research, who comments on the issues of energy transition in shipping and explains why the process of consolidation in shipping will gather pace.*



Mr. Ted Petropoulos, Founder and Head of Petrofin Research

based on sound experience do assist the process and on finding a way to address issues that might arise in the evaluation process and on loan terms.

*- In the Western world, US and European banks and institutions tend to focus on decarbonization, meanwhile we see less of that in the East through mainly alternative finance. What is your institution's strategy in the energy transition of shipping?*

- It is correct that the west has adopted ESG policies more readily than the Far East. However, the Far East is now catching up.

We believe that emission reductions can be achieved via the use of eco fuels and via tier III eco vessels. Achieving a zero emissions technology is a far off dream as there is not the technology to do so at this time. The process towards zero or much lower emissions is under way but is hardly a global effort.

*- Despite AI and other technologies all agree that ship finance is considered a people's business or not? In this framework how do you cope with the ship finance loan structure and terms and mitigation of risks?*

- Ship finance relies to a certain degree on personal relationships. However, risk assessment and credit approval now days relies on risk evaluation models used by banks / Central banks which need to be satisfied and which determine loan approval and likely terms. Personal relationships

At this time, the onus is falling on shipping with none of the other stakeholders willing to provide the necessary support to enable the necessary massive investments.

*- Shipping is a capital-intensive sector which demands substantial investment at every stage of the market cycle. What are the most profitable projects in shipping that an institution deserves to finance, i.e. intermodal transportation, low carbon vessels, LNG as fuel, digitalization or other projects?*

- There is no clear answer. Whether an investment is likely to be profitable lies with owners. Institutions finance investments by owners that are safe from a banking point of view. Profitability is a matter for the owner / investor. However, cash flow security and adequacy is of concern to lenders.

*- Do you believe that the new requirements for more sophisticated ships and corporate operations will lead to more consolidation in the ship finance market?*

- As the size of the necessary investments skyrockets, only big owners / corporations could afford them. As such, the process of consolidation will gather pace.

*- Describe your organisation's initiatives to align with young people's desire to work in an inclusive and ethically conscious industry?*

- Adopting an ethical and supportive workplace is a must in promoting a common culture and pride in a firm. Staff selection and promotion must be based on merit and compliance with the firms values.

*- What are your company's future plans for more impactful solutions in a sector that will be highly affected by the need to decarbonize, the rise of autonomous vessels and the rise of protectionism?*

-Adaptability is required in shipping and this is how major disruptions and challenges have been faced. As capital requirements grow, the sharing of risks amongst investors will be required and this will promote multi shareholder schemes ie public companies and / or increased use of private equity funds to provide additional capital.

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