

Greek Ship Finance and Greek Shipping; Growth but also Challenges

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In 2024, a fragile geopolitical climate and a generally sluggish market, limited opportunities for new ship financing. Nonetheless, newbuilding orders rose by 20% YoY, spurring new business. An active sale and purchase (S&P) market helped sustain momentum, supported by global GDP growth of 3.2% and a 5.5% increase in tonne-mile demand (Clarkson's).

Greek ship finance was supported by the above circumstances and it recorded a 5% YoY increase. However, this growth does not fully reflect the performance of the majority of banks involved. While new loan origination was significantly higher, its impact was tempered by accelerated loan repayments due to rising interest rates. Greek banks emerged as the strongest performers, expanding their loan portfolios by 17.5%. This growth was driven by their strategic focus on shipping, their commitment to supporting clients, and their ambition to expand. They have been particularly effective in serving small and mid-sized owners, while also making inroads into newbuilding finance. In contrast, larger Greek owners with multiple orders—particularly in Chinese shipyards—have primarily opted for Chinese leasing.

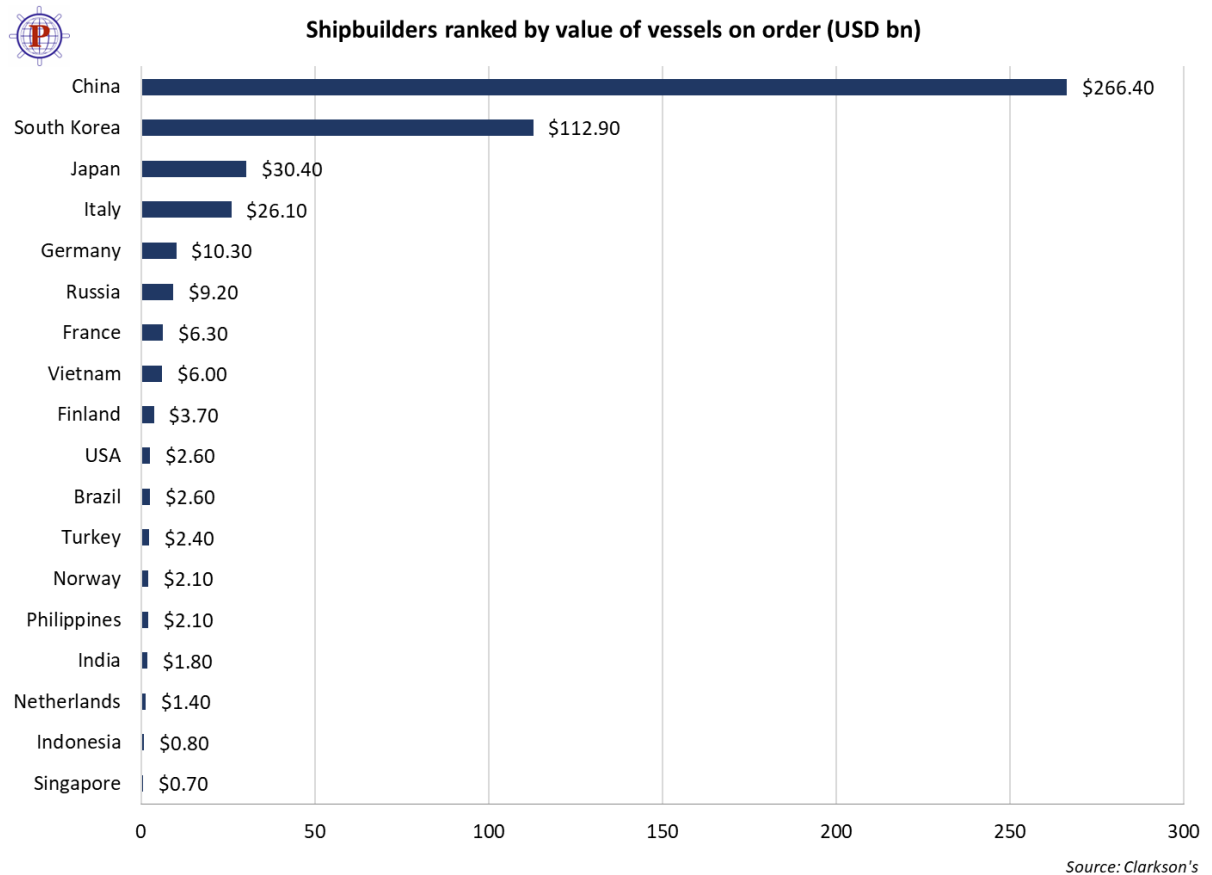
By the end of the year, financial commitments had surged by 51.4%, with forward commitments for newbuildings rising by 54.5%, indicating a shift in market sentiment. Interestingly, European banks reversed their prior decline in Greek ship finance, posting a 4% increase, although their overall market share dropped by 1%. A study of all banks engaged in Greek ship finance suggests that over 90% have expanded their capacity and remain committed to competing in the sector. Notably, Middle Eastern banks have been ramping up their lending activities to Greek owners, representing a promising avenue for future loan growth.

Coming into 2025, the key issue dominating global economic discussions becomes the tariffs between the United States and China. Predicting the outcome and its implications for Greek shipping and finance remains highly uncertain.

The election of Donald Trump and the subsequent implementation of tariff hikes—targeting both allies and non-allies—have significantly disrupted the global economic order, dampened economic prospects, impacted international trade, affected shipping and ship finance but most importantly undermined confidence on a global scale. The sudden imposition of tariffs on Chinese goods, ranging from 10% to a staggering 146%, was unprecedented, as it lacked prior consultation and came without warning. The Trump administration's aggressive negotiating tactics appear to aim at securing bilateral trade agreements with substantially higher tariffs. However, the immediate repercussions were evident in the U.S. economy, which experienced a 0.3% contraction in GDP during the first quarter, with further declines anticipated as the full effects of the tariffs take hold.

Beyond tariffs, via the US Trade Representative (USTR), the US has imposed penalties on Chinese shipbuilders, vessel owners, operators, and all incoming freight entering US ports, with fines reaching up to US\$1.5 million per case. This move aims to challenge China’s dominant position as a leading builder of existing vessels and vessels on order, as seen in Graph 1.

Graph 1:



China’s shipbuilding supremacy is largely attributed to its cost efficiency and operational effectiveness. It remains unclear how these penalties on Chinese shipping would bolster the US shipbuilding industry, which currently lacks the necessary infrastructure, efficiency, as well as global competitiveness and manning potential. Moreover, revamping the sector would require substantial financial investment, and given the higher cost of labour in the US, domestically produced ships may struggle to remain price-competitive. Perhaps further collaboration with a US ally (S. Korea or Japan) might be possible to build up a US international merchant fleet.

Following the announcement of US sanctions on Chinese shipping, international orders for vessels built in China all but halted, with only limited orders being redirected to South Korea. Presently, Chinese-built vessels account for 34% of the global fleet in deadweight tonnage (DWT), according to Clarkson’s. Greek shipowners are significantly affected by these developments. Currently, 32% of the Greek fleet consists of vessels built in China.

Additionally, the Greek order book includes 414 vessels ordered from Chinese shipyards, representing 65.8% of the total Greek orders (Table 1). These figures underscore the inevitable consequences of US penalties on Greek shipping.

TABLE 1

Greek orderbook by builder country

as of end April 2025

Country	No. Vessels	DWT	GT	% of Greek orderbook
China P.R.	414	37,797,851	22,188,626	65.8%
South Korea	147	14,404,025	11,004,776	25.1%
Japan	42	3,743,580	2,007,685	6.5%
Vietnam	12	1,184,999	655,371	2.1%
Philippines	4	274,900	152,981	0.5%
Turkey	1	198	434	0.0%
Greece	4	0	3,391	0.0%
Total Greek Orderbook	624	57,405,553	36,013,264	

Source: Clarkson's

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Greek shipowners remain hesitant to place new orders in China due to the US-imposed penalties, which are currently subject to a 180-day grace period. This hesitation is reflected in Table 2, which shows that no new Chinese orders have been placed since February 21st, 2025. However, following the 180-deliberation period for USTR, some Chinese orders by Greek owners did commence once again.

TABLE 2

Top 3 Builder countries by Order/Contract date

for period Jan-Apr 2025

Country / Contract date	No. Vessels	DWT	GT	% of Greek orderbook
South Korea	21	2,816,400	1,481,655	65.4%
07-02-25	4	49,200	62,952	
14-03-25	9	1,395,200	719,965	
31-03-25	2	640,000	312,000	
08-04-25	4	632,000	326,132	
15-04-25	2	100,000	60,606	
China P.R.	13	1,448,000	1,264,853	33.6%
01-01-25	2	48,000	38,176	
27-01-25	1	0	16,837	
21-02-25	10	1,400,000	1,209,840	
Japan	1	41,680	25,900	1.0%
01-01-25	1	41,680	25,900	
Top 3 Total	35	4,306,080	2,772,408	

Source: Clarkson's

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There is also some hesitancy regarding S&P of Chinese-built vessels as seen in Table 3, which shows that Greek sales of Chinese-built vessels also decreased for the period of January to April. Owners are waiting for greater clarity before committing, a sentiment shared by charterers and banks, as assessing the risks associated with chartering or financing a Chinese-built or -owned vessel has become increasingly complex. Furthermore, uncertainty surrounding global GDP projections and international trade exacerbates concerns. A prolonged trade war would undoubtedly have a negative impact on the shipping industry including ship finance.

TABLE 3

Sale period	Total Greek Sales		Chinese-built Greek Sales		% of Chinese-built Greek sales
	No. Vessels	DWT	No. Vessels	DWT	
Jan-Apr 2023	104	8,241,445	29	1,998,870	24%
Jan-Apr 2024	101	8,158,802	30	2,318,878	28%
Jan-Apr 2025	73	5,856,197	19	1,230,473	21%

Source: Clarkson's

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The US-China trade war has also disrupted Chinese leasing, with only local Chinese owners currently securing financing through this method. Meanwhile, most Western owners, including Greek owners, remain on the sidelines, waiting for market stability. US public companies are particularly cautious when it comes to placing new orders in China, with many opting, instead, for shipyards in South Korea and Japan.

An intriguing development has been the growing concern among Greek owners utilizing Chinese leasing structures, as ownership in such agreements typically resides with Chinese leasing companies. As a result, several Greek owners are refinancing their Chinese leases through European and Greek banks, creating a burgeoning refinancing market. For instance, Okeanis Eco Tankers recently repurchased three VLCCs from CMB Financial Leasing and refinanced them through a Greek bank at a lower cost (Source: Tradewinds).

Outlook for 2025 and 2026

Prior to the 90-day grace period recently agreed on the tariffs, the primary global consequence of the dispute had been a widespread paralysis in decision-making. Given the US' shifting stance, businesses across various sectors, including shipping, remained hesitant to make new investments. If a full-scale trade war were to unfold, the World Trade Organization (WTO) projects a 0.2% decline in international trade and a substantial 7% contraction in global GDP this year. However, tonne-mile demand has rebounded following the temporary easing of tariffs, and market analysts suggest that increased purchases of US goods by China—particularly US oil—could yield a positive trade balance.

The 90-day period designed to partially roll back tariffs—reducing Chinese imports to 30% and US imports to 10%—was cautiously welcomed (May 12th, 2025). However, it involved significant skepticism regarding the volatility such policy shifts does introduce into the market. Some reassurance is drawn from the Trump administration's evident urgency to finalise trade agreements before the negative effects of tariffs further erode domestic economic stability and public sentiment.

Regarding the effects of the prevailing uncertainty on ship finance, banks continue to demonstrate a strong appetite for lending, particularly to clients with ongoing newbuilding

orders. Discussions with major lenders indicate solid growth in ship financing across all banks during the first quarter of 2025. Financial institutions are actively identifying owners and market segments expected to be least affected by economic and trade volatility. A number of Greek shipowners are seeking 'hunting licenses' from banks in preparation for potential acquisition opportunities should vessel prices decline further.

The years ahead are expected to be turbulent for the global economy, shipping, and ship finance. Despite these challenges, Greek shipowners remain well-positioned to expand their fleets, with ample liquidity to act decisively once vessel prices reach attractive levels and economic conditions stabilise.