GREEK SHIPPING
and
THE MARITIME ECONOMY

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Greece is centrally located in the Eastern Mediterranean.

Greece is the EU frontier country with the longest coastline in a difficult neighborhood.

Its location gives it great possibilities for economic development.
Greece has always prospered when it embraced the sea

Promoting its comparative advantages, Greece can once again prosper if it develops into:

- The maritime and financial center of the Eastern Mediterranean, attracting international business
- The recreational and boating playground of the European Union, attracting people from all over the world
- The cruise ship home-porting hub of the Eastern Mediterranean
- The transport hub of Central and Eastern Europe
- A shipbuilding and ship-repair hub

The above create synergies and critical mass. The unstable situation in North Africa and the Middle East helps.

All are possible with vision and well thought out, efficient, stable, business friendly legislation which will eliminate all present disincentives.

In this way hundreds of thousand of competitive jobs would be created and Greece could prosper.
Greek shipping

Greeks control probably the biggest fleet in carrying capacity (tdw) which represents about 17.7% of world capacity. It is also the youngest. We have succeeded as cost efficient cross traders providing competitive transport services for other peoples’ cargoes.

The average size of Greek controlled ships over 1,000 GT is about 75.557 tdw. The world’s average ship is about 36.896 tdw. The average size of world ships, excluding Greek ships, is about 33.842 tdw.

Greek ships are on average 2.20 times bigger than the rest. It follows that Greek shipping transports a major share of international, longer distance trade.

The Greek fleet is considered a reliable, strategic partner for the transport requirements of all major trading nations.
Structure of Greek shipping

<table>
<thead>
<tr>
<th>NUMBER OF SHIPS</th>
<th>NUMBER OF COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>257</td>
</tr>
<tr>
<td>6-10</td>
<td>81</td>
</tr>
<tr>
<td>11-20</td>
<td>58</td>
</tr>
<tr>
<td>21+</td>
<td>52</td>
</tr>
<tr>
<td>TOTAL</td>
<td>440</td>
</tr>
</tbody>
</table>

Most Greek shipping companies are family owned businesses which have been in shipping for many decades, even over a hundred years. Most have only a small number of ships. These companies have survived and prospered, have repaid all their loans and have very good credit rating within the Greek shipping industry.

Banks should not consider big fleets to be safer than small traditional Greek shipowners. According to DNB: "The changes (increase in non-performing and doubtful loans) were mainly attributable to a few large shipping loans which are being closely monitored".
Greek controlled shipping fleet

<table>
<thead>
<tr>
<th>OPERATING FLEET</th>
<th>SHIPS ON ORDER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NUMBER</td>
</tr>
<tr>
<td>ORE &amp; BULK</td>
<td>1,752</td>
</tr>
<tr>
<td>OIL TANKERS</td>
<td>632</td>
</tr>
<tr>
<td>COMBINATION CARRIERS</td>
<td>-</td>
</tr>
<tr>
<td>PURE CONTAINERS</td>
<td>339</td>
</tr>
<tr>
<td>LIQUID GAS</td>
<td>183</td>
</tr>
<tr>
<td>CHEMICAL &amp; PRODUCTS</td>
<td>599</td>
</tr>
<tr>
<td>CARGO</td>
<td>230</td>
</tr>
<tr>
<td>PASSENGER</td>
<td>96</td>
</tr>
<tr>
<td>OTHERS</td>
<td>70</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,901</strong></td>
</tr>
</tbody>
</table>

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Total Greek controlled ships on order: 378 of which 159 in China. The Greek controlled fleet is the youngest in the world.
Shipping and the Greek economy

Greek shipping produces inflows of between €13 and €19 billion annually to the Greek economy depending on market conditions. Ocean going shipping represents about 7% of GDP if not more. It also directly and indirectly employs about 200,000 to 300,000 people(*). By expanding the shipping cluster we would absorb more funds and reduce outflows, thus creating more jobs.

The Maritime UK, with a small contribution from shipping representing of about 25%, mentions that from the main services of ports, insurances and shipping center it has inflows of about €37 billion annually and creates 537,000 jobs. It is important to note that London has about 4,000 applications for shipping arbitrations annually, from which about 600 are heard and the rest are settled between the parties involved. In Greece only about 4 arbitrations are heard per year and these are of a national nature. London coordinates about of 50% of tanker chartering and the 30%-40% per year of dry bulk chartering.

The Norwegian fleet is much smaller than the Greek. Norway though has strong shipping banks and insurance organizations.

In Greece today there are about 720 ship management and service offices. The presence in Greece of major international service providers, foreign banks, P+I Clubs, lawyers, brokers, Classification Societies and limited to relatively small offices.

As a shipping center Greece is limited in scope. We do not have strong presence of insurance organizations, finance companies, charterers and traders. Friendly and stable legislation would help expand the clustering attracting more companies. This would create more high paid jobs and greater revenues.

* University of Piraeus study, IOBE study, Boston Consulting study.
Maritime Education

University Level
The National Technical University of Athens (NTUA) has the largest faculty of Naval Architecture and Marine Engineering in the EU. It also has the largest facilities of any university. This Department of NTUA produces about 50 graduates a year with an M.Sc.

The University of Aegean, Piraeus University, ALBA, Deree, BCA and others produce about 350 graduates with a B.Sc. or an M.Sc. in shipping administration and economies.

Maritime Education
Greek Maritime academies enroll about 1,300 students a year out of about 5,000 applicants. They should enroll more.

Accordingly to the BIMCO-ISF manpower study of 2010 there is a short fall of about 15,000 officers in the world with increasing tendencies.

Ship officers earn very good salaries. It would make economic sense if Greece produced more.
Greek Ferries

Greek ferries serve 1,566,000 islanders (except Euboea) on 116 inhabited islands of which 53 have more than 1,000 inhabitance or 14.2% of the population. They are used by 75% of the tourists visiting our country. Their transport cost is expensive and affects both our islands and the tourism.

Reason:
Greek manning legislation requirements i.e.:  
- A high speed vessel that requires 17 crew in Europe requires 31 in Greece!!  
- A conventional ferry requiring 32 crew in Europe would require 52 crew in Greece!!

Results:  
- In 2000 in the Adriatic 29 Greek ferries operated and no ship of an other country. Today there are only 5 Greek flag ships and 5 more under foreign flags.  
- The shipping companies suffered losses of about €1 billion over the last 4 years. Most of them cannot cope anymore.  
- Greeks in the ‘90s built 43 new Ferries expecting the application of uniform E.U. legislation. This did not materialize. The ferries suffered losses and 12 of these were sold and are no longer registered in Greece.

The Greek Ferry fleet is the most modern and has among the faster ships in Europe. Ferries:  
- execute about 3.0 billion PKM (passenger kilometers) per annum  
- transport 570,000 busses/trucks and 1,600,000 cars every year  
- are a valuable asset in civil emergencies i.e. evacuation of civilians from Libya, the Lebanon etc.
Subsidies
- **Each Greek** is forced to pay through taxes **€115.10** annually (2008-2010) for Trains (OSE) and Attica Municipal Transport (OASA)
- **Each Greek** only pays **€3.48 (2008)** for subsidies to ferries.

How to provide competitive ferry transport
- Enact legislation strictly aligned with **EU directive 3577/92** and the relevant **IMO SOLAS** and **STCW** Regulations.
- Uniform Application of **6.5% VAT** to ferries as applied to all tourist industries.

**Note:** since over **70% of the Aegean is international waters** no **VAT** should be applied based on the principles applied for **Spain** and **Portugal** for the **Canary Island** and the **Azores**.

With the above, the HCS believes that:
- The cost of tickets can be **reduced by about 30%**
- **100.000 more jobs** would be created on the islands
- The island economies will flowrish and **more VAT** will be collected.

The alternative is to subsidize ferries by over **€300 million per year or else the fleet will cease to exist and island economies will be devastated**
Cruise ships

Greece was once a pioneer in cruises.

Greek shipowners were among the first who invested in cruise ships in the ‘50s. In the ‘70’s Greece had the largest cruise fleet in the Mediterranean. Greek cruise ships cruised the Caribbean, Alaska, the Baltic and other places. Today there are no Greek cruise ships, mainly due to Greek “protective” legislation. From 2012 Greek law is compatible to European legislation.

Greece, because of its history, rich cultural heritage and the unique Greek islands, is a prime tourist destination.

Homeporting in Greece will reduce voyage length, therefore fuel consumption, and increase ports of call.

When home-porting of cruise ships in Greece will be fully developed, this industry will create about 11,500 new jobs and in excess of €1 billion additional revenue per annum to the Greek economy. By creating upgraded services this amount will increase substantially.

Infrastructure must be upgraded to efficiently service a greater number of cruise ships homeporting or calling at Greek ports.

We must provide better and more effective services to passengers
Homeporting

- «Homeporting» creates 5 times more income per passenger than the visits.
- At «homeports» ships buy maintenance and stores creating more income.
- It is clear that «homeporting» is advantageous for Greece.

<table>
<thead>
<tr>
<th>Greece</th>
<th>Spain</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Έτος</em></td>
<td>Απασχόληση</td>
<td><em>Visits</em>/arrivals</td>
</tr>
<tr>
<td></td>
<td>Passenger</td>
<td></td>
</tr>
<tr>
<td></td>
<td>arrivals</td>
<td>visits</td>
</tr>
<tr>
<td>2006</td>
<td>6.224</td>
<td>236.000</td>
</tr>
<tr>
<td>2007</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2008</td>
<td>10.775</td>
<td>472.000</td>
</tr>
<tr>
<td>2009</td>
<td>11.794</td>
<td>503.000</td>
</tr>
<tr>
<td>2010</td>
<td>11.612</td>
<td>336.000</td>
</tr>
<tr>
<td>2011</td>
<td>12.078</td>
<td>313.000</td>
</tr>
<tr>
<td>2012</td>
<td>11.620</td>
<td>244.000</td>
</tr>
</tbody>
</table>

Visits/arrivals in 2012: 19,7:1, 4,3:1, 1:3

Even with the change in legislation and despite the fact visits increased, “homeporting” did not increase. Since the legislation is now compatible with this of E.U. the main reason for this must be the high cost of services offered and infrastructure.

The “ELEFTHERIOS VENIZELOS” airport has unfortunately developed into a regional airport because of its high dues, with no direct flights to U.S.A., China, Australia and other important countries.
Yachting

Yachting creates many jobs

Because of its location and unique archipelago, Greece can become the recreational and boating playground of the European Union attracting people from all over the world who enjoy yachting.

The **Greek Archipelago** has about **16,000** km of coastline, **1,200** islands and **4,800** islets and is probably the world’s best cruising ground.

**Greece** hosts only about **17,700** pleasure boats of all types and flags, of which about **8,000** are over **12 m long**. This number includes about **4,000** yachts for charter of which about **500** are manned. The number of yachts per capita is about 25% that of the E.U. average because of **unfriendly legislation** (*Greece: 1 pleasure boat for every 621 people, Europe: 1 pleasure boat for every 164 people*).

The **HCS** made a study with the University of Piraeus which found that in **Greece 1 direct job creates only 1 indirect job whereas in other countries the correlation is 1 direct job creates 3 indirect**. Yachting in Greece presently creates only about **40,000** direct and indirect jobs. With these findings the **HCS** persuaded the Government to make **yachting friendly legislation**. The result is law **4256/14-4-14 “Tourist ships and other regulations”** which we consider will attract more yachts to stay in Greece.

Greece has safe, modern marinas with all the required facilities for berthing and off season stay. We understand that these marinas have vacancies. **Many more should be built to host more pleasure boats that will come because of the new law.**

1,000 boats over 35 m could create about 23,000 more jobs. 10,000 yachts over 15 meters would create about 90,000 more direct and indirect jobs.
PER L<sub>OA</sub> DISPERSION OF PLEASURE BOATS IN ATTICA

**Table:**

<table>
<thead>
<tr>
<th>L&lt;sub&gt;OA&lt;/sub&gt;</th>
<th>No of BOATS</th>
<th>DIRECT EMPLOYMENT</th>
<th>TOTAL DIRECT EMPLOYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 – 10</td>
<td>907</td>
<td>0.13</td>
<td>118</td>
</tr>
<tr>
<td>10 – 15</td>
<td>795</td>
<td>0.47</td>
<td>374</td>
</tr>
<tr>
<td>15 – 20</td>
<td>523</td>
<td>0.90</td>
<td>471</td>
</tr>
<tr>
<td>20 – 25</td>
<td>228</td>
<td>2.50</td>
<td>570</td>
</tr>
<tr>
<td>25+</td>
<td>196</td>
<td>5.71</td>
<td>1119</td>
</tr>
<tr>
<td>ΣΥΝΟΛΟ</td>
<td>2649</td>
<td>-</td>
<td>2651</td>
</tr>
</tbody>
</table>

**Graph:**

- Weighted average of direct employment in Attica marinas: 1 per pleasure boat.

(Source: Data Research)
Time is money

“Time as a Trade Barrier” by Hummels and Schaur – January 2012 estimates that a one day delay in delivery of a shipment increases the cost of goods transported by between 0.6% to 2.3%.

For cargo to and from the Far East with destination Eastern Europe, Piraeus reduces transport time by 4 days or more. Piraeus can also effectively service countries further west including Germany. This is mainly due to Greece’s geographical protrusion in the Mediterranean.

The HCS has been pushing the concept for years. COSCO realized the benefits few years ago and invested in Greece. Others will follow.

In 3 years the COSCO Piraeus Container Terminal has trebled throughput while upgrading the terminal. As more companies appreciate the logistic benefits of Piraeus, container throughput will increase further. The recent agreements between COSCO, Hewlett Packard, ZTE, Huawei and the Greek Railways show the way. Samsung has also expressed strong interest “in Piraeus”.

Because of the above, great interest has been shown for the privatization of the port of Piraeus (OLP) as six (6) international companies have already expressed interest.
Greece as Central-Eastern Europe’s transport hub

The railway system which will soon be upgraded, will connect Greece with the European commercial rail network and will provide faster services between Far East and Central/Eastern Europe.

Example:
Shanghai/Budapest (Hungary): Through Piraeus about 23 days ✓
Through Trieste 28 days
Through Hamburg about 35 days

Shanghai/Warsaw (Poland): Through Piraeus 24 days ✓
Through Trieste 28 days
Through Gdansk about 36 days
Through Hamburg about 35 days

Shanghai/Bucharest (Romania): Through Piraeus 24 days ✓
Through Trieste about 28 days
Through Constanta about 30 days

Comparison with other Greek ports:
Kalamata:
Increase of transport time 5 hours if we had fast, reliable railway system

Shanghai/Budapest (Hungary): Through Trieste 28 days

Kalamata:
Increase of transport time 5 hours if we had fast, reliable railway system

Shanghai/Warsaw (Poland): Through Piraeus
Through Trieste 28 days
Through Gdansk about 36 days
Through Hamburg about 35 days

Shanghai/Bucharest (Romania): Through Piraeus 24 days ✓
Through Trieste about 28 days
Through Constanta about 30 days

Thessaloniki:
Increase of transport time 2 hours
Increase of total voyage time Port Said-
Thessaloniki-Gioia Tauro 21 hours compared to Piraeus

Greek ports seem to be the natural port of entry to and from Central/Eastern Europe and Far East through a good railway system.

Greek ports could also be transshipment centers to Black Sea and Eastern Mediterranean ports using feeder ships.
Shipbuilding and ship repairs

Greece has 4 shipyards and extensive repair facilities. Most bigger units were established by Greek shipowners:
- Hellenic Shipyards by Niarchos in 1956 which built 55 cargo ships until its sale to the State in 1985
- Eleusis Shipyards by Andreadis in the mid ‘60s which built 5 cargo ships nationalized in 1975
- Neorion Shipyards by N.J. Goulandris in 1970 which was sold in 1978
- Chalkis Shipyards by J.C. Carras in early ‘70s which modified 2 ships into cruise ships and was sold in the ‘80s
- The Salamis Repair Base by Chandris in the ‘60s which modified 85 ships into cruise ships

Greek technicians and craftsmen are world class:
- after World War II they modified over 200 cargo ships and tankers into ferry boats and cruise ships
- when Chandris contracted to modify the “Galileo” at Meyer Werft he dispatched 500 Greek craftsmen and technicians to assist
- Greek passenger and cruise ships built in Europe subcontracted substantial work to Greek companies

Now Greek repair facilities are underutilized by the commercial fleet for lack of competitiveness, despite a good, dry climate and a central position in the Mediterranean shipping lanes.

All this technical potential is being wasted through misguided policies and union actions since 1974. We must try to re-establish Greece’s importance in this sector. If other EU countries can build ships, so could we.
Shipbuilding in Greece today

Shipbuilding activity today is very limited. Only small commercial units of local shipping are being built. Cargo ships cannot be built economically in Greece.

Greek passenger shipping since the mid ‘90s, foreseeing legislation compatibility with this of E.U., ordered 43 passenger ships. 10 of them were built in Germany, 8 in Korea, 6 in Italy, 5 in Sweden/Norway, 4 in Australia, 3 in Holland, 3 in France and 2 in Finland. In other words 41 passenger ships were built in mostly European shipyards with higher, even double the per capita GDP of Greece!!! (Italy +16%, France +33.5%, Germany +44.9%, Holland +59.7%, Norway +103%).

The 2 ships that built in Greece were the “MYKONOS ISLAND” and the “CHIOS ISLAND” were originally ordered by BLUE STAR FERRIES in 2000. In 2004 in semi-final stage(!), the first ship was abandoned and both were bought by HELLENIC SEAWAYS. These ships completed in 2005 and 2007 by other shipyards and repair teams. It took about 6 years from ordering to completion.

Orders have been taken by shipyards in Italy, Germany, France and Finland to build 54 cruise ships of 140,611 beds for a total of 5,524,082 GT and total value of $ 34 billion, for delivery from 2009 to 2018 (www.amem.at). Other than to shipyards, these ship create jobs for many other industries such as those producing hotel products.

Greece must re-enter shipbuilding and ship repairs with a new, competitive legal and operational framework.

Our technical knowhow is second to no-one’s. What we need is structural reforms to be competitive.
Thank you

George A. Gratsos