Southampton SOLENT University

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*The **Global Maritime Weekly Digest**, based at **Southampton SOLENT University**, provides a regular flow of maritime news and analysis, of significance in a global context.*
Topics covered include shipping fleets and management, seaborne trade, ports, shipbuilding, ship recycling, maritime policy and regulations, and seafarers' labour.

Contents

Editorial comments

- Global ***container shipping services*** are still experiencing an upheaval, but the elements of a more stable and prosperous evolution are becoming visible (item 1). Seaborne trade in the sector expanded briskly last year, while fleet growth remained relatively moderate, apparently reducing surplus capacity. However, resumed orders for mega-ships were a reminder of past excesses.
- Arctic ports in Russia along the ***Northern Sea Route*** reportedly handled a greatly increased volume of cargo in the past twelve months, boosted by shipments from the new Yamal LNG project getting underway (item 3).
- A severe ***gender imbalance in the shipping industry*** is being actively tackled in the UK with the setting up of a new industry 'Women in Shipping' taskforce (item 4). The aim is to identify steps to increase the number of women in the maritime sector and promote more women into senior roles in shipping, ports, marine and business services.
- Anxiety has been expressed about how ***UK-based maritime professional services*** will evolve in the future, especially given the uncertain status of the UK within Europe. But an industry association has emphasised strengths which will provide considerable support (item 2).
- The ***Greek-owned merchant ship fleet*** is still by far the largest fleet measured by nationality of shipowner, greatly exceeding the next two largest, those of Japan and China. One feature of the Greek fleet is the high number of small companies participating, although a firm trend towards consolidation is progressing and last year saw another fall in the number of companies (item 7).

Richard Scott MA MCIT FICS
editor (email: bulkshipan@aol.com)
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(1) Clarksons Research, 12 January 2018

2017 Liner Market Review: Improvements To Build On

One year ago we reported that it looked like container shipping was “at last starting to build towards something more positive” and that “2016 may well be seen as the year in which the container shipping sector really started to tackle its problems head on.” One year later, it looks like 2017 lived up to at least some of the expectations, with improved market conditions clearly visible.

Promising Building Blocks

2016 had largely been another challenging year for the container shipping sector, but as we moved into 2017 it appeared that the freight market at least had bottomed out. Box freight rates in general continued their late 2016 improvements into early 2017 and, although there was still significant volatility and easing back on some trades later in the year (by end 2017 mainlane rates stood below end 2016 levels), the SCFI Composite Index averaged 27% higher in 2017 than in 2016. Against this backdrop, charter market vessel earnings started to improve, rising sharply at end Q1 2017. Liner company service plans and, crucially, improved fundamentals supported a gradual improvement in rate levels and gains were largely maintained or even furthered through the rest of the year. The one year rate for a 2,750 TEU ship averaged $8,800/day in 2017, up 47% on 2016.

Stronger Foundations

Sector fundamentals certainly did appear positive last year. Demand conditions improved once again, with global volumes expanding by an estimated 5% in the full year to 191m TEU. The rate of expansion on intra-Asian trades accelerated further in 2017, growth on North-South trades bounced back more quickly than expected, and volumes on the key Transpacific and Far East-Europe trades also turned in a robust performance. Meanwhile, on the supply side, containership capacity growth remained relatively moderate in 2017, at 3.7% in the full year. Deliveries remained fairly steady at 1.1m TEU; demolition did fall from the all-time record total of 2016, but to a still elevated level of 0.4m TEU. Whilst some surplus remains in the sector, it appears to be much reduced, with 2% of the fleet standing idle at the end of 2017 compared to around 7% one year earlier.

Boxships For Sale

Although the autumn saw the first orders for ‘megaships’ for a couple of years, the total level of capacity ordered in the full year stood at 0.7m TEU, not too far above the restrained 0.3m TEU seen in 2016 and a far cry from the level of more than 2.3m TEU back in 2015. However, what was exceedingly notable in 2017 in the containership sector was the all-time record level of S&P activity. Over 1.1 million TEU of boxship capacity changed hands on the secondhand market, way ahead of the previous record level of 0.6 million TEU back in 2016, and equivalent to around 6% of start year fleet capacity.

Ongoing Support?

So, the sector heads into 2018, looking for further gains, having come a long way since the collapse of Hanjin in the summer of 2016. With the orderbook down to 13% of the fleet and supply growth set to remain fairly moderate for the next few years, fundamentals look set to provide ongoing support if the demand side holds. Consolidation, which has underpinned a more restrained supply side approach, continues (when the currently ongoing merger and joint venture activity is completed, the top 10 lines will deploy well over 80% of all boxship capacity). Risks remain on the demand side, but in 2018 the containership sector will be looking to push on and build further on the progress made in 2017.

(detailed table on next page)

2017 At A Glance

Type	Size/Unit	2016	2017	+/- %
1. Global Container Trade, m. TEU				
Mainlane		53.7	56.2	4.6%
Non-Mainlane East/West		23.9	24.6	3.0%
North/South		30.8	32.5	5.2%
Intra-Regional/Other		73.7	78.0	5.9%
Global Trade		182.1	191.3	5.0%
2. Tonnage Supply				
Fleet, '000 teu, end year				
Feeder	100-2,999 teu	3,942.0	3,941.2	0.0%
Intermediate	3-5,999 teu	5,113.1	4,873.5	-4.7%
Intermediate	6-7,999 teu	1,811.9	1,799.7	-0.7%
Neo-P'max	8-11,999 teu	5,250.9	5,533.2	5.4%
Neo-P'max	12-14,999 teu	2,676.6	2,946.2	10.1%
Post-P'max	15,000 &+ teu	1,267.0	1,714.3	35.3%
Total Containership		20,061.4	20,808.2	3.7%
MPPs	000' teu	1,538.8	1,518.5	-1.3%
Other Liner	000' teu	612.9	591.7	-3.4%
Total Liner	000' teu	22,213.1	22,918.4	3.2%
Orderbook, '000 teu, end year				
Feeder	100-2,999 teu	391.2	399.7	2.2%
Intermediate	3-5,999 teu	143.8	106.1	-26.2%
Intermediate	6-7,999 teu	6.9	0.0	[illegible]
Neo-P'max	8-11,999 teu	570.2	299.5	-47.5%
Neo-P'max	12-14,999 teu	839.0	613.6	-26.9%
Post-P'max	15,000 &+ teu	1,224.9	1,361.7	11.2%
Total Containership		3,176.0	2,780.6	-12.5%
Deliveries	000' teu	905.9	1,147.2	26.6%
Demolition	000' teu	654.4	397.9	-39.2%
Ordering	000' teu	299.0	697.1	133.1%
3. Freight Revenue, Average SCFI, ex-Shanghai				
to Europe	$/TEU	690	876	26.9%
to USWC	$/FEU	1,272	1,485	16.8%
SCFI Composite Index		649	827	27.4%
4. Charter Revenue, Average Earnings, $/day				
Fully Cellular Containerships, annual average				
Feeder 1 yr	1,700 teu grd	6,804	7,242	6.4%
Feeder 1 yr	2,500 teu grd	5,842	8,288	41.9%
Feeder 1 yr	2,750 teu gls	6,000	8,800	46.7%
'Old Panamax' 1yr	4,400 teu gls	4,979	7,692	54.5%
Intermediate 3yr	6,800 teu gls	13,208	15,229	15.3%
Neo-P'max 3yr	9,000 teu gls	24,792	27,146	9.5%
Weighted Average Index		41	47	16.5%
5. Asset Values, end period				
Newbuilding Prices $m				
Feeder	1,700 teu grd	21.8	22.5	3.4%
Feeder	2,750 teu gls	27.0	28.8	6.5%
Neo-P'max	8,800 teu gls	83.0	83.0	0.0%
Post-P'max	18,500 teu gls	145.5	140.0	-3.8%
Weighted Average Index		69	70	2.0%
10 year old Price $m				
Feeder	1,700 teu grd	5.5	9.0	63.6%
Feeder	2,750 teu gls	5.8	10.8	87.0%
'Old Panamax'	4,400 teu gls	5.5	10.0	81.8%
Intermediate	6,600 teu gls	9.5	17.0	78.9%
Weighted Average Index		25	38	53.8%
6. Turnover, Secondhand Sales Volume ,000 teu				
Containerships		454.1	1,128.6	148.5%
MPPs		23.1	32.8	42.1%
Other Liner		4.3	2.8	-35.8%
Total Liner		481.5	1,164.1	141.8%

Figures subject to revision.

Source: Clarkson

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(2) Lloyd's List, 17 January 2018

Maritime services can weather Brexit storm

UK-based maritime professional services will continue to shape the international marketplace no matter what Brexit deal is negotiated

MARITIME professional services have nothing to fear from Brexit and will continue to shape the international marketplace, no matter what deal the UK negotiates for exiting the European Union, the promotional body Maritime London has said.

As an export-led industry, the primary markets for UK professional maritime services — excluding Greece — are non-EU, said Maritime London chief executive Jos Standerwick.

"We still have inherent strength there," he added.

Mr Standerwick sought to allay fears over Brexit negotiations, which are entering a critical phase ahead of the March 2019 deadline for exiting the EU.

UK and EU negotiators are attempting to hammer out the terms of an agreement, including access to the single market, free movement of people and the Northern Ireland border.

Maritime London represents UK-based professional maritime services, including insurance, law, classification and arbitration services.

Mr Standerwick has "no doubt" that rival jurisdictions such as Singapore, Hong Kong, Shanghai and Dubai are viewing Brexit as an opportunity to devalue UK professional maritime services. "Even if it is a speculative opportunity without much basis in fact."

He singled out arbitration services, which have been proactively pushed by Singapore and Dubai in the past 12 months.

"These jurisdictions have realised that arbitration provides a glue to maritime services. If they can build a strong arbitration centre, then all the other maritime services will follow."

While the UK still handles the "vast majority" of cases arbitration cases, it should not be complacent about actively marketing its offering, he said.

Maritime London agreed to merge with maritime financial services trade association International Maritime Industries Forum in December.

The union will bring an extra 28 corporate members to Maritime London, which will have between 130-135 members at the end of its 12-month transition period.

Four new directors have joined the Maritime London board, including London Maritime Arbitrators Association president Ian Gaunt; Moore Stephens partner Richard Greiner; Baltic Exchange chief executive Mark Jackson; and Shipowners' Club legal director Britt Pickering.

It is hoping to bring another leading female practitioner on to the board this year.

Maritime London also wants to set up a member-led professional services forum in collaboration with the Department for Transport and Department for International Trade. This invitation-only event will be held three times per year and will tailor discussions to high-growth professional services areas.

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(3) Hellenic Shipping News, 17 January 2018/ International Barents Observer

Arctic seaports bustle as shipping on Northern Sea Route reaches new high

Figures from the Association of Russian Sea Ports show that the Russian Arctic seaports in 2017 handled a total of 74,2 million tons, an increase of 49,1 percent compared with 2016. The growth is rooted in a major general hike in Russian Arctic shipments.

According to the Russian Federal Agency for Maritime and River Transport, a total of 9,737 million tons of goods were last year shipped on the Northern Sea Route, the biggest annual volume ever. Only a modest

share of it – 194,364 tons – was shipped transit across the route, between the Bering Strait and the Novaya Zemlya, the Agency informs.
It all has a whopping effect on Murmansk, which handled a major share of the shipments.
According to data from the Seaport Association, Murmansk accounted for almost two thirds of all the total port turnover. The harbor masters in the Arctic city last year saw a total of 51,7 million tons of goods being shipped through the port, an increase of 54,5 percent compared with the previous year.
It is one of the best results in the whole post-Soviet period. Only in 2010, did goods volumes in Murmansk exceed the ones from 2017.
The growth comes as several major Arctic industrial projects are in the making. Among them is the Yamal LNG and the projected Arctic LNG 2, both of them with major effects on regional shipping. Also oil shipments from new projects like the Novy Port, as well as the terminal at Varandey, are leading to the higher volumes.
The Varandey terminal in 2017 handled 8,2 million tons of oil, and increase of 3,4 percent year-on-year. It is the best result ever for the installation which is owned and managed by Lukoil.
Of the volumes handled by ports in Murmansk, as much as 29 million was oil products. Meanwhile, the volumes of minerals and ores traditionally handled by the port remains stable. Press spokesman from the Murmansk Commercial Sea Port, Bogdan Khmelnitsky says to the Barents Observer that his port in 2017 handled about 15 million tons, most of it coal.
The Murmansk port now operates on the limits of possible capacity, experts say to TKS. Meanwhile, forecasts show that volumes will continue to grow over the next years, possibly to more than 70 million tons after year 2020.
Also Sabetta, the new port on the Yamal Peninsula, in 2017 recorded huge growth. According to the Federal Agency for Maritime and River Transport, as much as 7,99 million tons of goods were handled at Sabetta, up from 2,85 million tons in 2016.
Source: International Barents Observer

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(4) Maritime UK, 18 January 2018

New Maritime Minister welcomes ‘Women in Maritime’ Taskforce

New Maritime Minister, Nusrat Ghani MP, has welcomed the establishment of Maritime UK’s ‘Women in Maritime’ Taskforce.
Ghani, only the second woman to hold the Department for Transport portfolio for the UK’s £40bn maritime sector, said:
“I am delighted to see Maritime UK taking action to attract more women into our maritime industries, and I welcome this taskforce as an important first step.
“In the autumn, the Government challenged maritime leaders, businesses and colleges to find ways of increasing the number of women in the sector, and it is great to see them respond in this way.
“There is a fantastic wealth and breadth of career opportunities in maritime, and I am determined to see more women accessing these.”

During London International Shipping Week, her predecessor, Rt Hon John Hayes MP called for industry to address gender imbalance in the sector. Government is represented on the Taskforce.
Maritime UK has established a Taskforce to address fairness, equality and inclusion within the maritime sector.
The Taskforce brings together leaders from across the maritime sector to identify practical steps to increase the number of women in maritime, and crucially within senior roles across its shipping, ports, marine and business services industries.
Achieving a balanced workforce at all levels in the maritime sector will undoubtedly improve culture, behaviour, outcomes, profitability and productivity.

The Taskforce will make a series of recommendations and utilise best practice from other sectors that have taken similar action.
Sue Terpilowski, Chair of the Taskforce, said:
"The need for fairness, equality and inclusion is clearer than ever and the maritime sector must embrace diversity because it's the right thing to do.
"Equally there is a strong business case for action.
"The OECD has estimated that equalising the role of men and women in the labour market could increase GDP by 10% by 2030.
"There are women of all ages and abilities wanting to be a part of our maritime future and we must make sure we don't waste any more time in not addressing this issue."

David Dingle, Chair of Maritime UK, said:
"I welcome this new Taskforce and look forward to its recommendations. The entire maritime sector needs to do much more to address gender imbalance.
"Just looking at the Merchant Navy, the ITF estimates that women make up only 2% of the world's maritime workforce, and those figures are replicated here in the UK too.
"Of the 14,350 officers in our country, only 3% are women. Only 4% of our technical officers are women. Of the 6,500 engine officers, only 1% are women. It means that talented women could be missing out on careers in which they could best use those talents."
"Maritime UK will be leading by example, too, and urging members to nominate women leaders to sit on the Board."

Lilian Greenwood MP, Chair of the Transport select committee, said:
"The news that leaders from across the maritime sector are examining ways to improve the representation of women in their industry, including in senior roles, is very welcome.
"A plan to tackle gender inequality isn't just 'nice to have', it's essential, because right now our maritime sector is missing out on the skills and talents of outstanding women.
"I look forward to hearing more about the Taskforce's conclusions and seeing practical action to support a more diverse workforce."

Source: Maritime UK
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(5) Hellenic Shipping News, 20 January 2018

Top 10 technologies in maritime 2018

Throughout 2017, we saw an acceleration in the digital transformation of the maritime industry with an ever increasing focus on digitalisation and new technologies. However, before we move on to the latest news on the technology trends for 2018, I wanted to take this opportunity to reflect on the many developments we have seen in the past year.

- Rolls-Royce partnered with Google to study autonomous shipping, and introduced Augmented Reality software as part of their remote operation solutions.
- Online retail giant Amazon became a licensed freight forwarder, and Alibaba partnered with container operators Maersk, CMA CGM and COSCO.
- Wärtsilä launched their first Digital Acceleration Centre in Helsinki, and DNV GL and Kongsberg introduced digital platforms Veracity and Kognifai.
- Maersk used a IBM blockchain technology platform to digitalise trade, and also took steps to place their marine insurance on a blockchain platform.
- The very same Maersk experienced the greatest cyber attack in maritime history costing them USD 300 Million in business interruption and lost revenue.

- Tech startup Wave reduced the processing time for a letter of credit from 10 days to 2.5 hours using a blockchain platform in partnership with BBVA.
- The same team from Wave also completed a blockchain pilot for paperless bills of lading in cooperation with container operator ZIM.
- Shipyard Damen 3D-printed and installed a BV classed propeller on a tug currently in operation, a major step forward in the use of additive manufacturing in shipping.
- Yara and Kongsberg launched the Yara Birkeland concept vessel, which will hit the water this year and become the worlds first fully autonomous vessel by 2020.
- Wilhelmsen commenced testing of drone deliveries to vessels, and DNV GL carried out their first drone inspections of vessels, and began issuing electronic certificates.

And the list could go on and on as 2017 was the year that we saw the largest number of technological developments in any one year in maritime history. This rollercoaster of a year has left me very excited about the future of our great industry, which again takes us back to the starting point of this article; The top 10 technologies in maritime 2018.

In a recent article published in Marine Electronics we can read about the top ten technologies they expect to shake up the maritime industry in 2018. The different technologies listed in the article include some of those that I have already touched on above, such as Blockchain, Augmented Reality, Autonomous Vessels, and Drones. However it also includes Deep Learning, Artificial Intelligence, Internet of Things, Virtual Reality, Robotics, and Wearable Technologies ("Cyborg Crew").

The author expects each of these technologies to have a major impact on the maritime industry in 2018 as well as have prolonged ramifications for its future. As we have seen in the summary of 2017, some of these technologies are already well advanced and in operational use in shipping today, while others are still in an early development fase. The author does, however, point out that the majority of these technologies are already in use in other industries and just need a trigger for them to be adopted in maritime.

These are truly exciting times for the maritime industry!

Source: Ronny Waage, Business Development, Market Research, Maritime & Tech, Singapore & APAC

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(6) Hellenic Shipping News, 19 January 2018/ Bloomberg

China Posts First Full-Year Growth Pickup Since 2010

China's economy sealed its first full-year acceleration since 2010, underpinning global growth and giving authorities more room to purge excessive borrowing.

– Gross domestic product increased 6.8 percent in the fourth quarter from a year earlier, versus 6.7 percent seen in Bloomberg survey

– Full-year growth picked up to 6.9 percent from 6.7 percent in 2016

A reflation of the industrial sector and a global upswing that's boosting exports are providing room for President Xi Jinping to tackle debt risks, one of Beijing's top goals for the coming three years. With consumer inflation still contained and the currency firm, the central bank has been able to tighten the screws in some areas without benchmark interest rate increases, though a minority of economists are beginning to anticipate such a move.

"The economy is cruising along at impressive speed, breezing past potential speed bumps with apparent ease," said Frederic Neumann, co-head of Asian economics research at HSBC Holdings Plc in Hong Kong. "If China keeps up its current speed, the next stop will be inflation. Some cooling of growth momentum at the start of 2018 would thus be welcome to curtail price pressures."

What Our Economists Say…

"Turnaround is too strong a word," said Tom Orlik, Bloomberg chief Asia economist in Beijing. "There's still a mountain of debt and major structural challenges to address. But compared to hard-landing fears in early 2016, and expectations of a pronounced slowdown at the start of the year, China's economy outperformed in 2017."

In a year that began with fears of a trade war with a newly elected Donald Trump, exports turned back into a growth engine for the world's factory floor. The contribution of net external trade to growth improved by around 0.4 percentage point in real terms last year, "more than fully explaining the pick-up" in GDP growth, said Louis Kuijs, head of Asia economics at Oxford Economics in Hong Kong.

Reflation was also key to boosting company profits and raising their ability to service debt. The GDP deflator for the full year, a gauge of economy-wide inflation, came in at 4.33 percentage points, while nominal growth accelerated to 11.2 percent. GDP in those terms grew to 82.7 trillion yuan ($12.9 trillion) — up 8.4 trillion yuan in the year.

"Another Indonesia created in one year!" said Jim O'Neill, former chief economist at Goldman Sachs Group Inc. "The nominal GDP size confirms China has diminished the previous deflation risk and silly comparisons with 1980s Japan were just that, silly."

The remarkable stability of headline GDP is, however, also "a source of disquiet," said Bloomberg's Orlik, raising questions about politicization of the figures. Recent revelations of fudged provincial data have provided reminders of the problem, while officials' willingness to air the concerns shows an intent to stamp out the practice.

If there was one black spot in Thursday's data, it was a deceleration in retail spending at the end of the year.

- Retail sales rose 9.4% in December on year, vs 10.2% forecast
- Industrial production rose 6.2% last month, versus a projected 6.1%
- Fixed-asset investment climbed 7.2% for the year, the least since 1999

In housing, data released Thursday showed prices rose in the most cities in six months even as the government prolonged its campaign to curb speculation. New-home prices, excluding government-subsidized housing, in December rose in 57 of 70 cities tracked by the government, compared with 50 in November, the National Bureau of Statistics said.

China added over 13 million new jobs in 2017, NBS head Ning Jizhe said at a briefing in Beijing. The surveyed unemployment rate was 4.98 percent at the end of December.

Based on Bloomberg Economics' initial estimate, the debt-to-GDP ratio edged up to 264 percent from 259 percent in 2016 – a markedly slower pace of increase.

"With growth being strong, the government may feel comfortable to focus more on reducing major risks including financial sector risks," said Wang Tao, head of China economic research at UBS Group AG in Hong Kong. "We expect 2018 GDP growth to moderate."

Source: Bloomberg

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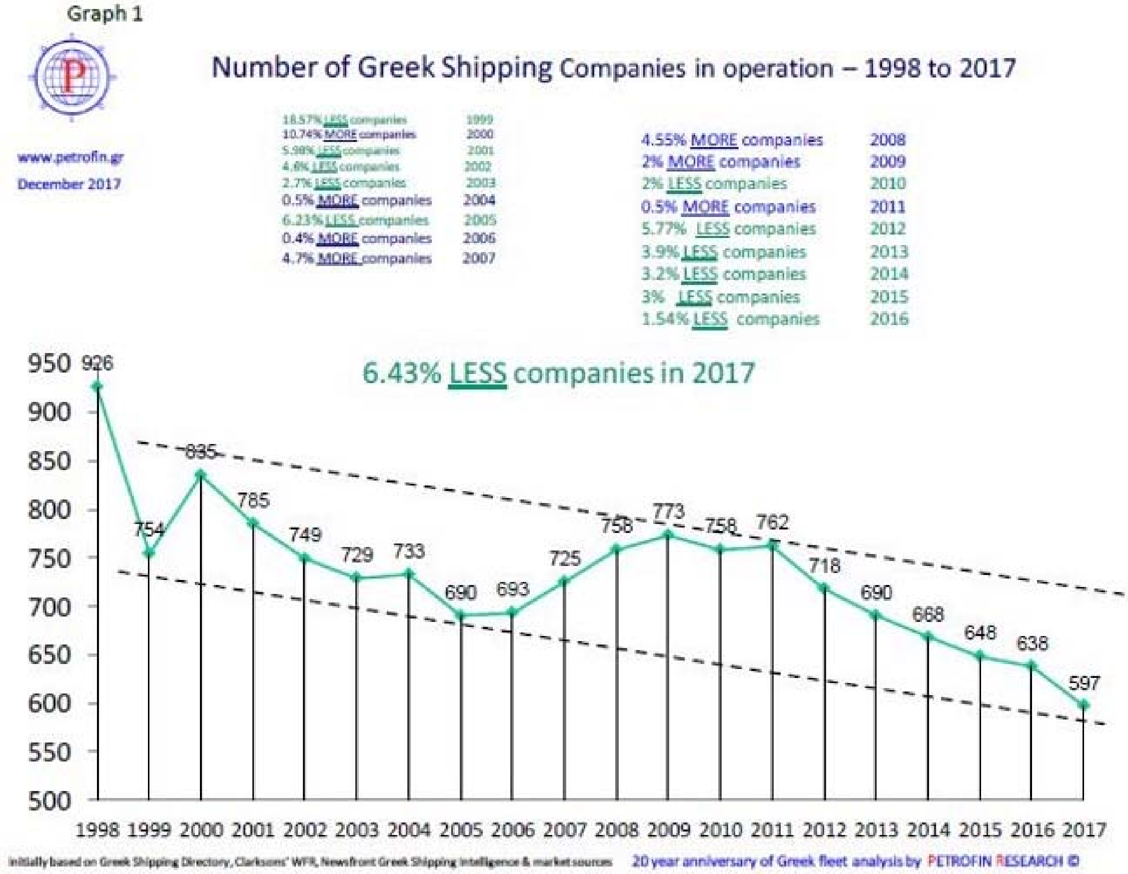
(7) Hellenic Shipping News, 20 January 2018/ Petrofin Research

Hellas: Consolidation of Shipping Companies Continues Says Latest Petrofin Research

The consolidation of Greek shipping companies continues unabated with 41 fewer companies or 6.43% less in 2017. This has to be evaluated in conjunction with the rapid expansion of the fleet and the number of new entrants amounting to 11 companies. It becomes evident that the picture of Greek shipping that emerges shows an extensive internal reshuffle. Hardly any company remained unchanged in terms of tonnage.

Practically all companies removed or added at least one vessel in their fleet. Notably, most of the companies, i.e. the smaller ones, added vessels without bank ship finance. The main overall trend is one of fewer but larger companies with bigger fleets. As has been the case throughout the 20 years that we have been researching Greek shipping, although at first glance this looks like a decline in Greek shipping because of the fall in company numbers, the fleet itself is expanding fast, is getting younger and the larger owners are becoming even larger. These developments will be mostly discussed in our second part of our Petrofin Research ©, which analyses the Greek fleet in depth.

Graph 1



To facilitate the analysis, please note that Greek companies are divided into the following fleet SIZE groups: Group A (25+ vessels fleets), Group B (16-24 vessels fleets), Group C (9-15 vessels fleets), Group D (5-8 vessels fleets), Group E (3-4 vessels fleets), Group F (1-2 vessels fleets).

The 16-24 vessel segment remains unchanged (26). As this is not a static segment, the growth of the 25+ vessel group (from 46 to 50) shows that some 16-24 vessel fleets moved upwards and so did some 9-15

vessel fleets (from 63 to 60). b. On the other end of the spectrum, the 1-2 vessel group of companies is down substantially by 32 companies (from 265 to 233).
This is the largest change in support of consolidation recorded this year. Their neighbouring 3-4 vessel fleets are also down (from 129 to 120) and so are the 5-8 vessel fleets (from 109 to 108).
The smallest companies, the so called backbone of Greek shipping, now represent less than 40% of the total number of vessels for the first time. The steady growth in shares of the biggest fleets continues.

TABLE 1: GREEK FLEET PERCENTAGE HELD BY EACH SIZE GROUP IN TERMS OF NUMBER OF VESSELS

Year	Group F 1-2 vessel companies	Group E 3-4 vessel companies	Group D 5-8 vessel companies	Group C 9-15 vessel companies	Group B 16-24 vessel companies	Group A 25+ vessel companies
1998	52.16%	21.17%	16.09%	7.34%	1.19%	2.05%
1999	43.1%	22%	18.9%	10.1%	3.4%	2.5%
2000	45%	22.6%	16.8%	10.2%	2.6%	2.8%
2001	44.45%	22%	17%	10.45%	3.7%	2.4%
2002	42.45%	22.69%	17.08%	11.21%	3.37%	3.2%
2003	42.24%	21.66%	18.92%	9.45%	4.25%	3.48%
2004	42.43%	21.14%	19.24%	8.06%	4.9%	4.23%
2005	41.73%	22.75%	18.99%	7.54%	5.22%	3.77%
2006	41.55%	21.07%	19.77%	9.24%	4.33%	4.04%
2007	42.34%	22.76%	17.38%	8.69%	4.83%	4%
2008	44.85%	20.98%	16.49%	9.23%	4.22%	4.22%
2009	44.37%	20.83%	15.91%	10.35%	4.53%	4.01%
2010	44.85%	22.55%	13.6%	10.55%	4.35%	4.1%
2011	45.93%	21.66%	14.57%	8.53%	4.85%	4.46%
2012	43.4%	23.2%	15.7%	7.5%	5.1%	4.8%
2013	42.75%	22.32%	16.95%	8.69%	4.2%	5.07%
2014	41.02%	24.85%	16.02%	8.23%	3.89%	5.99%
2015	40.43%	23.76%	16.97%	7.87%	4.62%	6.32%
2016	41.54%	20.22%	17.08%	9.87%	4.08%	7.21%
2017	39.03%	20.1%	18.09%	10.05%	4.36%	8.38%

Petrofin Research © December 2017

COMPANY FLEETS IN TERMS OF TONNAGE
The real increase in the Greek fleet is, of course, in DWT terms. Here the picture is both more dramatic and interesting. The total DWT of the entire Greek fleet in 2017 is 387,256,616, compared to 361,934,047 tons DWT in 2016, 328,254,495 in 2015, 303,579,176 in 2014 and 281,467,983 in 2013. This increase by 25.3 million tons DWT or 7% is significant. This growth has come from adding mainly good quality young second hand tonnage, as well as newbuildings of increasing vessel size on average.
The 50 companies running 25+ vessel fleets hold a substantial 67.07% of the whole of the Greek fleet in terms of tonnage. 1-4 vessel fleets are down tonnage wise, as well as showing the most significant consolidation in terms of company numbers.
The big owners are acquiring more tonnage and their percentage hold of an ever increasing fleet remains firm. The intense race for acquisition becomes obvious by the fact that the top 30 fleets are not increasing their grip of the Greek fleet as fast as the ones immediately preceding them.

Greek Shipping Powers Forward Despite The Head Winds
Bank ship finance continues to be challenging to obtain with alternative ship finance and leasing available, albeit expensive. This is not reflected, however, in the growth of the Greek fleet. Greek owners have increased yet again their share of the world fleet (Source UNCTAD) to 16.72%, from 16.36% in 2016, 16.05% in 2015 and 15.41% in 2014.

TABLE 7

Nationalities owning over 1% of World Fleet	2017	2016	2015	2014	Annual Rate of Growth 2014 - 2017
Greece	16.72%	16.36%	16.05%	15.41%	2.76%
Japan	12.12%	12.78%	13.19%	13.46%	-3.45%
China	8.95%	8.87%	8.74%	9.47%	-1.87%
Germany	6.06%	6.65%	7.13%	7.56%	-7.10%
Singapore	5.65%	5.32%	4.97%	4.75%	5.96%
China, Hong Kong SAR	5.07%	4.88%	4.63%	4.15%	6.89%
Korea, Republic of	4.38%	4.40%	4.60%	4.60%	-1.62%
United States	3.63%	3.36%	3.45%	3.35%	2.70%
United Kingdom	2.8%	2.88%	2.85%	2.73%	0.79%
Bermuda	2.6%	2.70%	2.43%	2.24%	5.09%
Norway	2.8%	2.69%	2.69%	2.55%	3.11%
China, Taiwan Province of	2.54%	2.58%	2.51%	2.87%	-3.99%
France	2.36%	2.35%	1.99%	1.68%	11.89%
Denmark	1.97%	2.14%	2.12%	2.33%	-5.48%
Turkey	1.5%	1.56%	1.61%	1.71%	-4.35%
Italy	1.12%	1.27%	1.33%	1.44%	-8.08%
Belgium	1.27%	1.23%	1.21%	0.85%	14.26%
India	1.23%	1.21%	1.23%	1.30%	-1.94%
Switzerland	1.28%	1.14%	1.04%	1.05%	6.72%
Russian Federation	1.19%	1.01%	1.06%	1.11%	2.24%
Iran	1.02%				
Indonesia	1.02%				

Source: Petrofin Research

Japan has fallen slightly, China has gone up and there are two additions in the 1% and above Group, those of Iran and Indonesia.
This growth story continues to entail distress for the smaller owners, as it did last year, albeit at a much larger scale this year. In the practically permanent absence of bank finance for the majority of small to medium owners, growth ventures have relied on a number of sources:

– Private capital
– Investment and private equity funds
– Leasing
– Short term BBHP (4-6 years)

The current Greek orderbook now consists of approximately 320 vessels (Clarkson's World Fleet Register).
Greek owners took advantage of the relatively poor markets and low level prices to acquire young second hand vessels for their fleets. Second hand purchase costs compared favourably to hose of 15 newbuildings and this is evidenced by the rise in the acquisition of second hand vessels by approx. 30% in the last year, from about 200 the year before to 260. The Greek orderbook fell from 502 to 326 vessels, as owners preferred 'propellers in the water' rather than longer term deliveries in anticipation of improving market conditions. Nevertheless, as we write, new order activity is picking up and this needs to be watched carefully so as not to once again cause imbalances between demand and supply.
The trend towards bigger and younger vessels has continued unabated. Economies of scale continued to impact Greek shipping not only in terms of operating costs, procurement and insurance costs savings but also in finance. Hence, it is not surprising that last year's 68 over 1m ton DWT Greek companies are now 75 and their share of the Greek fleet is just below 80%. Greek owners continued to take advantage of the sale of modern vessels by bank promoted deals, especially as German owners and banks continued to be under financial pressure. These sales are usually not supported by soft financing as many banks are looking to exit shipping and reduce their loan portfolios. En bloc loan portfolio sales have not materialised

to the extent anticipated by the market as the offers to banks have not largely met the banks' expectations.
The current Greek orderbook now consists of approximately 326 vessels (Clarkson's World Fleet Register). As deliveries approach, owners are invariably looking for leasing from the Far East, an area where Chinese leasing companies have exceled together with Japanese banks/leasing companies for the top owners. The fall in the tanker market has brought this market also to the attention of private investments funds as alternative capital. Although activity had slowed down in 2016, in 2017 there was considerably more interest in dry bulk by such funds. IPO activity, however, remains slow as no public companies have escaped the assault on their share prices as a result of weak earnings and value impairments. However, we believe that there is a change in the wind, especially for dry bulk shipping and we would expect more activity in this sector from the public markets coupled with a recovery in company share prices, which has already commenced.
The drive to quality and size continues in Greek shipping. The consolidation that has been evident over the last 20 years continues with the number of Greek owners, reducing to 597. However, the average size of Greek owner and the age of their fleets have shown remarkable improvements. Inevitably, the smaller owners have borne the brunt of the poor markets and the lack of finance, which has rendered them increasingly uncompetitive in a market that values fleet size. Across all sectors, there has been a drive towards younger vessels and there has been a considerable upward mobility from the lower to the larger fleet sizes. Every owner has come to realise that small, older fleets are at a distinct disadvantage to larger, newer fleets in terms of operation, finance, maintenance, employment and insurance. In order to compete, Greek shipping must remain cost competitive and at the forefront of technological development. This can only be achieved by making the right decisions in term of vessel acquisitions, finance and employment, as well as maintaining an efficient technical management.
Although the prospects across all shipping segments appear to be improving with dry bulk and LPG at the forefront and recoveries in product carriers and containers appear lively in 2018, it is important to realise that the cost of finance has increased across the board for all owners, as leasing and alternative capital cost is more expensive than bank finance and as US interest rates are on the rise. For a capital intensive industry like shipping, the cost of finance remains a key. As long as markets are steady or growing, the higher financial cost can be accommodated assuming modest levels of overall financial exposure. In the event of a market rise across most sectors, we would anticipate that whilst the growth of Greek shipping would continue, the decline in the number of Greek shipping companies would slow down. The reason is simple in that even small owners find trading conditions attractive and can remain in the market with some being able to grow. Hence, we anticipate the rapid fall in the number of companies may stop and that a modest recovery will take place. Greek shipping is continuing its growth and quality path that has transformed the fleet over the last 20 years. The conditions and challenges facing Greek shipping have continued and Greek owners have demonstrated the ability to rise to these challenges and grow to become a key global force.
Source: Petrofin Research

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