

CAPITAL LINK - GREEK SHIPPING FORUM
Hilton Hotel, Athens - February 27, 2013

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Subject : Navigating Through Challenges

Your Excellency, Ladies and Gentlemen, Dear Friends,

I am aware that lunch is the important issue and not what I am going to tell you. Therefore, please bear with me as I will try to be short. The title of the presentation «Navigating through Challenges» brings to my mind how many times over the years I have heard that we live challenging times. I do not share this egocentric belief as we constantly function in a fast moving world full of challenges.

However, what we do live in our days is more uncertainty as new parameters have entered the equation and the world is changing faster than usual.

All of us present today, are, one way or another, attached to the shipping industry and, I believe, are grateful to be associated with one of the oldest business sectors but still with a very promising future. To be more specific, and taking the example of Greece, we know there was trade in the Aegean Sea by ships 10,000 years ago (minerals from the island of Milos to the mainland, Peloponnese). This long historical sector continues its route and has a great future, as shipping does not have a substitute. It is impossible to identify an alternative way of moving goods of such magnitude as efficiently. Some 90% of world trade is performed by ships in the most efficient and safe way.

By efficient I mean the cost factor. One TV set from China to Europe has a transportation cost as low as Euro 5.00, and a car delivered in the US of about one twenty-fifth of its show-room price. Similarly a transatlantic dry bulk voyage at U\$S 8.00 per ton in 1955, virtually has the same price charged 58 years later i.e. today.

Furthermore, this volume of cargoes is carried in a highly safe way for the cargo owners, the crew, the environment and the society. This efficiency is directly affecting the standards of living the world is enjoying today and the upgrading of those standards has been achieved to a large extent thanks to shipping. But then you may wonder how come and we hear constantly of new local and international regulations to be imposed and politicians and regulators, full of agony, as they claim, are seeking to further upgrade the standards prevailing in the shipping industry. They all ignore the fact that shipping is by far well monitored, evaluated and regulated internationally for the simple reason that ships trade worldwide and at every port ships are checked for compliance. IMO performs an admirable service in promoting global regulations for shipping and its role should be supported in preference to expensive and piece-meal regional regulation which is being increasingly promoted by governments who fail to make the connection that additional costs of regulating shipping will inevitably be passed on to consumers.

Ships are different than land based business with the latter frequently being accommodated to non-compliance due to their local status. So what is the problem? A well regulated sector receives numerous ideas and proposals for more and more regulations.

My strong belief is that our problem, our shipping industry's problem, is that ownership of it does not lay in developed countries. Look at the European scene where 50% of European shipping is related to Greece, a member of the European Union with low political and economic weight when compared to France, Germany, Britain. In other words, the developed countries do not have significant invested interests in shipping. It is much easier to impose new regulations and income generating measures on international shipping than domestic industries.

We, as a sector, have failed to adequately inform the public of the benefits it receives from the efficient and safe shipping sector. Unrealistic regulations, unnecessary financial burdens imposed on shipping will inevitably end-up in the pocket of the consumers. Therefore, we have to ensure that the public knows and when it does know, the politicians and regulators will behave sensibly for the simple reason that they are politicians and regulators For example an important issue affecting shipping today is Ballast Water Management. An expensive item with untested performance and lack of understanding of how it can be implemented. The

argument is that we have to protect the sea environment. But already, over the decades, by ballasting and deballasting the Atlantic Ocean has been, more or less, transferred to the Pacific Ocean and vice versa. So what is the urgency for rushing to a new regulation with untested, at this stage, performance. The politization of shipping has changed the regulatory world beyond recognition in the last 5-10 years and not for the better. Quality owners naturally support safety and the environment. What we cannot support are regulations which are ineffective and merely raise the costs of shipping without providing any net benefit to society.

We are obliged to memorize several abbreviations. EEDI, the abbreviation of Energy Efficiency Design Index, has just been implemented for new vessels, but immediately thereafter new confusing ones appeared. EVDI by Rightship (an entity acting on behalf of three charterers), MRV (Monitoring, Reporting and Verification) by the E.U., EEOI, EI etc. and there are more to come for the simple reason that politicians and regulators are making their careers and living out of them and we are the recipients of that. Some of these measures are a front for market based measures, or a tax on trade to you and I. Shipping is a remarkably efficient industry and should be measured across the supply chain – that is, the energy required to move the goods from the place of production to the place of consumption. Beyond that, measures to monitor fuel consumption have nothing to do with the environment and everything to do with introducing Market Based Measures. The wider industry would be well advised to learn a little more about what the regulators are planning to do in our name.

Shipping is a highly capital intensive industry and we are building robust ships which have a life span of at least 20 or 25 years.

In order to continue doing so and not reverse to the construction of less robust and possibly sub-standard ships, we have to feel comfortable that our investments are respected by the politicians and regulators. In order to achieve it, we need the public to know that its well being is closely correlated to the well being of shipping. We carry 90% of the world trade and we emit only 2.7% of CO₂ but still we are treated as if we are acting with indifference to the environment. In 2012 not one seaman was lost at sea on a constructive total loss bulk carrier (of some 9,000 ocean dry cargo ships) while in the US some 20,000 people died or were injured by guns, which are almost freely sold as simple consumer

goods, in Russia some 35,000 people and in the UK some 2,800 people were killed at road accidents over the same period. It is paranoid but we have to live with it and try to address it. Being in front of distinguished bankers and financiers, I invite you to come along and work together with shipowners to address this unfair treatment. Your future, your prospects, your well being is attached to that of the ship-owning community and you have strong interest to support this effort. We are partners and we have to behave as partners ! This depressed market should not carry us away and distract our focus of having a well respected shipping industry. We should not forget that a depressed market is followed by a good market. A depressed market gives us the push to re-evaluate and re-consider policies and attitudes. By doing so we will come out even more efficient, more dynamic, more promising. Shipping is here to stay for the benefit of all stakeholders, direct and indirect ones.

Let's stick to it and let's ensure that we will be around to enjoy it.

We all serve a proud industry and we are proud to be part of it !

Ladies and Gentlemen,

Thank you very much for your patience and attention. I highly appreciate it.

Enjoy your lunch !