



CAPITAL LINK FORUM- THE VOICE OF OUR YOUNG EXECUTIVES

DEVELOPMENT & INVESTMENTS, FOCUS ON THE GREEK SHIP-BUILDING

The core of our economy, our tradition and our culture lies with the shipping industry. As the nation with the largest fleet of merchant ships worldwide, someone would expect that our shipbuilding industry would be significantly developed. Unfortunately, despite the efforts over the years, the Greek shipyards struggled to survive and things were quite difficult for the sector for many years. Now however, after the latest developments in 2020 the Greek ship-building industry has started to look promising.

During the first two months of 2020 the prospects for the Greek shipbuilding industry were notably encouraging. Ongoing discussions were held with investors from the United Arab Emirates in regards to investing in the Greek shipyards. The investment in ONEX in Syros was performing sufficiently well and good news was expected for the Elefsis shipyard. The US Government had shown interest and the goal was to have a similar model at Elefsina (like the one at Syros shipyard), so that Greek ship-owners could choose a shipyard in Greece to repair their ships at competitive prices and good quality work.

Then COVID-19 turned everything upside down and extensive disruption was caused to shipyards around the globe. Even the largest shipbuilding companies had to face empty order-books, while the lockdown disturbed the scheduled deliveries and many shipyards have turned to force majeure clauses incorporated into shipbuilding contracts to excuse liability for delays. The pandemic has also reduced the share of the world fleet off-hire for scrubber retrofit and global deliveries have fallen abruptly in 2020. In previous months, the news from the Elefsina shipyards was discouraging, as liquidity and ongoing problems as well as important internal organizational issues were being reported.

Now we finally have some good news for the Elefsis Shipyard. In June 2020 the American DFC Bank submitted an official statement of intention to financially support the shipyard's reorganisation measures under the management of ONEX. Then in early July, the transfer of the majority of the shipyard's shares to ONEX was finalised and ONEX is now called upon to repeat the task of restarting a heavily indebted business. Additionally, analysts expect that the global economy will recover in the second half of the year and the shipyards will be able to resume normal productivity.

These recent developments could trigger the desired recovery and growth in the sector. Our hope is that the Greek shipbuilding industry will manage to stay alive and someday will grow into a significant player in the global market so that not only Greek, but also foreign ship-owners will be able to trust Greek shipyards with their ships.



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MOORE