



👁️ FOCUS

- 🕒 EDUCATION (KNOWLEDGE in SHIPPING)
- 🕒 LONG TERM SOURCING
- 🕒 TRANSPARENCY/SCALE/
RIGHT STRUCTURE/REPUTATION
(RATING AGENCIES)
- 🕒 INVESTORS
- 🕒 CODE of CONDUCT
- 🕒 A BODY REPRESENTS FOR ALL that MEETS STANDARD

★
"IATA"

- ★ 🕒 MOVING TOWARDS TO AN INVESTMENT GRADE INDUSTRY

💖 INTENTION

- ★ 🕒 LOWER CAPITAL COST
- ★ 🕒 INTERNATIONAL BEST PRACTICES

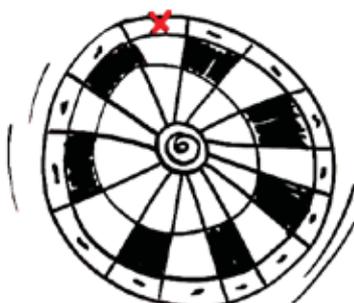
👇 ACTION

- 🕒 PROVIDER
- 🕒 USER
- 🕒 ALIGNMENT of INTEREST

ESTABLISHING WORKING GROUPS

- LEADING OWNERS
- USER OF EQUIPMENTS
- INTERNATIONAL FINANCIAL COMMUNITIES
- PORT OPERATORS

👉 SELF-FINANCED
NO GOVERNMENT INVOLVED



Compelling incentives and cooperation are necessary to reduce volatility of the maritime industry.

The financial crisis has led to a substantial restructuring of the ship finance system. Can the market provide enough capital to finance future investments? What are the long term consequences of the current developments in ship finance?

Challenges

Access to finance is a key prerequisite for the development of the shipping industry.

While global ship financing has been **severely impacted** by the recent economic turmoil, which has reduced the availability of traditional means of finance and raised the cost of capital, the shipping industry hardly ever suffers from insufficient access to finance. The problem is often an excess of the wrong kind of financing.

New actors have increased their role in ship financing, such as private equity funds and sovereign wealth funds, providing equity which requires unrealistic rates of return.

In an industry which over the long term produces a net return on capital of approx. 5-10%, attempts to boost returns on equity to 15-25% through excessive leverage merely exacerbates the industry's inherent volatility and instability.

Actions

- **Introduce a set of international best practices** among shipping finance providers and users, with a view to raising the credit quality of the top tier of the industry.
- Establish an **international standards-setting body** (like IATA in the airline industry) to include leading companies from each of the maritime sectors and representatives from the financial community. A first step would be to establish a working group to draw up a remit for this proposed body and a plan for its establishment.
- **Align interests** by studying the factors that lead to cyclical volatility.
- **Increase access to long-term institutional capital** (pension funds, insurance companies, endowments) with return criteria which more closely match the industry's long-run rates of return. For this to happen, the industry must present financing propositions which resemble infrastructure rather than speculative short-term investments.
- Consolidate the industry to **create larger and more transparent shipping entities** capable of attracting long-term debt and equity.
- **Educate all stakeholders**, including shipowners, investors, banks, rating agencies, charterers, cargo owners and regulators in order to convince them that not all shipping deals are speculative and move towards an investment grade industry.