

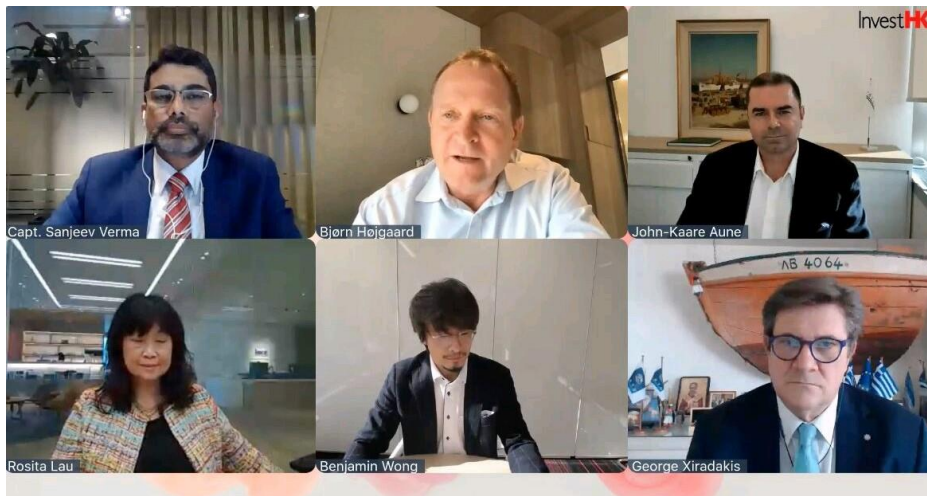


Press Release

George Xiradakis participation in the Digital round table discussion of MARE FORUM

«Hong Kong, the Leading Global Maritime Hub is looking ahead »

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Mr. George Xiradakis, Managing Director of XRTC Business Consultants, participated in a digital round table discussion on “Hong Kong, the Leading Global Maritime Hub is looking ahead”, organized by Mare Forum on Thursday 27 May 2021. Mr. Benjamin Wong – Head of Transport & Maritime Cluster, Invest Hong Kong, was the discussion’s moderator while Mr. Bjorn Hojgaard, Chairman Hong Kong Shipowners Association, Ms Rosita Lau-Partner Ince LLP, Mr. Joth Kaare Aune- CEO Wallem Ship Management and Mr. Capt.Sanjeev Verma-MD Landbridge Ship Management also participated.

The Hong Kong shipowners' response to the COVID-19 pandemic and the difficulties encountered over the past 18 months have been high on the agenda, as well as the significant problems the global fleet management faces from the urgent developments due to decarbonizing rules of 2030 and 2050.

The main topic of discussion was the role of Hong Kong in the new conditions that have been created as an independent region of China. With a strong consumer market of 72 million people and GDP comparable to Australia and Spain, the so-called "Greater Bay Area" is now attracting attention as one of the fastest growing areas in southern China. It is important to note that the 11 cities that make up the region, make up 5% of China's population and 11%

of the GDP of China. The question that arises therefore, is how new opportunities could be created in this market for the expansion of Shipping activities.

In his initial statement, Mr. Xiradakis pointed out that one of the main features of a great shipping center was and remains the market’s financing either from banks, stock exchanges, investments by large or small investors and Funds. The Chinese Leasing companies are present in Hong Kong since their inception and entry into the shipping market 15 years ago but have strengthened their presence through the new law that was implemented on June 19, 2020. The new legislation aims to strengthen the region, by attracting new Leasing companies in Hong Kong as well as shipping companies.

The new provisions have the potential to provide an important exemption on income from ship leasing activity and a concession on management activities. However, they are very complex and contain several potential pitfalls. The most important though issue is that the new loan is addressed to “qualifying” ship lessors and “qualifying” ship leasing managers thus limiting the access.

Chinese Leasing is competing with Western Europe banks’ financing, although the latter have further decreased their spreads to 1,25-2% for blue chip companies or even lower, although 4 years ago the spread was 3-3,5%. Chinese Lessors were offering 4% spread 4 years ago while now their spread has been down to 2,50-2,70%. Their competitive advantage though, is the high financing ratio that Western European banks cannot reach. Therefore, from the shipowners’ point of view is a matter of either high financing ratio or cheaper financing cost.

Table : Fleet Comparison Greece – Hong Kong

	No of Vessels	Capacity (dwt)	Capacity (grt)
Greece	4,038	350,465,999	205,647,569
Hong Kong	2,239	200,562,980	125,358,327
Percentage of the World Fleet			
Greece	7%	13%	16%
Hong Kong	4%	8%	10%

Source: Greek Shipping Cooperation Committee – Maritime London

Mr. Xiradakis said that Hong Kong is undoubtedly one of the largest shipping hubs. Nevertheless, it seems that further steps must be taken in order for Hong Kong to sustain its position as a leading maritime hub.

As far as ownership is concerned, it has not been able to capture the huge interest of shipping companies as one would expect. Shell companies are not enough for a shipping center to be considered as a leader. Mr. Xiradakis gave a simple example to emphasize the concept of the shipping investments by comparing the large area of Hong Kong and the Great Bay Area of 72 million population with Greece. "We have to emphasize the passion and talent of the Greeks for shipping, characteristics that have led them to the first place in the world ranking of shipowning for many consecutive years. How can we overlook that the small island of Chios

with an area of 842 square kilometers and a population of only 51,320 people controls 11% of the world fleet? This is the talent of the Greeks that develops internally».

Therefore, in addition to the financiers, new shipping schemes should be attracted, either international or domestic. After all, amid China's "Dual Circulation Development" strategy, Hong Kong will be actively involved in domestic development and facilitate China's international business. Shipping financing, as mentioned above, cannot be limited exclusively to Leasing. Banks have the largest share in maritime financing and cannot be excluded from a shipping center while the banks that will be involved domestically must have an international presence. The stock exchange markets will also play an important role and Hong Kong, finding themselves next to the world's second largest economy, can gradually create competitive stock exchange market conditions and be an awe-inspiring rival to the US financial markets by simplifying regulatory fundraising procedures. At the moment, of course, this is not possible because the two markets are far apart, with the American ones being much more creative, functional and secure.

The panelists agreed that Hong Kong must maintain its international character and strengthen multinational cooperation both individually and at country level. This is also the rich legacy of the British colony and the enrichment of the culture of the Great Bay Area.

XRTC Profile: *XRTC Business Consultants Ltd., has been active since its inception (1999) in Shipping Financing and in providing consulting services to shipping companies. XRTC has been the commercial representative of international banking groups for the Greek Shipping market such as the French banking organizations Credit Lyonnais and Natixis, a consultant to National and International organizations as well as international shipping companies. Since 2009, XRTC has been cooperating with Chinese banking groups interested in financing the Greek Maritime market.*

The company has secured and organized with great success a large number of maritime loans in various forms through the International Banking Groups that it has cooperated since its establishment.

XRTC staff is equipped with knowledge and experience of international scope, offering high quality services and transaction monitoring throughout. Its Research and Development department allows the in depth analysis and know-how in all matters of International Shipping and Short Sea Shipping. As a Shipping Markets consultant, the company has undertaken many projects in Greece and abroad, both for ship financing and market development. XRTC works with the largest export credit institutions in the world.

XRTC has been honored by International and Greek companies for its contribution to the Shipping and Ferry Market, such as the Lloyds Greek Shipping Awards as Shipping Financier of the Year 2010- Shipping Financier of the Year and Transport Finance for the Best Export Credit Financing - Deal of the Year for Export Credit.

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