



UNION OF GREEK SHIPOWNERS

GREEK SHIPPING
A MAJOR EU EXPORT INDUSTRY
OF STRATEGIC IMPORTANCE





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2019

Shipping is crucial to international and EU trade...

International shipping is responsible for the carriage of approximately 90% of world trade. Without shipping, intercontinental trade and especially the transport of raw materials, cereals and grains, coal and petroleum products and manufactured goods would not be possible.

- European Union (EU) shipowners control 40% of the global fleet.
- The EU represents 15.6% of global exports and 14.8% of global imports¹.
- The EU relies on international shipping for the carriage of 75.5% (Figure 1) of its external trade and more than 36% of its internal trade².

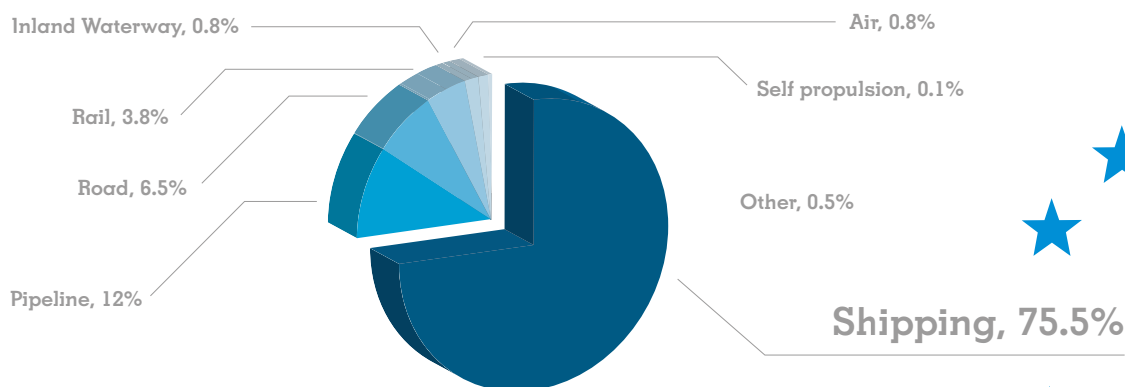
*The EU relies on international shipping for **75.5%** of its external trade and controls **40%** of world tonnage.*

Continuous improvements in efficiency, as well as increases in average ships' size have kept the cost of moving goods by sea very low. It costs less than \$0.1 to ship a can of beer, \$0.15 to ship a kilogram of coffee and \$0.20 to ship a vacuum cleaner from Asia to Europe³, while shipping a tonne of iron ore from Brazil to China costs a little over \$12⁴.

...and powers the EU economy

The clothes on our backs, the food on our plates, the phones in our pockets, the cars we drive and the fuel in them: all rely for their transportation on tankers (**photo 1**), bulk carriers (**photo 2**), containerships (**photo 3**), gas carriers (**photo 4**) and other ship types which often travel great distances across the oceans to reach their destination.

Figure 1: EU External Trade by Mode of Transport, in tonnes



Source: European Commission, EU Transport in Figures, Statistical Pocketbook 2018

¹Eurostat, The EU's position in world trade in figures, August 2018

²European Commission, EU Transport in Figures, Statistical Pocketbook 2018

³World Shipping Council, Benefits of Liner Shipping - Efficiency, available at: <http://www.worldshipping.org/benefits-of-liner-shipping/efficiency>

⁴Shanghai Shipping Exchange, available at: <http://en.sse.net.cn/indices/cdfinew.jsp>



1. Tanker



2. Bulk carrier



3. Containership



4. Gas carrier

A large bulk carrier can transport up to 200,000 tonnes of grain, enough to feed half a million people for a year⁵. An average-sized product tanker can carry as much gasoline, diesel or home heating oil as 1,700 trucks, while the largest ones can carry enough fuel to fill over 5 million average-sized cars⁶. A single containership can carry upwards of fifteen thousand boxes, enough to hold 746 million bananas, one for every European citizen⁷.

In the EU, on average 7.6 tonnes of seaborne goods were handled per inhabitant in 2016, or roughly 21 kg per capita per day. In the Netherlands, the largest maritime freight transport country in the EU, 34.6 tonnes per inhabitant were handled that same year, or 96 kg per capital per day⁸.



 200,000 t. → feeds 500,000 people for a year

*A single ship among the largest bulk carriers can transport up to **200,000** tonnes of grain, enough to feed **half a million** people for a year. The largest tankers carry enough fuel to fill over **5 million** average-sized cars. A single containership can carry **746 million** bananas, one for every European citizen.*

A green alternative to land-based transport

Although shipping carries 90% of global freight, it accounts for approximately 2.6% of global CO₂ emissions, a fraction of the relevant figure for other modes of transport and provides an alternative to congestion-prone and over-polluting

land-based transport modes. EU shipowners continue to invest in new vessels and engines, alternative fuels, novel operational procedures to ensure cleaner, greener and more energy efficient vessels.

Greek shipping is committed to the full decarbonisation of the shipping industry. This will require carbon-free new fuels and propulsion technologies.

⁵International Chamber of Shipping, International Shipping: Lifeblood of World Trade, film, produced in 2009

⁶American Petroleum Institute, Tankers: Fueling American Life, 2011

⁷Rose George, Ninety Percent of Everything: Inside Shipping, the Invisible Industry That Puts Clothes on Your Back, Gas in Your Car, and Food on Your Plate, Paperback, September 2014

⁸Eurostat, Maritime ports freight and passenger statistics, March 2018, available at: <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/6652.pdf>

⁹Oxford Economics, The Economic value of the EU Shipping industry, February 2017

¹⁰Oxford Economics, The Economic value of the EU Shipping industry, February 2017

EU shipping's contribution to the EU economy

From ship masters and ship engineers to ship agents, maritime pilots, ship insurers, fuel suppliers, maritime lawyers, consultants and accountants, shipping creates over 2 million jobs for a wide variety of professionals in the EU. This number includes jobs created directly by the shipping industry, as well as jobs the shipping industry supports through indirect and induced impact⁹.

- EU shipping delivers a total value-added (direct, indirect and induced) contribution to GDP of €140 billion.
- For every €1 million the European shipping industry contributes to GDP itself, it creates another €1.6 million elsewhere in the European economy¹⁰.



The EU shipping industry helps drive
€140 billion
in EU economic activity and more than
2 million jobs.



GREEK SHIPPING AT A GLANCE

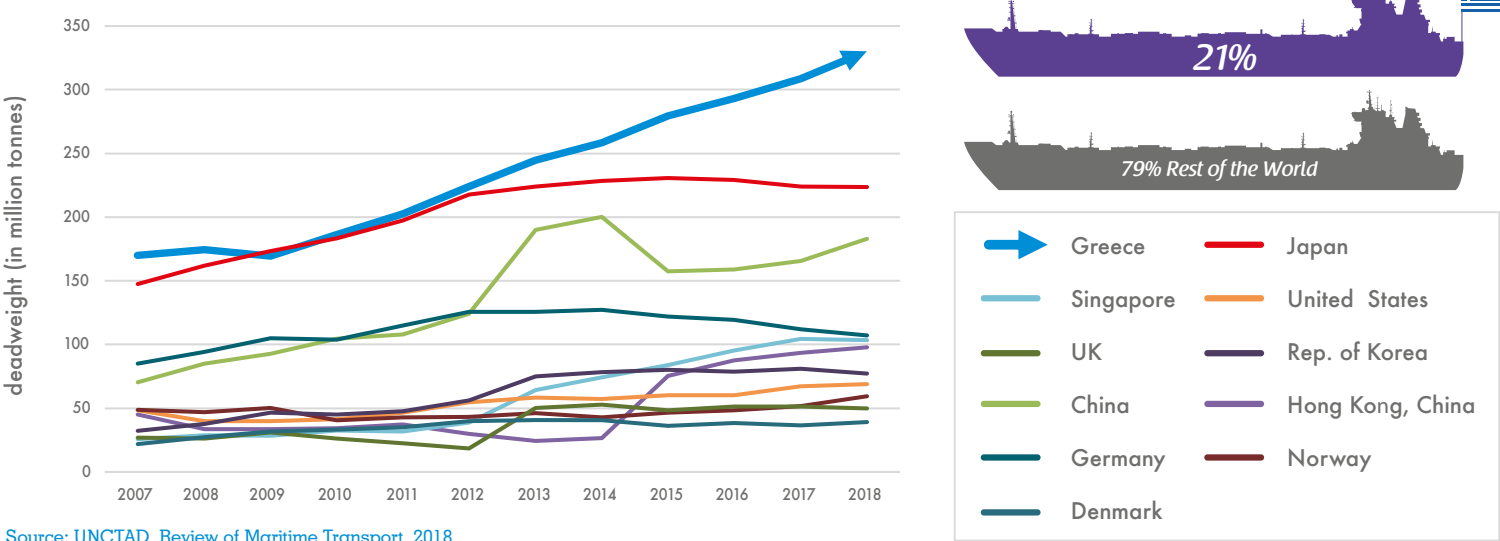
The world's leading shipowning nation...

- While Greece only accounts for 0.15% of the world's population, Greek shipowners control approximately 21% of global tonnage¹¹.
- Greek shipowners more than doubled the carrying capacity of their fleet between 2007 and 2018 (Figure 2).
- Greece is the 8th largest ship registry¹².
- The Greek-owned fleet is the world's largest cross-trader. More than 98% of its trading capacity carries cargoes between third countries, with 20% of this activity being dedicated to trade to and from Europe (Figure 3)¹³.

The Greek-owned fleet is the world's largest cross-trading fleet with 98% of its trading capacity carrying cargoes between third countries.

Greek shipowners control 21% of the global fleet.

Figure 2: Ownership of the World Fleet, 2007-2018



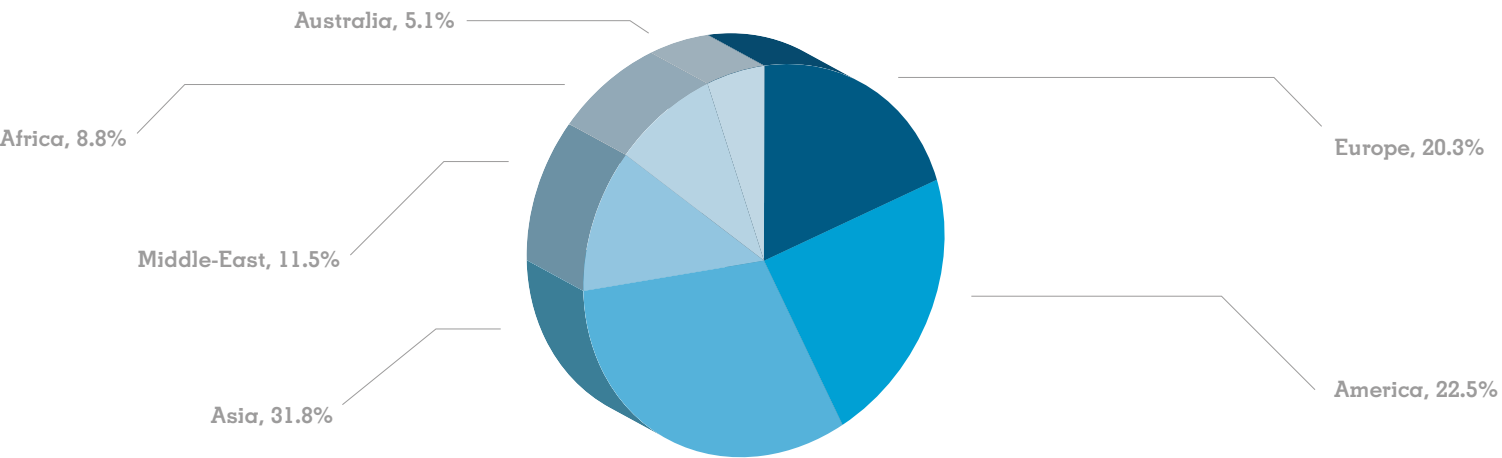
Source: UNCTAD, Review of Maritime Transport, 2018

¹¹IHS Markit, World Shipping Encyclopaedia, January 2019

¹²IHS Markit, World Shipping Encyclopaedia, January 2019

¹³Lloyd's List, Maritime Intelligence, 2016

Figure 3: Share of Greek-owned Fleet Activity, by Region



Source: Lloyd’s List, Maritime Intelligence, 2016

...and stalwart of the EU’s shipping and maritime cluster

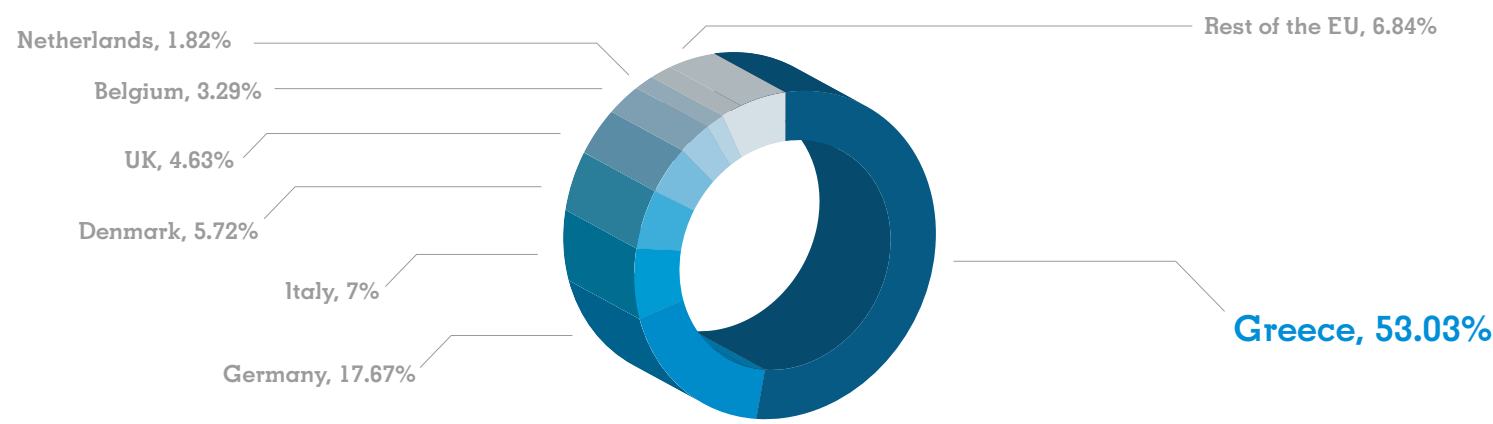
- The Greek-owned fleet represents 53% of all EU-controlled tonnage (Figure 4) and 51.3% of the EU-flagged tonnage¹⁴.
- Greek-flagged vessels represent 21.5% of all EU-flagged tonnage, with the Greek registry being the second largest in the EU (Figure 5)¹⁵.
- Greek shipping is the main transport arm for the EU, which relies on shipping for 75.5% of its external trade (Figure 1).
- Greek shipping is the cornerstone of the EU maritime cluster, guaranteeing the presence and development of EU ancillary shipping industries and, by extension, of employment opportunities and the retention of skills, expertise and maritime know-how in the EU. This is despite the fact that many shipping activities, including ship building, have, to a very large extent, moved to the Far East.

The Greek-owned fleet represents more than half of the entire EU-controlled fleet.



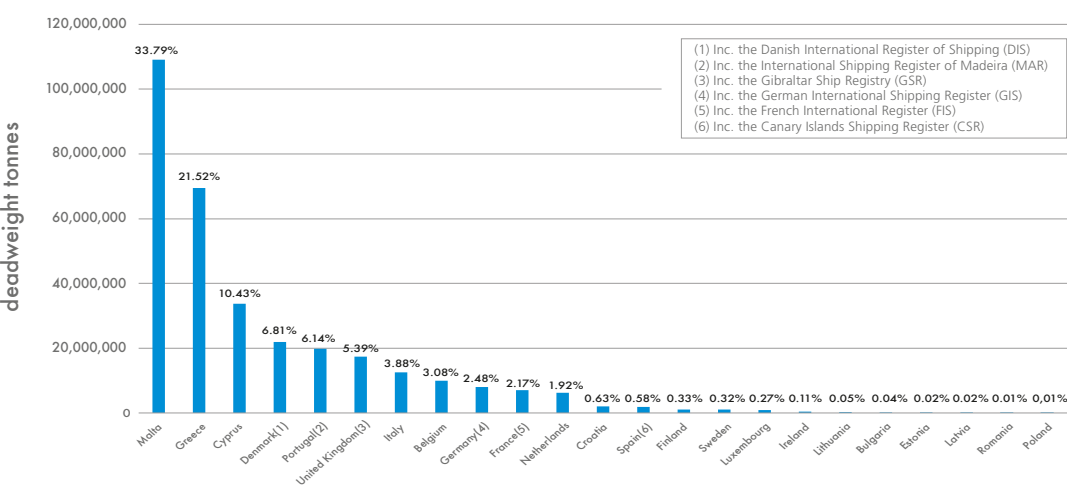
¹⁴IHS Markit, World Shipping Encyclopaedia, January 2019
¹⁵IHS Markit, World Shipping Encyclopaedia, January 2019

Figure 4: Ownership of the EU Merchant Fleet, in dwt



Source: European Commission, EU Transport in Figures, Statistical Pocketbook 2018

Figure 5: Merchant fleets of the EU, by flag (Ships > 1,000 gt)



Greek shipowners control
32% of all tankers,
23% of all bulk carriers,
15% of chemical and
products carriers and
15% of the global
LNG / LPG fleet.

Source: IHS Markit, World Shipping Encyclopaedia, January 2019

The workhorses of global trade

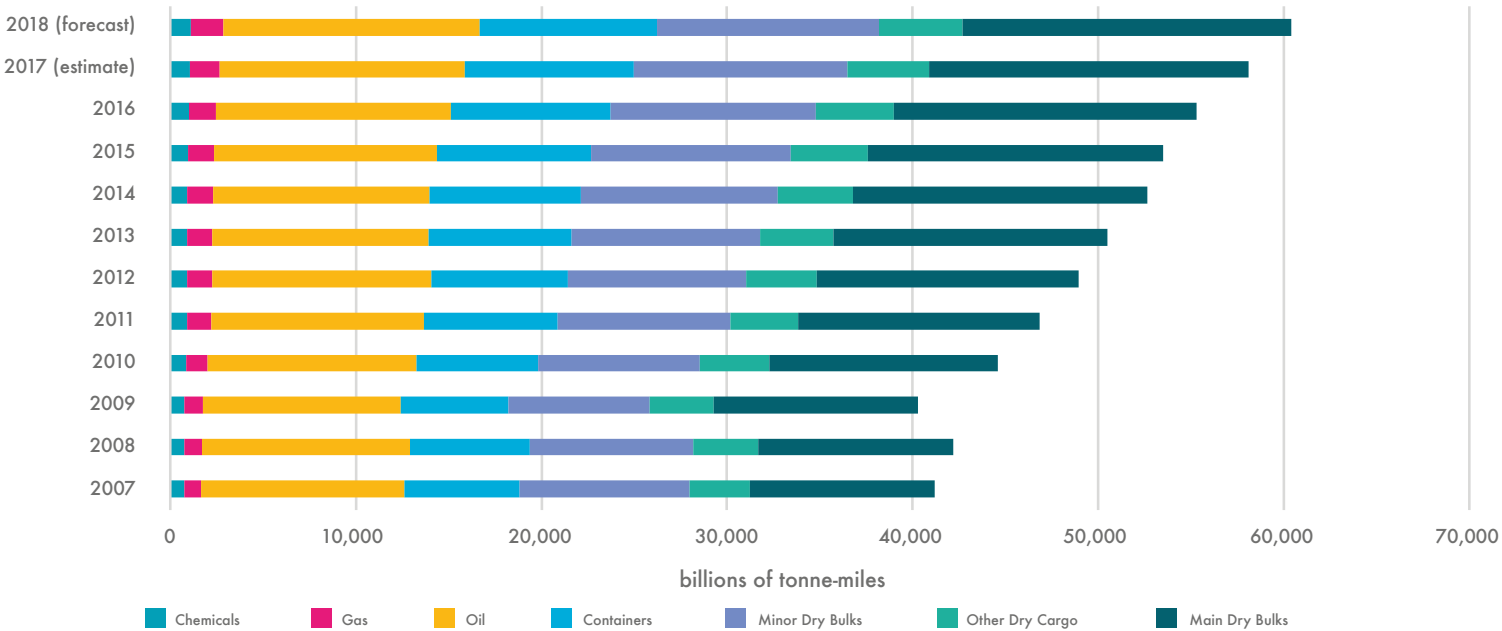
The Greek-owned fleet by and large carries staples that are essential for our lives, including agricultural and forest products, oil and oil products, gas, chemical products, iron and other ores, coal and fertilisers.

- Greek shipowners control:
 - Almost 32% of the world tanker fleet, 15% of the world chemical and products carriers and 15% of the global LNG / LPG fleet¹⁶.
 - 23% of the world bulk carriers.
 - Over 8% of the world container vessels¹⁷.
- Bulk cargoes (both dry and wet) represent 84% of world seaborne trade (in cargo tonne-miles) (Figure 6 and Figure 7).

¹⁶IHS Markit, World Shipping Encyclopaedia, January 2019

¹⁷IHS Markit, World Shipping Encyclopaedia, January 2019

Figure 6: Evolution of World Seaborne Trade Between 2007-2018, in cargo tonne-miles



Source: UNCTAD, Review of Maritime Transport, 2018

...securing a diverse energy supply for the EU

Greek shipping is of strategic importance to the EU as both its economy and the welfare of its citizens rely on access to affordable energy:

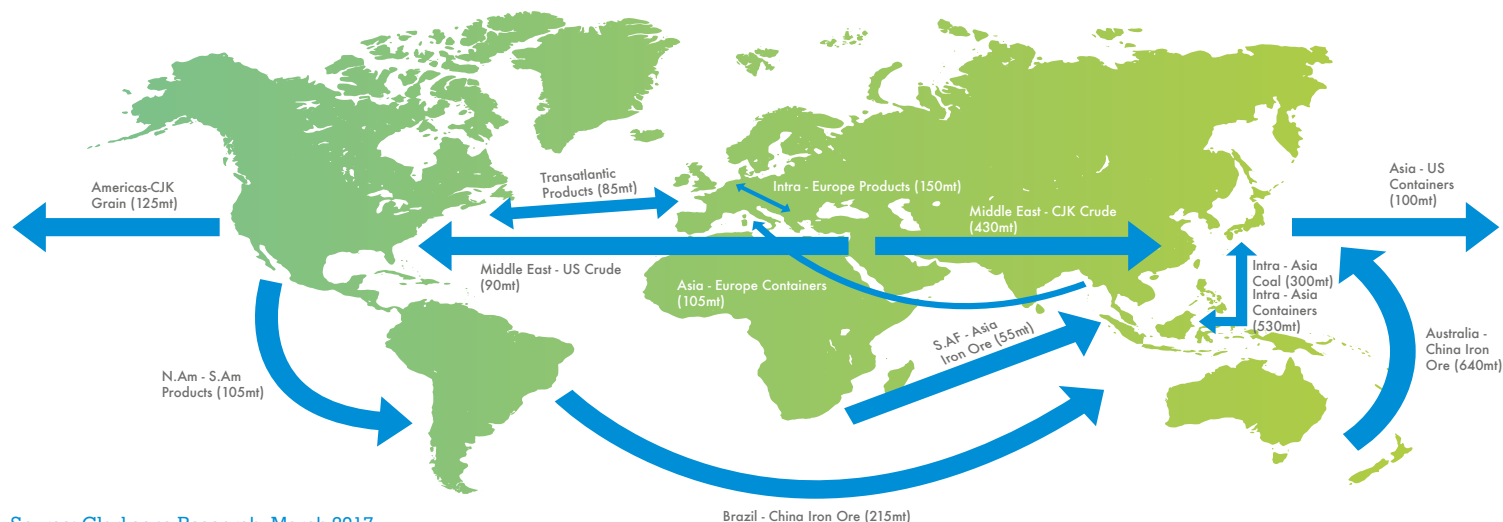
- The EU imports 87% of its crude oil needs, 70% of its natural gas needs and 40% of its solid fossil fuels needs¹⁸.
- With the EU's energy security concerns on the rise, the Greek-owned fleet plays a crucial role in securing EU diverse energy imports from remote regions of the world.

Greek shipping is of strategic importance to the EU and its energy security.



¹⁸European Commission, Energy security: Diverse, affordable, and reliable energy, available at: <https://ec.europa.eu/energy/en/topics/energy-security>

Figure 7: Seaborne Trade: Major Routes



Source: Clarksons Research, March 2017

An SME-driven industry mainly involved in bulk / tramp shipping

Greek shipping is a truly entrepreneurial sector that maintains characteristics of perfect competition:

- A very large number of private, family-owned enterprises compete for business.
- Information is abundant and transparent.
- Entry and exit costs are low.
- High responsiveness to shifts in trade patterns and ability to readily adapt to major reorientations of global trade flows.

- Being engaged mostly in tramp shipping, Greek shipowners in practice usually charter their ships out to the charterer, who then controls the vessel's itinerary, cargo type and quantity, service speed and fuel consumption.
- The efficient commercial and safety/technical management (International Safety Management - ISM Code) are crucial for the tramp shipowners' economic sustainability.
- A traditional reliance on commercial bank financing¹⁹.

...and a modern, safe and environmentally responsible fleet

Greek shipowners continuously renew and expand their fleet, embracing technological developments and investing in innovative, more efficient and environmentally friendly vessels.

- The age profile of the Greek-owned fleet is 11.7 years, well below the world fleet's average age of 15.2 years²⁰.
- Greek shipping is also a leader in safety, with 0.43% of the Greek merchant fleet and 0.11% of total tonnage being involved in minor accidents²¹.

11.7
years of age

modern



safe



environmentally
responsible

¹⁹Clarksons Research Services Limited, The Tramp Shipping Market, An Update of a Report Prepared for the European Community Shipowners' Associations, March 2015

²⁰IHS Markit, World Shipping Encyclopaedia, January 2019

²¹Hellenic Statistical Authority, Maritime accidents on Greek merchant ships of 100 GRT and over and persons injured on board of ships and in areas of port authorities, 2018



POLICY ISSUES

Global competitiveness of EU shipping

EU shipowners face increasingly fierce international competition, especially from emerging maritime nations and centres in Asia.

The possibility of relocation of shipping activities in the bulk / tramp sector combined with the fiscal incentives offered by other maritime hubs requires that the EU does not lose its competitive edge.

State Aid Guidelines for Maritime Transport (SAGs) are a *sine qua non* for the survival of EU shipping and must remain flexible and fit for purpose²². Amendment and / or enhancement should be

considered in continuous consultation with the industry.

New, comprehensive initiatives with a global perspective of competitiveness and cutting across key policy fields are needed.

Global rules are essential for the primarily cross-trading EU ocean-going fleet.

EU policies should avoid imposing requirements that are regional or go beyond United Nations International Maritime Organization (UN IMO) international conventions.

Climate change: decarbonisation of shipping

In the absence of a major breakthrough in alternative fuels and ship propulsion technology, shipping will remain fossil fuel-captive.

Shipping is the most environmentally friendly mode of transport and the industry continues to be proactive.

In April 2018, the shipping industry spearheaded the adoption of an ambitious UN IMO initial strategy to reduce Green House Gas (GHG) emissions from shipping by at least 50% by 2050, compared to 2008, despite the fact that global trade is anticipated to increase substantially.

Feasible and workable short-term measures are being developed as a matter of priority at the UN IMO, such as tightening of the Energy Efficiency Design Index (EEDI) and strengthening of the Ships Energy Efficiency Management Plan (super SEEMP).

In addition, there is a need to develop and enforce transparent

and prescriptive measures, which will oblige charterers, who are usually responsible for ships' commercial operation (responsible for a vessel's itinerary, cargo quantity, service speed and fuel consumption), to abide by the UN IMO's Emissions Reductions Strategy targets. Such prescriptive measures could be based, *inter alia*, on speed or main engine fuel consumption reductions.

The operational efficiency indexing of individual ships is totally inappropriate and unworkable for ships in the bulk / tramp sector.

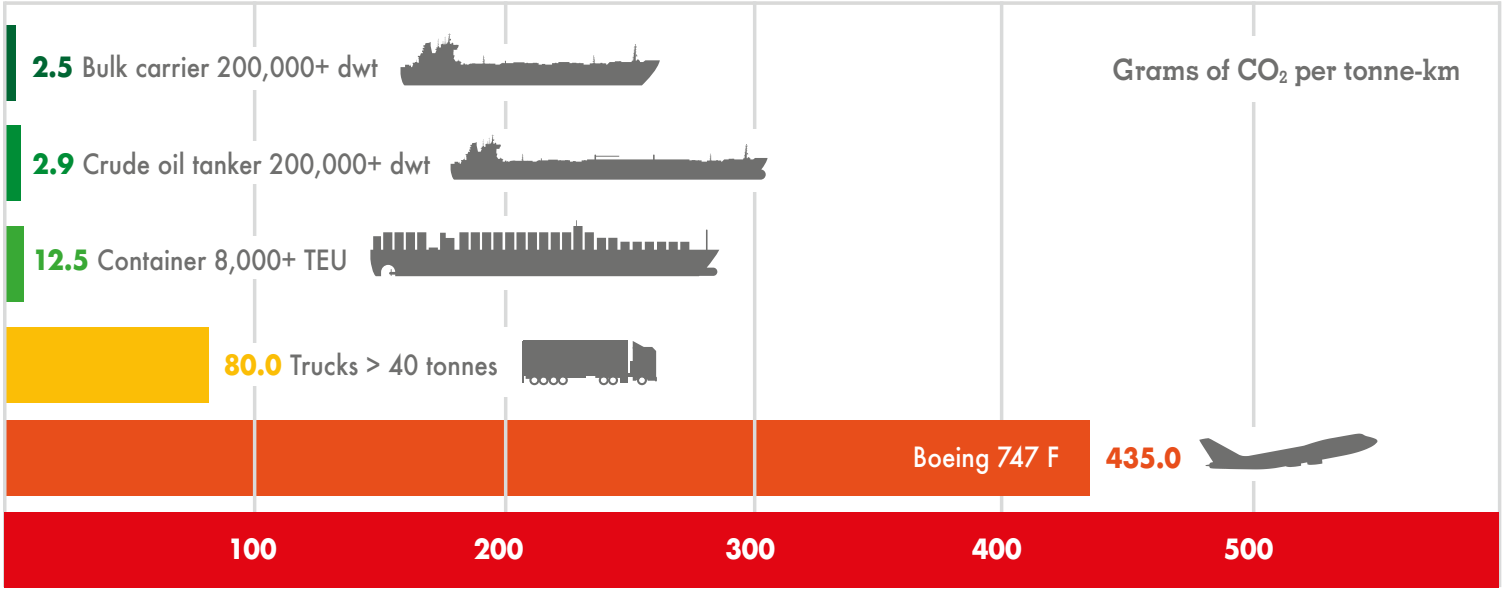
Safe and energy dense, low carbon or fossil-free fuels available globally are required as soon as possible if international shipping's emissions reductions are to remain on the pathway envisaged by the UN IMO Strategy.

New breakthrough propulsion technologies are also required and must be properly tested and suitable for vessels spending long periods at sea.

decarbonisation

²²Monitor Deloitte, EU Shipping Competitiveness Study, International Benchmark Analysis, February 2017

Figure 8: Comparison of typical CO₂ emissions between modes of transport



Source: IMO, Second IMO GHG Study, 2009

New 0.5% 2020 Sulphur limit: safety at sea must be a priority

It is necessary to appropriately address the considerable safety and operational implications and challenges that this regulation presents and especially the safety issues pertaining to blended fuels.

It is most regrettable that, despite repeated warnings from the industry (and the findings of the relevant UN IMO availability study), it transpires that safe and compliant low sulphur fuels will not be available in sufficient quantities to meet the demand of the ocean-going fleet on 1st January 2020 and beyond.

It is important that flag states and port state control deal practically and fairly with the problems that will transpire in the initial period following the implementation of this regulation.

The objective of this regulation is for all ships, without exception, to use low sulphur marine fuels in the interest of reducing air pollution and protecting human health. The ‘equivalency’ of using Exhaust Gas Cleaning Systems has been brought into question.



Free trade: safeguarding access to global markets

While prospects for seaborne trade are positive, they are threatened by the outbreak of trade wars, tariff hikes and escalating protectionism.

The EU should continue to pursue its policy of Free Trade Agreements (FTAs) with renewed vigour, making sure that

maritime interests are duly taken into consideration and that shipping is not subject to trade-offs during the negotiation phase.

The EU should also intensify bilateral or multilateral negotiations with third countries.



Ship recycling: leveraging EU rules to raise global standards

Since 31st December 2018, all vessels sailing under the flag of an EU Member State are required to use an EU-approved ship recycling facility. The current EU list of approved ship recycling facilities is inadequate as it is not balanced geographically, nor does it include facilities with enough capacity to meet the

needs of the EU shipping industry.

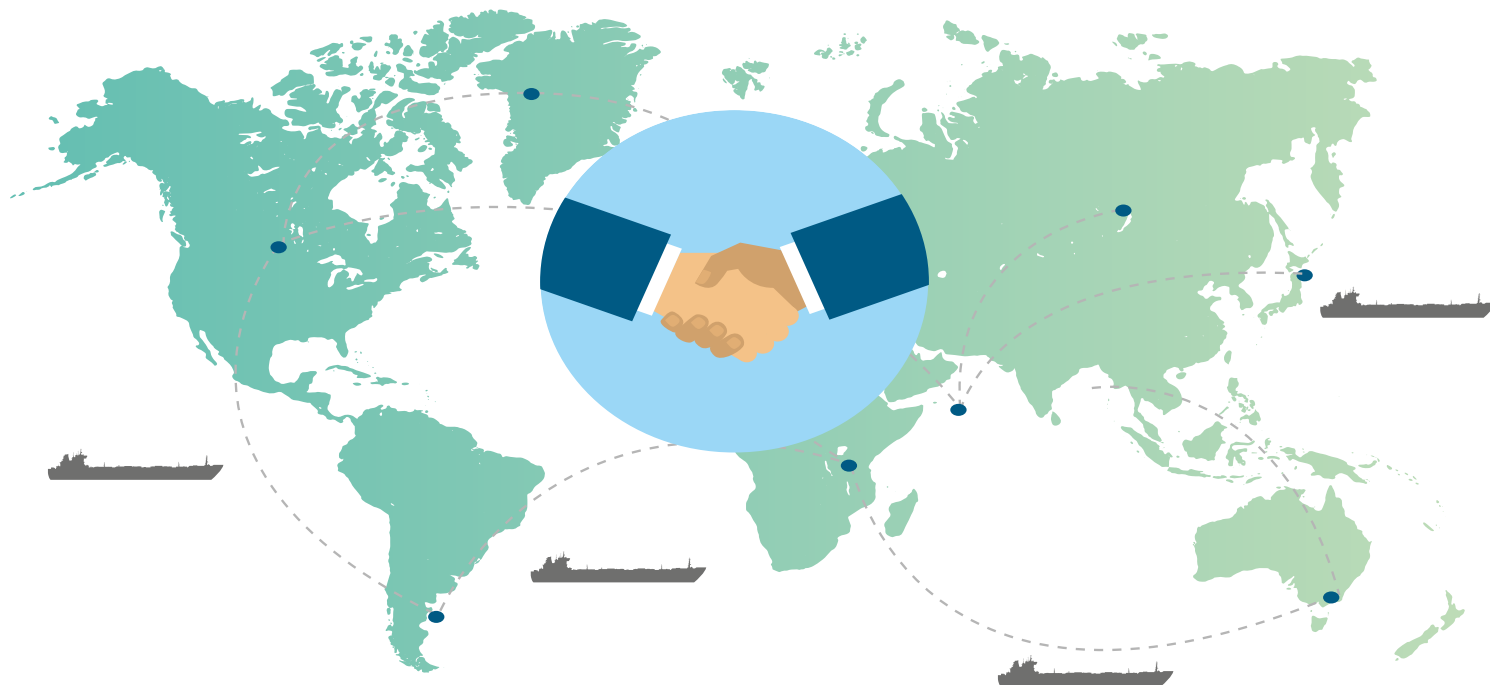
The EU should strive to raise ship recycling standards globally and encourage its Member States to ratify the UN IMO Hong Kong Convention as the most effective way to ensure sustainable standards worldwide and a global level playing field.

Digitalisation: the challenges and opportunities of technology

Applications, such as autonomous and even unmanned vessels, have become a distinct possibility for certain segments of the shipping industry, particularly coastal and short sea shipping.

A number of technical challenges, ranging from safety and cybersecurity considerations to environmental and social implications, will have to be addressed.

The industry's international legal framework would have to undergo an extensive review and subsequently be carefully adapted to accommodate these new technologies.



Increasing the attractiveness of the seafaring profession

The safe and efficient operation of ships would not be possible without highly skilled and dedicated professionals.

Most maritime professionals transit to land-based maritime jobs at some point in their career, bringing specialised knowledge and know-how to the wider maritime cluster.

The on-going social dialogue between the European maritime industry and its European social partners should focus on raising the attractiveness of the sector in terms of employment, especially among the younger generations and enhancing the competitiveness of EU seafarers.

Rescuing migrants at sea: EU & coastal states must step up to the challenge

Commercial ships are not equipped, neither are the crews trained to undertake large-scale rescue operations.

Commercial ships cannot become a permanent part of the solution to the migration challenges in the Mediterranean Sea.

The EU and EU coastal states should redouble their efforts to ensure that sufficient and adequate Search & Rescue resources are available to assist migrants in distress at sea.

The EU should tackle the root causes of the problem by closely assisting and working with the countries of origin, in order to remove incentives to migrate.



UNION OF GREEK SHIPOWNERS

WHO WE ARE

First established in 1916, the Union of Greek Shipowners (UGS) represents Greek-owned vessels over 3,000 gt under Greek and other European and third country flags. Greek shipowners are primarily active in the bulk / tramp sector (i.e. bulk carriers, tankers, LNG / LPG carriers) and have a presence in liner trades through containerships which are usually chartered-out to major carriers. Greek-owned vessels are preponderantly involved in cross-trading activities carrying cargoes between third countries.

The UGS has traditionally supported and fostered policies ensuring a truly competitive business environment, free trade, global rules and regulations and first and foremost safety of life at sea and a sustainable environment.

With headquarters in Piraeus and permanent representatives in Brussels and Washington D.C., the UGS closely follows developments in the United Nations International Maritime Organization (UN IMO), the International Labour Organization (ILO), the Organisation for Economic Co-operation and Development (OECD), the International Chamber of Commerce (ICC) and other global bodies. The UGS is a member of the International Chamber of Shipping (ICS) and the European Community Shipowners' Associations (ECSA) and participates in the European Economic and Social Committee (EESC) and the Economic and Social Council of Greece (ESC). The UGS is also a member of the Arctic Economic Council (AEC). It also maintains a close working relationship with sector-specific industry organizations, such as INTERTANKO, INTERCARGO and with BIMCO. Finally, the UGS maintains long-standing close relations with the Hellenic Chamber of Shipping, the London-based Greek Shipping Co-operation Committee (GSCC) and the Hellenic Marine Environment Protection Association (HELMEPA), raising environmental awareness regarding protection of the marine environment in Greece and abroad.

At national level, the UGS co-operates with the Greek authorities, especially the Ministry of Maritime Affairs and Insular Policy and seafarers' organizations regarding the competitiveness of the national register, seafarer recruitment and maritime education.





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