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FINANCE

Italian shipowners seeking new investors to finance forthcoming ships

Confindarma young shipowners gathered in Augusta and convened BEI, VSL and Fondo Italiano d'Investimento in order to find any possible alternative to traditional bank loans

Italian and foreign shipowners need to get ready to invest substantial money to upgrade their ships to the new international regulations on the reduction of environmental emissions, ballast water treatment, hulls eco-friendly scrapping, Energy Efficiency Design Index (EEDI), etc.

According to Fabrizio Venosi, General Manager of VSL, Venice Shipping & Logistics, such investments will cost about "100 billion dollars on the global fleet, currently worth 950 billion dollars, within the next ten years".

Moreover "The new investments will cut each unit's performance by 1.7%".

A considerable effort in terms of low profit margins (if not negative), in fact Confindarma young owners (The Italian confederation of shipowners) arranged a meeting in Augusta to evaluate which financial measures and opportunities are available on the market to support the development of the Italian shipowning business.

Andrea Gaubla, President of the Italian young shipowners, illustrates that "considering the new shipping scenario, shipowners need to get ready to undertake new investments in technologically more advanced units abiding to latest shipping rules. This will occur even

managerial processes of their groups, on the other hand the same shipowners ask to regard shipping as a real long-term investment opportunity, suggesting 10 instead of 5 years. Furthermore we realized that the financial world is interested in participating to integrated logistics projects: not only concerning ships but also shore investments in ports". The three attending speakers were: Gabriele Cappellani (Managing Director of Fondo Italiano d'Investimento), Andrea Cortesi (senior loan officer of the European Investment Bank) and Fabrizio Venosi (Venice Shipping & Logistics).

Regarding the new international rules, shipowners will have to upgrade their

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3° Should Monaca have corporate Banks, it would be a tiny Singapore

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In year 2014 BEI and the European Investment Fund allocated overall 11.4 billion euros to finance 27 billion projects launched by over 6,700 PMIs. Moreover the intensive rush to fundings by Italian shipowning companies is facing a financial market which drastically changed after 2008.

Venosi also reports that: "For the time being the overall debt exposure of the Italian shipowning industry towards Banks stands at 13 billion dollars, 6 billions of which are ailing funds which urged every corporate restructuring programmes.

In the future less Banks will allocate individually higher funds to fewer large growing groups.

Meanwhile, medium-small businesses will have to seek fundings elsewhere, particularly through bonds issuance bonds, an instrument currently already utilized by foreign shipowners, generating returns ranging between 6 and 9%".

The head of VSL and the heads of Fondo Italiano d'Investimento confirm that the shipping industry needs to appeal large insurance groups and pension funds that up to now invested in sovereign wealth funds.

"The Italian market can welcome a private debt fund to fill in the gap left in this segment by banks," concludes Venosi without concealing that VSL has been working on this plan for quite a long time.

Nicola Capuzzo

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ships accordingly and Venosi pinpointed "they missed from collective interests (to permit lower pollutions) and the related cost should be split among stakeholders. For this reason BEI might help shipowners through the new **Shipping Financing Tool**".

Although the interested parties prefer not to disclose any detail on this project which they consider still in an embryonic stage, in fact it will provide a specific financial hedging to shipowners investing in new technologies and eco-friendly ships, the scheme envisages the commitment of BEI, export-credit agencies (Sace in Italy) and local Banks in granting subsidized loans to ships retrofitting or new highly technological investments.

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