

**5<sup>th</sup> Hydra Shipping Conference**  
**September 14<sup>th</sup> 2013**  
**Speech by Mr. Panagiotis Mihalos**  
**Secretary General for International Economic Relations**  
**Ministry of Foreign Affairs**

Ladies and gentlemen,

I would like to thank the organizers for the opportunity I am given to address such an esteemed audience.

I stand here today among pioneers of Greek entrepreneurship, among people who contribute with their vision and investments to the global perspective of our country.

We must never forget that shipping is the lifeblood of global trade. It is the lifeblood of the real economy and a cornerstone of international economic relations.

Shipping, for Greece, is not only part of its tradition. It is an integral part of its identity and a crucial comparative advantage for the re-launch of our national economy.

It is a valuable component of our national reputation, increasing the overall brand value of the country and strengthening the position of Greece in the contemporary arena of international relations.

Shipping is also a bridge, cementing bilateral economic and trade relations. It is the door-opener for Greek exports and for attracting investments alike.

It is the foundation upon we can build a dynamic maritime economy, based on tradition, know-how and the unique geographic identity of our country.

We were, are, and will always be, a maritime nation. Wealth and greatness of Greece lies in the sea.

To all those who still claim that shipping does not return value to the national economy, we ask them to have a closer look at the progress of Sino-Greek economic and trade relations.

We ask them to understand how economic diplomacy works and to appreciate the fact that the largest merchant fleet of the world commands attention and respect.

For China, Greek shipping is crucial, as a critical mass of Chinese exports and imports is being carried by Greek owned vessels.

In December 2012 China became the largest oil importer in the world reaching 6,12 million barrels per day. 63% of world ore goes through Chinese ports as well as 24% of total container traffic worldwide.

The Chinese demand for shipping services can only rise. This rise of demand is not only an opportunity for the shipping industry. It is an opportunity for Greece as well.

Shipping is also crucial for China, as Chinese shipyards rely to a large extent on contracts commissioned by the Greek-shipping community.

Greek ship owners are currently building around 140 new ships at Chinese shipyards. This number accounts for approximately 60% of total new-building contracts by Greek owners worldwide.

It is estimated that around 500 Greek-owned ships have been built in China in the past, at a cost of over 28 billion dollars.

As you know very well, Chinese banks have become a major source of funding for Greek ship-owners. Chinese banks, such the China Development Bank, EXIM or CBC are heavily involved in the financing of Greek ship owners with favorable conditions.

China has set up a 5 billion dollar fund to help Greek ship-owners buy Chinese-made vessels. There have been statements that funding may even double to about \$10 billion.

Nevertheless, the overall situation is far from ideal. As you all know charter rates have sunk in most cases allowing for very small profit margins, if at all.

Favorable financing from China for new ships will definitely not ease the current oversupply. In Europe as well as in several parts of the world growth is still very anemic.

There is simply not enough demand to push charter rates up. How can Greek shipping work with China in such rough times for the mutual benefit?

The answer is **Synergies !!!**

Call them "**Blue Synergies**".

Greek ship-owners have always proved their advantage in **efficient fleet management**. We need to work together with our friends, the Chinese, both in the **transfer of knowledge in fleet management**, and **creating joint-ventures for the transfer of goods, internationally, not just between China and Greece, or just from Chinese ports**.

Greek ship-owners have always been clever and flexible. Any solution will go beyond the classic "build when the market is down, sell when it is up".

The goal must be to create a **sustainable** environment for Greek and world shipping. We need a **synergistic re-arrangement with China** in order to maintain the current financing tools and secure charter rates that make sense.

If we add to this picture the rapid development of Piraeus, as the number one port-hub in Europe for Chinese products, then we can clearly see a valuable sea trade link uniting Greece and China, opening the way for extending and deepening economic cooperation between our two nations.

COSCO's investment in the port of Piraeus is still the most important foreign investment in Greece. COSCO's investment has contributed more than half a billion Euros in state revenue since 2009 we are still at the start of its 35-year concession.

As a result of the new capabilities that were created, Greek ports in total gained 8 positions in the last 2 years according to the Liner Shipping Connectivity Index, which has just been made public by the United Nations Conference on Trade and Development.

Additionally, COSCO will implement a new investment of 230 mil. € at Terminal Three and finance the construction of a new fuel terminal for OLP – the Port Authority. The Chinese operator is increasing the capacity of its two Terminals to 6,2 million TEU's, up from less than 1 million TEU's a couple of years ago.

Let me assure you that in all my contacts with Chinese officials and entrepreneurs, I have always found shipping and maritime trade a solid basis upon which to build **new cooperation avenues between China and Greece:**

- new investment and trade opportunities in real estate
- in exports and in Chinese direct investment in technology and logistics
- Chinese high tech conglomerates, such as HUAWEI and ZTE, are already creating research and logistics centers in Greece aiming at the greater geographical area
- the full privatization of the Piraeus Port, in the form of either a concession or a sale of shares
- the creation of a logistics center at Thriassion in Elefsina
- as well as the privatization of our train system,

are complementary projects of considerable interest to Chinese companies.

Shipping has brought China to Greece and Greece to China and this fact is critical for the re-launch of our national economy.

With regard to tourism, the cruise sector is expected to benefit from the increase in the tourism flow from China. The lack of a direct air link with China, however, limits the number of Chinese tourists to Greece.

Out of 83 million Chinese people who traveled abroad last year, just 17.000, according to other sources 21.000, whatever the case, a tiny fraction, visited Greece.

In order to increase the tourist flow, we, the Ministry of Foreign Affairs, have already established private visa centers in China and are planning to expand this network.

However, airline companies should start direct connections and tap on the potential. Not to allow the theory of “the chicken and the egg” to prevent “bold” business decisions, which surely will evolve to the benefit of the traffic flow, and will make the air links viable and profitable.

Dear friends,

I firmly believe that the maritime economy is the avant-garde area of Greek entrepreneurship. It is beyond any doubt the gateway of Greece to an era defined by **sustainable growth**.

## **BLUE STRATEGY**

It is up to us, to set in motion, let's call it, a “**Blue Strategy**”, that is a strategy, which will create synergies of value between the clusters of the maritime economy, and include the “**Blue Synergies**” **with China** mentioned before.

A “Blue Strategy” that will include ports, maritime tourism, marinas, real-estate, energy and aquaculture. Creating a holistic approach, with added value for potential investors, visitors and consumers.

A “Blue Strategy”, which will differentiate competitively, our national economy in the global economy.

To this end, I would like to inform you, that the Greek Presidency of the European Council for 2014, has adopted as a main priority the development of European maritime policy.

Our goal is to move forward a **common** European policy in matters related to **blue sustainable growth**. Greece can play and will play a pivotal role in this direction.

Dear Friends, in closing let me say that,

the development of the economic relations between Greece and China, through maritime trade, testify to the fact that shipping and maritime economy connect Greece with global progress.

With the implementation of the “**Blue Strategy**”, we can transform the momentum and a successful case study into a **comprehensive sustainable national strategy** that will be served by all with continuity and passion.

The future is in the Greek sea and in the hands of its pioneers. You !!!

Thank you, and good luck in your conference.