

# Strict new bank finance rules are opportunity to control fleet capacities, say panellists

March 9th, 2017 18:00 GMT

by Nick Roumpis Brussels

Published in [Weekly](#)

As the dark clouds of stricter financing rules loom over the shipping industry, there are some owners that see the latest developments as an opportunity to secure more control over capacity.

Discussions of Basel IV — new regulations in the making — are becoming increasingly widespread within the industry, as demonstrated during the European Shipping Week in Brussels last week.

BNP Paribas compiled a mixed panel of academics and shipowners to assess the regulations' possible impact on shipping.

Christos Gortsos, a professor at Athens University law school, noted that banks providing lending will have to keep on average more capital and this means the cost for shipping companies will increase.

The Basel Committee on Banking Supervision is currently working on the details, but this process is not expected to be completed before the end of 2018.

Eddy Van de Voorde, an applied economics professor at the University of Antwerp, told TradeWinds: “A shipowner might think the higher capital cost he would need to pay would be more than compensated for by the capacity control he gets.”

## **Light at end of tunnel**

Ludwig Criel, chairman of the executive board of Compagnie Maritime Belge, did not seem overly concerned.

He said: “For me, it’s all about supply. If Basel III or Basel 3.5 can help the market by controlling one way or another the supply, this is probably where we’ll see the light at the end of the tunnel.

“But shipowners are optimistic people who think they can grow and reach the sky, which is not the case nowadays,” Criel added.

He said a shipowner with a nine-year-old vessel subject to its second special survey with an outstanding loan does not have many options.

“For me there is only one solution, go to the scrapyards!” he said. “I hope regulation can help and push banks not to kick the can forward.”

Philippe Louis-Dreyfus, president of the supervisory board of Louis Dreyfus Armateurs, said: “People will disappear from shipping if there’s no finance.

“As a shipowner with 165 years of history, I guess we’ll survive, and with less competition I will be happy.”

<http://www.tradewindsnews.com/weekly/1223496/strict-new-bank-finance-rules-are-opportunity-to-control-fleet-capacities-say-panellists>