

## **Vinashin – Potential and Opportunity for Cooperation**

Welcome Address by Mr Constantine A. Papadopoulos,  
Secretary-General for International Economic Relations  
and Development Cooperation,  
Hellenic Ministry of Foreign Affairs  
(Electra Palace Hotel, Athens, 6 June 2012)

Your Excellency Ambassador Vu Binh,  
Secretary General Mr Nicolaos Litinas  
Chairman of VINASHIN's Board of Directors Mr Nguyen Ngoc Su,  
Distinguished guests,  
Ladies and Gentlemen,

It is a particular honour for me to address this event, which is organised by the Embassy of the Socialist Republic of Vietnam in Greece and the Vietnam Shipbuilding Industry Group (VINASHIN). Our meeting takes place in parallel with, and in the wider framework of, Posidonia, the premier event of the global shipping industry, which was officially inaugurated yesterday by Greece's prime minister.

A few days ago, another unique international event took place here in Athens, demonstrating Athens' appeal as an international business centre. I refer to the Global Summit of Women, which brought together 700 prominent women from the worlds of politics and business. In fact, last Thursday, some of us attended a successful business forum co-organised by the Vietnamese Embassy, the Hellenic Ministry of Foreign Affairs and the Athens Chamber of Commerce and Industry on the occasion of the visit of the State Vice President of the Socialist Republic of Vietnam Madam Nguyen Thi Doan.

After the official introductions and presentations, participants carried out about 60 business meetings. Entrepreneurs from different industries from Vietnam and Greece explored new perspectives and new possibilities. I am quite hopeful that tangible results will materialise soon, for, after all, that is what we would expect when the terrain surveyed is to a large extent still

uncharted. On the same occasion, the Vietnam Chamber of Commerce and Industry and the Athens Chamber of Commerce and Industry signed a Memorandum of Understanding, thus promoting the intensification of their bilateral cooperation through a strengthening of its institutional features.

As we acknowledged during last week's event, the level of bilateral merchandise trade remains low, especially for two countries with essentially complementary economies and very similar GDPs of the order of \$300bn each (in PP terms). The level of Greek goods exports is especially low, accounting in 2011 for just 4 million Euros, in fact marking a 14% decline compared with 2010. In the same year, 2011, exports of Vietnamese products to Greece increased to 92.2 million Euros, from €66.5m in 2010, which is a 39% increase.

I can assure you that strengthening Greece's ties with the Asian world, including Vietnam, constitutes a priority. We watch with great interest Vietnam's policy of economic reforms; we fully endorse your commitment to international integration; we wholeheartedly support your dedication to improving your population's economic and social wellbeing. All of which resulted, among other things, in the very impressive 7% average growth rate achieved by your country during the previous decade.

Ladies and Gentlemen,

Despite the problems and uncertainties that currently characterise the situation in Greece and the entire Euro Area, Greece, a country of only 11 million inhabitants, remains one of the 40 largest economies in the world, in absolute numbers, a country with great growth potential, part of the European Union and the Euro Area's hard core and a country which has made an irrevocable decision to remain faithful to its European prospects, responsibilities and status.

At this point, I would like to mention that many economists suggest that the Greek economy should strive to specialise in goods and services of higher quality and technological intensity, both in new sectors, as well as in new segments of sectors in which Greece has traditionally been active, such as agriculture and tourism. This is one of the central tenets of the stabilisation-and-reforms programme which Greece is currently implementing with the help of

her partners in the Eurozone, together with the IMF, and which by now everyone – I am sure – is familiar with. Nonetheless, no matter how much the Greek economy is transformed – hopefully for the better – as a result of the programme, shipping will always hold pride of place in our economy and in our national sense of self.

For those of you not particularly familiar with the composition of Greek GDP, it would be useful to explain that Greece's services balance has traditionally been in a surplus position, providing a crucial source of balance-of-payments financing. This has primarily been on the back of the strong performance of the tourism and shipping sectors, two of the most important industries of the Greek economy.<sup>1</sup>

Today, shipping accounts for approximately 6% of GDP and employs about 160,000 people. According to a report prepared by the European Community Shipowners' Association<sup>2</sup>, there are approximately 750 Greek shipping companies in operation.

Although many of you may be familiar with the overall picture of the shipping industry, I cannot resist the temptation to give you some interesting facts:

- According to an UNCTAD report<sup>3</sup>, as at early 2011, owners from Greece controlled an estimated 16.2% of the world's deadweight tonnage – a record amount, equating to more than 202 million dwt (deadweight) and 3,200 ships. A close second was Japan (15.8%), and a distant third and fourth Germany (9.2%) and China (8.6%), respectively. Greece represented approximately 40% of all of the European Union's dwt.
- The average age of Greek-owned ships is 11.3 years and the average age of Greek-flagged ships is 10.5 years, compared with an international average of 12.5 years.
- The European Community Shipowners' Association report for 2010-2011 shows that the Greek flag (approx. 2000 vessels)

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<sup>1</sup> In January-December 2011, the overall services balance increased by 10.5%YoY, reaching 6.8% of projected GDP. In the same year, gross revenue from transportation (mainly shipping) dropped by 8.6%YoY, mainly as a result of a sharp decline in international freight rates.

<sup>2</sup> ECSA Annual report 2010-2011. European Community Shipowners' Association.

<sup>3</sup> Review of Maritime Transport 2011. United Nations. 2011.

is the fifth-most-used internationally for shipping, ranking first in the EU.

- In terms of ship categories, Greece controls 22.5% of the world's tankers and 16.8% of the world's bulk carriers (in dwt). An additional equivalent of 20% of the world's tanker dwt and an equivalent of 12% of bulk carriers is on order.
- In 2011, Greek ship-owners invested at least USD 10 billion in 137 newly-built ships, compared with \$9.7 billion for 204 ships in 2010. In 2011 most of these new vessels were built in South Korea and China. At least one ship was built in Vietnam.
- According to Allied Shipbroking, in the first five months of 2012 Greek ship-owners have invested more than USD 1.3 billion, buying more than 70 ships. In the same period, ship-owners from the top ten shipping nations have spent \$4.5 billion on almost 400 vessels.
- The orders by Greek ship-owners in 2011 and 2012 suggest a trend towards specialised vessels, such as LNG- , container- and drilling ships.

Turning now to Vietnam's shipbuilding sector, we know that the Vietnamese Government has made it a key export industry, which has resulted in its rapid growth during the last decade. The country's WTO membership (2007) is expected to have positive effects on FDI in the same industry. We know that VINASHIN has already made significant investments in infrastructure, by effectively upgrading and expanding existing shipyards and constructing new ones. We also know that the company can build and repair different types of vessels, including, potentially, vessels owned by Greek companies. And we know that it can do it on competitive terms.

Ladies and Gentlemen,

The facts suggest that Greek shipping has shown noteworthy resilience to the impact of an unprecedented international financial crisis.

Moreover, in the years to come, shipping could be further favoured by the strong commitment of leading international actors, including

the EU, to trade liberalisation, as indicated in the last G8 and G20 summits. This commitment will most likely be reiterated in the G20 summit of Los Cabos (Mexico) on 18-19 June. We need this important discussion to make headway given that the growth rate of international trade is expected to slow down to 3.7% in 2012, compared with 5% in 2011 and 13.8% in 2010.

I think it is quite evident that Greek shipping companies could be today's and tomorrow's promising business partners of the Vietnamese side.

This is a good reason why the two governments should do their best to upgrade the existing bilateral legal framework by concluding the "Shipping" and "Avoidance of double taxation" agreements they have been negotiating for the last four years.

Dear Friends,

The high level of expertise gathered today at this meeting creates a promising environment that should hopefully help achieve concrete outcomes in the form of joint initiatives and mutually beneficial undertakings.

Last but not least, this meeting provides strong evidence of the desire of our two nations and their respective business communities to expand and deepen their cooperation, which gives us good reason to be full of expectations with regard to the next steps.

Thank you.