

Def 27 oktober 2009

Mare Forum, Shipfinance Conference,
Amsterdam 30 October 2009, 'Restoring Trust'

Ladies and gentlemen,

I am delighted to be able to welcome you to the ninth edition of the Mare Forum Shipfinance conference.

It has become a fine tradition that the president of the Royal Association of Netherlands Shipowners delivers the conference's opening speech. Last year was the first time for me and I enjoyed it very much. I was pleased to receive Jannis Kostoulas' invitation to once again open the conference with a brief address and I have accepted gratefully.

In last year's speech I indicated that the extent of the global financial crisis and its consequences to the world's economy were becoming evident. Last year's conference addressed the theme of 'Who's afraid of the future?' In my speech the pivotal role of 'trust' in answering this question was very much highlighted. At least one person must have been paying attention to my words. He immediately decided to promote this crucial aspect to being the theme of this year's conference. An excellent choice!

The central banks, the IMF, governments, at the end of last year they all focused their actions on restoring confidence and to preserve it where it still existed. And they made a fair job of it. It goes without saying that the current situation is still a fragile one. After all, trust comes on foot but leaves on horseback. Recovery and the restoration of the stability of financial and real markets will take time. However, it appears that we are on the way up once again.

In its World Economic Outlook, the IMF estimates that world output will grow by 3% in 2010, after having shrunk by 1% this year. World trade is expected to grow by 2.5% in 2010 after this year's decrease of 12%. Inflation remains moderate, and interest rates are also expected to remain low.

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Following their substantial intervention of recent months, governments continue to play a crucial part in economic developments. I would like to briefly mention three of its aspects. First of all, a large number of governments have taken special measures to help the corporate world through this crisis in the best possible way. The Dutch government has taken similar measures, like temporarily increasing government guarantees on corporate bank loans and permitting arbitrary depreciation arrangements in order to improve corporate liquidity. But maybe we can do more. We should perhaps look at other countries' best practices. And Dutch banks themselves may be able to do a bit extra. This summer in Italy, the Association of Italian Banks agreed to support small and medium sized companies' liquidity with three measures:

- i. Suspension of the principal repayments of bank loans for a period of 12 months ;
- ii. Suspension of the principal repayments in lease rates for both "real estate" leases and "financial" leases for a period of either 6 or 12 months;
- iii. To actively postpone all expiring short term credits for a period of 270 days, in order to sustain cash flow.

These measures are to be implemented without any demand for additional securities and may not lead to an increase of interest rates over and above the interest rate originally agreed on. As there is a large representation of the Dutch banking sector attending today, I would like to invite them to discuss the pros and cons of this Italian regime.

Returning to the government role, the second aspect I would like to mention is that national governments must suppress their tendency of giving state aid to specific companies, however hard that may be in certain situations. Equally, protectionist measures are taboo.

The third way in which governments may greatly influence economic developments is by carefully and gradually reducing their interests in national banks that have been established over the past year as well as by achieving a balanced reduction in budgetary deficits and the national debt. International discussions on this issue have been initiated. The Netherlands too, face this situation with the State's budget deficit of almost 6%. Fortunately, the extent of the national debt is reasonable, thanks to the very strong initial position of the Netherlands with their national debt of around 40%. However, this has now increased to over 60%.

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What is the significance of all this to the shipping industry? You will be discussing that today.

That would be too easy an answer. Let me give you some ideas for discussion.

Orders for the dry bulk fleet still amount to 60% of the current fleet, measured in dead weight, despite the cancellation of orders for newbuildings. How will the demand for raw materials develop, in view of the IMF's projections and how will this affect the dry bulk sector?

What is the situation in the other market segments? Will we be facing any more bad news - and how much - or have we weathered the worst of it? Will the volume and rates of cargo recover within the foreseeable future, consistent with the cautiously expected economic recovery, thus allowing shipowners to start working on their recovery or will the influx of new ships on the market continue to depress rates in the years to come?

Conditions for banks have changed drastically. Banks have been nationalised, they have been subject to mergers resulting in the -sometimes compulsory- sale of some of their divisions, as ordered by the various competition authorities. International banking networks have disappeared and extensive changes in personnel have taken place. What is the impact of all this on shipowners' access to international banking? In view of these extensive changes in personnel, what is the standard of the dialogue between banks and shipowners right now? And, lacking domestic banks' international network how can shipowners make the international contacts necessary to access new markets?

Will there be new sources of finance for the shipping industry? What part can a ship's environmental performance play in this? To what extent will government guarantees offer support in this situation?

Ladies and gentlemen,

I have posed a number of questions which I hope you will discuss today. Given the experiences of previous shipfinance conferences I do not doubt that you will!

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Over the past nine years the Mare Forum Shipfinance conferences have been host to a large number of high quality participants. Last year's conference was extremely lively, or so I was told. Unlike last year, this year I am able to participate in a large part of the conference. I have had to promise Jannis Kostoulas that I would participate and I trust you will not disappoint him or me.

I thank Jannis for his efforts. I wish all of you a very good conference. Because, nowadays, to trust or not to trust, that is the question.

Thank you,