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Greek Ship Owners Seen Purchasing Vessels to Avoid Possible Levy

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Greek ship owners are increasingly seeking to expand their fleets to capitalize on lower vessel prices and avoid the possible imposition of a deposit levy similar to one used in Cyprus, a local shipbroker said.

About five Greek owners told Lion Shipbrokers Ltd. the prospect of a savings tax was one motivation for them to give more consideration to buying ships, Diana Solberg, an analyst in the Piraeus-based company's research department, said by e-mail today. A five-year-old tanker holding 2 million barrels of oil costs \$55 million, down from \$160 million in September 2008, according to data from Simpson, Spence & Young Ltd., the world's second-largest shipbroker.

Cyprus imposed a tax on deposits of more than 100,000 euros (\$130,350) at its two biggest banks to help win a 10 billion-euro loan from the euro area and the International Monetary Fund. The island nation's government also agreed to cut wages and pensions and to sell assets including gold.

"The main reason that local shipowners are actively purchasing units recently is that the asset values have reached historical lows and in combination with the Cyprus levy, the buying spree has been amplified," Solberg said. "We as brokers anticipate that other shipowners of the distressed European South (like in Italy and Spain) or even of the European North will follow the Greek example."

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