

E-Interview with Hans-Werner Kummerow about Ship Financing



Titel of Interviews: Ship Finance
Name: Hans-Werner Kummerow
Functional Area: Owner-Director
Organisation: HWK-Verlag

Short professional CV

Hans-Werner Kummerow was born in 1949 and set out to sea for the first time in 1968. He gained experience aboard Greek and German merchant vessels and served in the Federal German Navy as a commissioned officer.

After his time in the German Navy he worked in financing Seagoing Vessels, Floating Docks and Real Estate. He continued to serve the Navy in various assignments during Reserve Training Periods. In 2001 he was discharged as a Captain.

Investment Opportunities and Strategies for New Market Segments

In the context of the Conference on Ship Finance at SMM 2008, Hamburg

While international financial crisis still increases in size and reach some major national economies face severe recession risks. The international ship financing community – being the pacemaker of international trade and growth – now has to deal with those issues as well.

Hence, the ship finance industry has to give some answers to how maritime markets and players are affected by the credit crisis. Which challenges do shipowners face in the near or even distant future, is bank money for new ships getting to expensive to obtain? Do we have to invent new and innovative financing schemes? Will there even be new opportunities for ship financing arising from the crisis?

The DMKN-roundtable wants to shed some light on these issues related to ship financing. We invite experts from companies, banks and institutions to present their views on current and future market perspectives.

Dear Mr. Kummerow,

Question 1:

Which of the players in the ship financing sector are affected most by the credit crisis? Why is this so, are there substantial differences by country / on the global level?

Answer:



Anglo-American and European Banks are most affected by the credit crisis because they have handed out large sums to customers without adequate borrowing power or have invested into financial retail products based on inadequate borrowing power.

The Arabic and Asian markets are not very much affected with some exceptions in Japan and Korea.

Question 2:

Is bank money for new ships getting expensive to obtain? Will the business model stay as attractive as in the last years, especially with the German investors playing a leading role in the sector?

Answer:



Since Anglo-American and European banks have lost large amounts of money in the past they will have to focus on increased margins for future business.

This need will make all banking products - including ship-financing - more expensive.

The German financial market will suffer seriously from the need to reorganize the public banking sector in 2009 and 2010. This job will cost between 50 and 100 billion Euro in public funds before it will be completed. Effects will be felt in all markets relying on money from the German banking industry.

Question 3:

Is there a need to invent completely new and innovative financing schemes? Will there even be new opportunities for ship financing arising from the crisis?

Answer:

Ship financing schemes will react to changes in financial markets as they have always done throughout the centuries. However there is little need to invent new schemes. A simple but close look at well-tested schemes of the past will do.

Older ship financing schemes will be rediscovered. And the leading role in ship-financing will shift Eastward. To Arabic and Asian ship-financing models.

Question 4:

Please name – from your personal expertise – the most significant challenges ship owners will have to face in the near future?

Answer:

- Brace yourselves for rough weather ahead and minimize your financial risk-exposure.
- Study historical ship-financing schemes in the Anglo-American and European markets of the past.
- Build new relationships with Arabic and Asian ship-financing experts. They have several thousand years of experience in ship-financing behind themselves as well.

Mr. Kummerow, thank you very much for this interview!