

Papavizas Discusses the Effect of the Financial Crisis on the Shipping Industry

JANUARY 21, 2011

Maritime partner **Charlie Papavizas**, based in Winston & Strawn's Washington, D.C. office, was quoted in the *Daily Deal's* "Shipping News" on January 21, 2011. The article addresses the aftermath of the financial crisis on the shipping industry.

Prior to the crisis, the shipping industry commanded historically high rates, ship owners were in the midst of an unprecedented buying spree, and shipyards, specifically in the Asian market, were increasing production. But the industry proved not to be immune from the financial crisis. A sudden drop in demand, despite pending orders for carriers and loans to finance them, resulted.

Despite the massive shift, few foreclosures, bulk distressed sales or insolvencies have resulted. Even fewer M&A deals have been made. Banks have not foreclosed on delinquent borrowers, yet neither have they provided enough financing for major acquisitions. As Mr. Papavizas tells the *Daily Deal*, banks are extremely nervous.

Mr. Papavizas also points out that the price of new vessels has drastically decreased. As he states, new-ship pricing "is so enticing, it's very difficult to turn away." Carriers that were sold for almost \$100 million at the top of the market are now being sold for close to \$30 million. As a result, the price of used ships has plummeted. The need to acquire companies and their existing fleets has now greatly diminished.

Learn more about the maritime industry in Winston's **MaritimeFedWatch**.

1 Min Read

Related Locations

Washington, DC

Related Professionals



Charlie Papavizas