

---

## **Recession reports - Fittest shipbuilders to survive - DVB Bank**

*Sunday, 11 Oct, 2009*

DVB Bank AG said that the next several years will be tough for shipbuilders across the world and only the fittest would survive.

Mr Geir Sjurseth MD and Global head of Offshore for the lender that specializes in transport finance said that majority of the maritime companies in the Middle East would endure the impact of the global financial crisis and downturn this year but the outlook for 2010 was far more uncertain.

Mr Sjurseth said that “The end of 2009 and into 2010 is expected to see record shipping losses hit banks. While stock markets have bounced and the signs of an economic upturn have become visible, the banks are still underwater and are likely to remain so for another 2 or 3 years. The well established players that survive will have a fantastic future. While the mood of Middle East maritime industry is upbeat compared with many other regions in the world, the next few years will be a case of survival of the fittest.”

He said that “The strong companies and there are many in the Middle East will preserve capital cut costs and the smartest guys are planning how to benefit in the longer term. When the dust finally settles, the outlook is favorable but before that we are likely to see defaults and consolidation among highly leveraged recent entrants in the market.”

Headquartered in Germany, DVB Bank has a EUR 15 billion loan book and more than 500 clients active in the transport sector worldwide. Mr Sjurseth was one of the key speakers in the debate on the challenges facing maritime financing in the new global economic climate at the conference.

He said that “The offshore support vessel market in the Middle East has been less impacted and probably has the best outlook of all shipping sectors. It nevertheless suffers from valuation distress and financing shortage, predominantly affecting new entrants through yard delays, cost overruns, undervalued volatile assets and lack of bank financing.”

(Sourced from Khaleej Times)

**For more news visit at [www.steelguru.com](http://www.steelguru.com)**