

capital by using interest rate spreads to establish mezzanine bond.

4.3 Recommendations from the high-way financing

4.3.1 Increase national financial capital and make full use of fiscal policy and tax policy

In future, both port construction and ship building can introduce government construction funds. The local government can set special funds and self-raised funds to support the development of shipping industry. On the other hand, the government can reuse tax increment from the ship and port operation to shipping fund. Combined with long-term preferential tax policies, the government can set special arrangement of taxes income to transfer payments of operation and ensure shipping fund not to loss. To the funds whose return rate is below bank loan interest rate, the local government can make up the difference to reduce pressure from the liabilities of Marine shipping project.

4.3.2 Use bank loans effectively

Stock financing is still the most effective direct financing method. The key is to develop the management of shipping fund institution, strengthen the control in operation and enable shipping fund managers to make financing decisions according to their maximization goal. The methods are listed below. One is to vigorously develop institutional investors and expand the investment scale of institutional investors to effective absorb small-sized investors. The second is to put a hook between shipping fund raising limit and the company's credit ratings. The third is to rich shipping fund investment kinds and establish series with a varied diversity, a practical function and a flexible interest

rate. The fourth is to gradually increase the proportion of long-term funds and change the situation that short-term investments is the majority in recent times.

5. References

- [1] Jin Xin, Analysis with regard to German KG fund, *China Marine* [J], 2008(3):76-77
- [2] Kang Rui, Law limitations and system innovations regarding China shipping industry fund, *Navigation*, 2010.
- [3] Dai Yong, Research on operation patterns of China shipping industry fund, *Shanghai Finance*, vol. 4, 2010.
- [4] Wang Baodong, Theoretical research about industry investment funds and evaluation about practical development, *Modern Economics Discussion*, 2007(9).
- [5] Matthews, S Topranking, *Lloyd's Shipping Economist*, March: 37-38, 2008.
- [6] Wolfgang Bessle, Ship funds as a new asset class: An empirical analysis of the relationship between spot and forward prices in freight markets, *Journal of Asset Management* 2007, Vol. 9, 2, 102-120
- [7] Sun Liang, Zhao Ning, Analysis of our Country's Highways and Establishment of Financial System, *Shandong University Journal*, 2007.
- [8] Gao Yonggang, The Analysis of Bohai industrial Fund Operation Mechanism, *Productivity Research*, 29-33, 2008
- [9] Pan ju Gek, *Shipping Finance in Singapore*, *MSC Maritime Economics & Logistics*, 2006.