

Themis Papadopoulos:

“The Cyprus Shipping Chamber (CSC) will continue to provide its full support to the work of the Department of Merchant Shipping (DMS) in promoting the Cyprus Registry”



The President of Cyprus Shipping Chamber Mr. Themis Papadopoulos

In today's shipping market the term FoC is rather obsolete since the development of technology and the implementation of rigorous safety rules has created a different class of open registry.

The Cyprus flag is an excellent example of an open registry that has taken advantage of new technology and adopted a client-oriented approach to improve the image and the level of the flag.

The President of the CSC Mr. Themis Papadopoulos sheds light on the benefits and incentives of the Cyprus flag and describes the activities of the CSC to

attract more tonnage to the Cyprus flag.

Mr. Papadopoulos refers to the advantages and benefits of the Cyprus Ship Register. “The Cyprus flag is a high quality flag offering numerous advantages and benefits to its users both in terms of quality and service as well as economic benefits. Compared with other registries around the world, the registration fees of the Cyprus Registry are considered to be one of the most competitive internationally. The Cyprus Flag is an EU flag classified in the White Lists of the Paris and Tokyo Memoranda of Understanding (MoUs), something which results in fewer inspections of the ships and less delays at the ports of both MOUs. With a considerable number of maritime offices covering the leading shipping areas of the world, services are provided to Cyprus ships promptly, efficiently and effectively. There are more than 25 bilateral agreements of cooperation with countries in merchant shipping, through which Cypriot ships receive either national or favoured nation treatment in the ports of other countries. Those agreements with labour supplying countries provide for specific terms of employment and resolution of labour disputes, which are beneficial to both the ship owners and the seafarers. Treaties on the avoidance of double taxation with 43 countries are also in force.

The DMS, as part of the Cyprus Maritime Administration and the competent Government department for the administration of the Cyprus Registry, is continuously upgrading its services in order to offer a high standard of support to its flag users and maintain the reputation of the Cyprus flag as a “quality flag”.

The Cyprus Registry also offers a range of economic benefits, such as a competitive upgraded tonnage tax system. The tonnage tax system is in its own right, an innovative and a pioneering piece of legislation, which updates existing legislation and offers additional incentives to shipping activities in Cyprus, in full compliance with the relevant EU shipping taxation framework. It contains most of the favourable features found in tonnage tax systems of other traditional EU maritime countries, providing Cyprus with a competitive advantage. It extends the favourable benefits applicable to owners of Cy-

prus flag vessels and shipmanagers, to owners of EU flagged vessels as well as charterers. It also extends the tax benefits that previously only covered profits from the operation of vessels in shipping activities to cover profits from the sale of vessels and dividends from shipping related profits.

Mr. Papadopoulos explains how CSC supports the Cyprus Registry in its quest to deliver flexible, quality, user friendly services. “As stated above, the DMS is the administration department of the Cyprus Shipping Registry. Other than the registration of ships, the DMS is responsible for the administration and enforcement of the Merchant Shipping Laws, control of shipping and enforcement of international conventions ratified by the Cyprus Government, investigation of accidents involving Cyprus ships or seafarers serving on those ships or foreign ships sailing within the territorial waters of Cyprus, resolving labour disputes onboard Cyprus ships and the certification of seafarers. Special emphasis has also been given to the speed and efficiency in providing services to the fleet as well as to the shipping community.

As the representative body of the resident Cyprus shipping industry, the CSC has contributed substantially by providing tangible advice and specific proposals and recommendations relating to the work mandate of the DMS. It has also contributed to enhance and strengthen the service capabilities and capacity of the DMS so as to be able to offer simplified procedures, efficient service and all this in a reasonable time frame and cost.

Furthermore, according to the findings of a recent study, which was especially commissioned by the Minister of Transport, Communications and Works, Mr. Marios Demetriadis, on the “Future of Shipping in Cyprus”, for which the CSC members contributed substantially, a number of proposals have been put forward by the Chamber, aiming at the development and implementation of a national shipping promotional strategy.

The CSC is confident that by introducing specific measures Cyprus will be able to maintain a flexible, quality, user friendly and non-bureaucratic registry that will encourage current and possible clients to register more ships.

Mr. Papadopoulos describes his expectations regarding the potential of Cyprus registry in the global shipping market. “The Cyprus registry currently ranks as the 10th largest merchant fleet worldwide and the 3rd largest fleet in the European Union (EU) with 1000 ocean going vessels with a gross tonnage exceeding 20 million.

In the aftermath of the recent financial developments, the shipping operational and taxation infrastructure in Cyprus and the Cyprus flag remains intact and very competitive. It is most gratifying to see that the Cyprus shipping industry remains loyal, supporting at the same time the efforts to reinforce Cyprus shipping in order to continue its significant contribution to the Cyprus economy. All banks in Cyprus have passed the stringent EU stress tests last year. This important fact is giving companies, their principals and clients sufficient comfort to extend their business relations with Cyprus banks. We can therefore express our optimism that these difficult times are behind us.

With regard to safety and pollution prevention, Cyprus has fully harmonised its legislation with that prevailing in the EU. From an implementation point of view, the Cyprus Mari-

time Administration is continually being strengthened with specialised personnel at the Shipping Department. Similarly, a network of inspectors of Cyprus ships has been set up at the most important ports around the world which has contributed substantially to the increase of inspections of Cyprus flag ships. With such setup, the control mechanisms of the DMS have been substantially improved with a direct impact on the number of detentions of Cyprus ships around the globe, in particular with regard to detentions for serious deficiencies. This improvement was particularly felt when the significant drop in detentions of Cyprus flag ships enabled Cyprus to enter the Paris and Tokyo Memoranda of Understanding (MoU) on Port State Control "White Lists".

With regard to the **working and living conditions of seafarers** onboard ships, Cyprus was one of the first ILO Member States to have ratified the Maritime Labour Convention (MLC) 2006 in 2012, fulfilling as such the Flag State's commitments under the Convention with respect to ships and seafarers under its jurisdiction.

Furthermore, taking into account the escalation of Piracy, the Cyprus Government in close cooperation with the CSC, introduced a pioneering piece of legislation which governs the use of armed guards onboard Cyprus flag ships, which has been officially approved by the Cyprus Parliament and has been in force since 2012. Cyprus flag ship owners have a fully legitimate tool to deter attacks and defend their cargoes and crews against piracy. The Cyprus Anti-Piracy Law is a robust and effective measure which helps to ensure the safe passage of Cyprus ships with the thousands of seafarers employed onboard and their cargo.

As a result of the above measures taken and the positive results achieved, Cyprus has set a new course, taking a leading role, bringing added importance to European as well as international shipping, and expanding and developing Cyprus shipping and the flag even further.

Mr. Papadopoulos describes the **CSC activities in the IMO** and other bodies. "The Cyprus Shipping Chamber, due to its membership and active participation at various regional and international shipping associations and organisations, such as the International Chamber of Shipping (ICS) and the European Community Shipowners' Associations (ECSA) is able to follow and contribute substantially to the discussions at such level, always in close consultation with the DMS and the Ministry of Transport.

As far as the MLC 2006 is concerned, the Chamber followed and actively participated in the whole process from the beginning and fully supported the signing of the European Social Partners agreement transposing the relevant provisions of the MLC into EU law. In terms of ratification, the CSC, as the official representative of the **Cyprus shipping industry**, cooperated very closely with the Cyprus Maritime Administration and especially with the DMS, during the preparatory stages of the relevant ratification bill, which through its ratification enhances further Cyprus' maritime infrastructure, as well as its image held today as a reliable and constantly developing maritime centre.

Taking also into account the fact that international shipping is by far the most carbon efficient mode of commercial transport, the CSC, through the aforementioned shipping organisations, supported the adoption of new legislation at the IMO on technical and operational measures for the reduction of **CO2 emissions** from international shipping. Furthermore, the CSC supports the global shipping industry's majority view that if governments should decide to adopt a market-based mechanism, then that should be in the form of a bunker fuel levy. Such a system ensures the maintenance of a level playing field, the avoidance of serious market distortion, easier management of the system and desired transparency. The CSC

is firmly committed to continue its contribution in reducing emissions of carbon dioxide and greenhouse gases from ships. The CSC is also monitoring very closely the implementation process of the **EU MRV Regulation**, which entered into force on 1 July 2015, and which requires ships above 5000gt trading to, from and within the EU to monitor their fuel consumption from 2018 and submit a relevant report to the EU and the Flag State annually from 2018 onwards. Before that however, companies will have to develop and carry onboard a monitoring plan by 1 August 2017. The CSC hopes however, that the IMO will develop a global MRV by end of 2016 which will supersede the EU MRV.

With regard to **ballast water management**, the CSC shares the concerns of the international shipping industry that there will be significant problems with the implementation of the convention. There are still genuine concerns about the availability of suitable equipment, the robustness of the type approval process, the huge expense of retrofitting existing ships and the present limited possibilities for treatment systems for larger vessels. It is rather worrying that governments still do not seem to comprehend the scale of the challenge faced by the ship owners, not to mention the shipbuilding and repair community in order to cope with the vast number of ships that will be required to install the new treatment systems. In this respect, the CSC supports the proposal put forward by the ICS, namely that existing ships should be defined as those having been constructed prior to entry into force, and that retrofitting should not be required until the next full five year survey, rather than the next intermediate survey should this be sooner".

Mr. Papadopoulos is also optimistic that the shipping market will continue to improve. "Looking ahead, we are hopeful that the overall shipping landscape will improve. Ship owners will continue to look for opportunities in what is an unpredictable freight rate and asset price environment.

Within this framework, the time is right and circumstances are favourable for Cyprus to exploit such opportunities. Based on the findings of the study on the "Future of Shipping in Cyprus" referred to above, a positive momentum has been created towards the further enhancement of the service capabilities and capacity of the DMS.

New incentives and a pricing policy are being introduced that create advanced dynamics for the Cyprus Shipping Registry in a joint effort between the public and private sectors to transform the Registry into a modern one-stop-shop so as to be able to offer simplified procedures, efficient service and all this in a reasonable time frame and cost.

It is anticipated that the above measures will be the positive driver as part of a wider planning for a stronger Cyprus Shipping Registry".

Finally Mr. Papadopoulos comments on the latest developments in the issue of the Turkish embargo. "**The Turkish embargo** still distorts the application of the principle of fair and free competition in shipping trade within the EU and adversely affects the merchant fleets of EU Member States. We believe that the lifting of the embargo would benefit both the Cypriot and Turkish shipping communities.

It is important to acknowledge the positive climate and the dynamic that have been formed recently with the resumption of the negotiations for the settlement of the Cyprus political problem, through which a number of low policy "confidence building measures" have been announced in support of the whole negotiating process.

Within this framework, the CSC is lobbying towards the inclusion of the issue of the Turkish embargo as a separate, tangible, high policy "confidence building measure", in parallel with the long-going efforts made by the Cyprus Government to solve the "**Cyprus problem**".