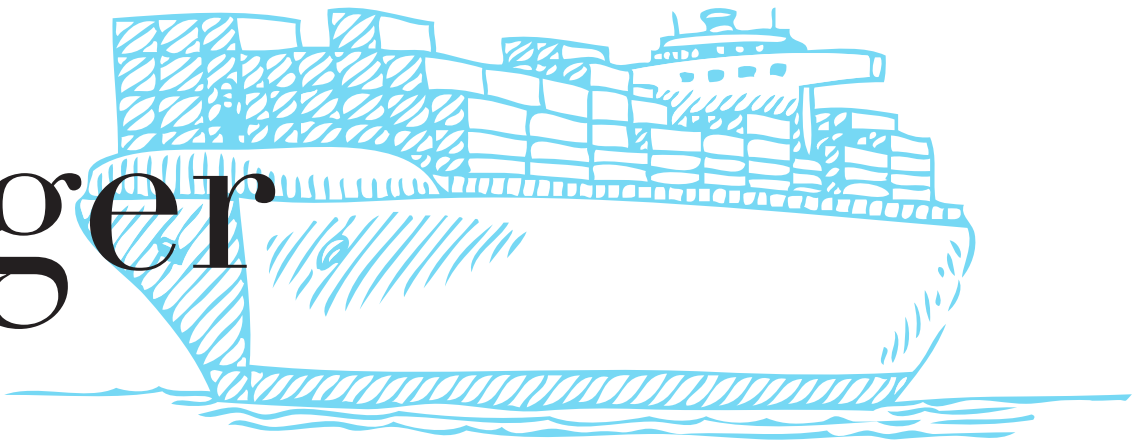


Bigger and BETTER



Cyprus can continue to grow as a quality maritime centre, says Themis Papadopoulos, President of the Cyprus Shipping Chamber.

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hy has 2015 been a worse year for the global shipping industry than expected?

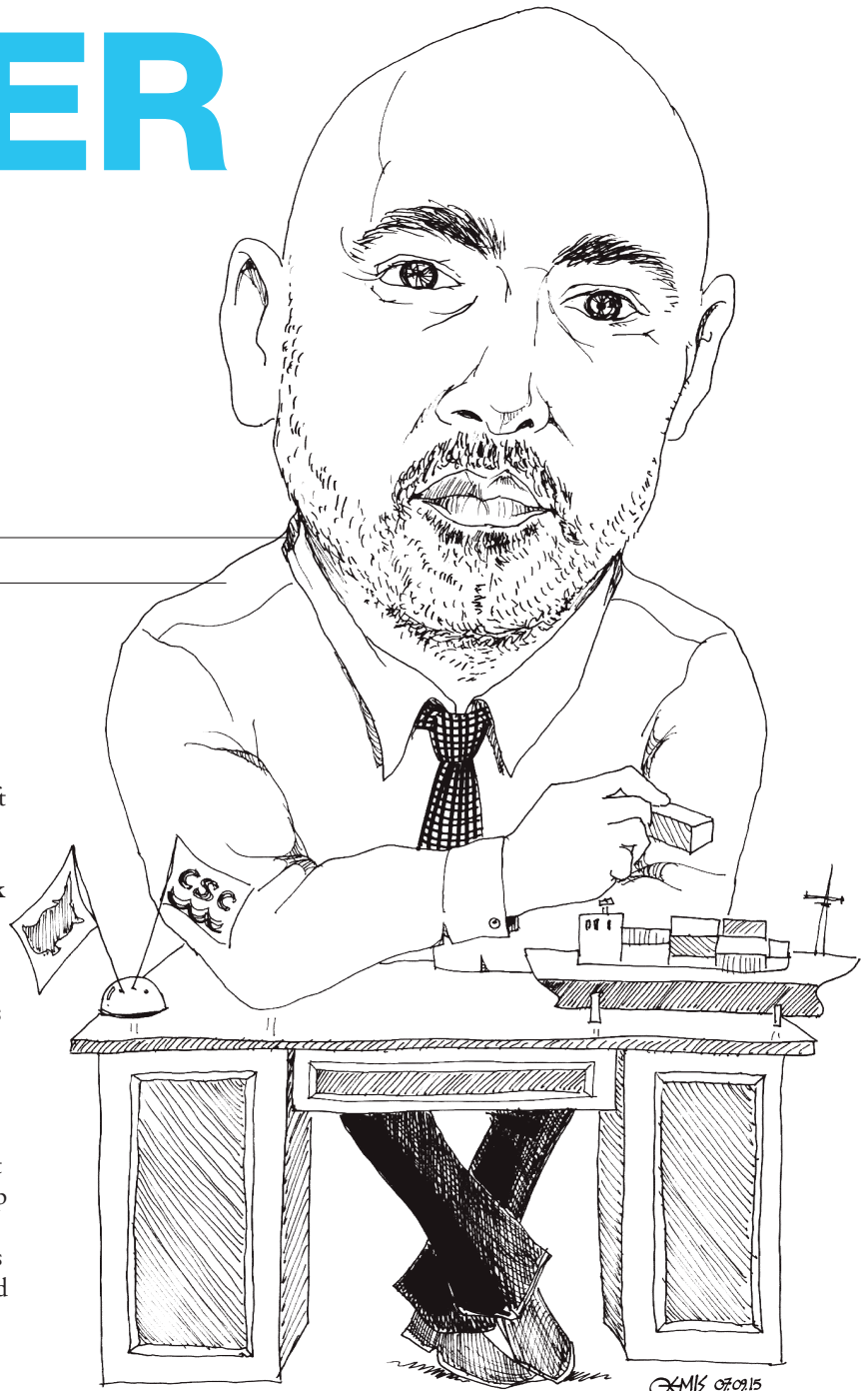
Themis Papadopoulos:

In many ways, shipping is a mirror image of the health of the global economy and the truth is that we have still not fully recovered from the 2008 crash. We are witnessing an uneven and patchy recovery with some countries faring better than others. The current slowdown in China is certainly causing a great deal of concern to

the global markets and shipping is no exception. The dry bulk markets, in particular, have felt this slowdown with freight rates being particularly soft for over a year.

Gold: Why do you think the longstanding problem of oversupply has not been resolved?

T.P.: Shipping will always be a cyclical business with periods of healthy earnings as well as periods of oversupply. This has been exacerbated in recent years by big growth in ship building capacity, led by China, which, in turn, has led to ships being delivered within 18 months of ordering. Historically, this is



a remarkably quick turnaround. In addition, ship ownership is particularly fragmented and has recently been attractive to large fund managers not traditionally associated with shipping investments. It's hard to see how a pattern of periodical oversupply can be overcome.

Gold: How has the dramatic fall in oil prices affected the shipping industry?

T.P.: Overall it's been a positive development, particularly for crude and product tankers which are reaping the rewards of an increase in trade for crude oil and refined products. Generally, all vessels are benefiting from reduced daily running costs and I believe that a lower oil price is good for the global economy. It is, however, having a negative effect on oil companies' exploration programmes and, consequently, on companies which provide services to the oil industry all along the food chain.

Gold: In what way do you expect the recent expansion of the Suez Canal to affect your members?

T.P.: It's too early to determine how trading patterns may be affected by the expanded Suez Canal but, in general, shipping welcomes any development which is beneficial to the expansion of global trade. We are also expecting the expanded Panama Canal to come into operation next year.

Gold: Has the piracy problem been tackled successfully?

T.P.: Global piracy is a complex problem that will probably never be fully eradicated. However, through a combination of concerted action and a functioning government in Somalia, the specific problem of Somali piracy in the Indian Ocean seems to be under control. We must remain vigilant, though, and continue to follow best practices to ensure the continued safety of our crew, ships and cargo as piracy incidents are still a threat in various parts of the world.

Gold: What kind of problems has the migrant crisis in the Mediterranean and elsewhere been causing your members? How can it be tackled?

T.P.: This tragic humanitarian crisis is having a big impact on all shipping companies with ships trading in the Mediterranean. Merchant ships with accommodation, facilities and supplies for 20-25 crew members are being asked to pick up hundreds of mi-

grants usually from unseaworthy boats. These poor people are usually hungry, thirsty and desperate and, in many cases, in vessels that are only minutes away from capsizing due to overcrowding.

The solutions for tackling this humanitarian crisis must be found soon by national governments and the EU and while no-one can pretend they will be straightforward or easy, they must be found as a matter of urgency. While commercial shipping will always come to the aid of anyone in distress, it cannot continue to be used indefinitely to rescue migrants in these numbers. Merchant ships lack the resources, facilities and proper training to perform this dangerous activity safely.

Gold: Cyprus has managed to retain its impressive ranking as the 10th largest ship registry in the world and the largest 3rd party ship management centre in the EU for many years now. What can it do to ensure that it is not overtaken by other nations?

T.P.: It is imperative that we do not stand still as a maritime centre. Our competition is global and growing aggressively. We must continue to offer an attractive package and make sure we are promoting our advantages properly. I'm delighted to say that the Government has taken this very seriously and the Minister of Transport, Communications and Works has launched a dynamic initiative to improve and expand our shipping industry. This is a great example of how the public and private sectors can work hand in hand and the Minister can rest assured that he has our full support in order to make this drive a success.

Gold: Has Cyprus benefited from the recent crisis in Greece and proposed changes to the tax regime for ship owners?

T.P.: A lot has been written about this but I personally don't believe there will be a big exit of Greek shipping companies. My wish

CSC

The Cyprus Shipping Chamber (CSC) is the trade association of the shipping industry in Cyprus, promoting the interests of Cyprus shipping and furthering the reputation of the Cyprus flag, among other priorities. The CSC represents 150 member companies, which collectively control a fleet of close to 2,500 ocean-going ships and around 50 million gross tonnes, though not all these vessels are under the Cyprus flag.

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is for Greece to overcome its problems quickly and to succeed in transforming itself from the very difficult circumstances it finds itself in today.

Gold: As part of a global industry, the Cyprus shipping sector is affected by many events and situations beyond its control. However, are you optimistic that it will maintain its status and contribution to the country's economy in the foreseeable future?

T.P.: The shipping industry in Cyprus has grown impressively over the years both in overall presence and in importance to the economy of Cyprus as a whole. This has been achieved without any government funding, rather only with strong support from successive governments. In addition, the income earned is almost entirely derived from abroad, making it an invaluable industry for Cyprus. I believe that with continued support and a concerted effort to promote ourselves properly as a quality maritime centre, there is no reason why it cannot grow further. One thing worth mentioning is that a possible solution

of the Cyprus problem and an end to the ongoing Turkish embargo would be a transformational event for our maritime industry.

Gold: How important is the biennial Maritime Cyprus conference in maintaining Cyprus' profile in the global shipping industry?

T.P.: In a word - very! It is a high-calibre event that keeps us relevant in the shipping world and allows us to bring many of the global players and decision-makers to Cyprus for a few days. We must make every effort to maintain the Maritime Cyprus Conference as one of the leading global shipping gatherings. The Government can rest assured that it will always have the support of the Cyprus Shipping Chamber to help achieve this aim.