THINGS CAN ONLY GET BETTER

THEMIS PAPADOPOULOS, PRESIDENT OF THE CYPRUS SHIPPING CHAMBER AND CEO OF INTERORIENT SHIPMANAGEMENT, FORESEES STEADY GROWTH IN THE ISLAND'S MARITIME CLUSTER.

GOLD: When Maritime Cyprus 2015 took place, the general view was that 2015 had been a worse year for the global shipping industry than expected. How have things developed over the past 24 months?
Themis Papadopoulos: Since the last Maritime Cyprus in 2015, shipping has endured a particularly challenging time. 2016 was quite possibly the worst ever year for shipping and challenges remain across most sectors.

GOLD: Has the longstanding problem of oversupply finally been resolved?
T.P.: Shipping is a cyclical business by nature and periodic oversupply is something that we will probably never be rid of. The fact that the past decade has seen an almost constant presence of oversupply is, indeed, unusual as a more normal shipping downturn would usually not last more than two or three years. But at this point, it would appear that the future seems a little brighter than it has done in recent times.

GOLD: How has the partial recovery in oil prices affected the shipping industry?
T.P.: The effect of oil prices on the shipping industry can be quite mixed. In broad terms, cheaper oil means cheaper fuel for the vessels while for tankers, oil demand rather than oil price is the real driver. A healthy global economy and a healthy demand for resources usually bodes well for shipping.

GOLD: Although the migrant crisis in the Mediterranean has weakened, it has not ended. Is it still causing CSC members a problem?
T.P.: The migrant crisis in the Mediterranean is indeed ongoing and rarely a week goes by where we are not faced with another tragedy of migrants lost at sea. There is, however, a much improved level of activity both by governments and NGOs, led by the EU NAVFOR MED operation, trying to address this issue in various ways and my feeling is that merchant vessels are involved in far fewer rescue incidents than in the past.

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 can maintain its status and even increase its contribution to the country's economy in the foreseeable future?
T.P.: The Cyprus shipping industry has a 40-year history behind it and the maritime cluster is well established here, contributing significantly to Cyprus' GDP. Clearly the broader struggles of the global shipping industry affect everybody, including the industry here, but I am pleased to say that, despite this, there is a continuing and steady growth in the maritime cluster, thanks to the very stable and competitive environment that we enjoy in Cyprus. The Cyprus Shipping Chamber, together with the Government and other industry associations, is constantly working towards attracting more shipping companies to the island and increasing the size of the Cyprus flag.

GOLD: Mergers & Acquisitions are being seen globally and we already have examples from Cyprus too. Is this a trend you expect to continue, internationally and locally?
T.P.: M&A activity has, indeed, been quite strong in shipping over the past couple of years as the downturn has caused many companies to reassess their realities. Overall, the number of deals is relatively low and, while it is quite likely that some more will follow, I doubt that it will develop into an prevailing trend.

GOLD: Shipping is still the most cost-effective and environmentally friendly method of transporting goods around the world. Do you foresee a time when this will no longer be the case?
T.P.: In a word, no, or at least not in our lifetime. With the technologies available to us today, it is impossible to imagine that shipping will not continue to be the most cost-effective and environmentally friendly mode of transporting goods. To put it into context, over 90% of global trade is carried on ships and yet shipping contributes only 2.2% of global carbon emissions. Perhaps future generations will develop technologies that will challenge and even surpass these efficiencies but that is a long, long way away.

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