



CYPRUS SHIPPING CHAMBER

34th ANNUAL GENERAL MEETING

9 MAY 2023

OPEN SESSION

Address by Mr. Themis Papadopoulos

President

- **President of the Republic**
- **President of the House of Representatives**
- **Ministers**
- **Members of Parliament and Party Representatives**
- **Excellencies**
- **Distinguished Guests**
- **Ladies and Gentlemen**

It gives me great pleasure to welcome you all to our 34th Annual General Meeting.

We wish to express our sincere thanks to all our Speakers for accepting our invitation to address our Annual General Meeting this year.

Having such distinguished speakers from the highest political institutions locally, and professional shipping bodies internationally, constitutes the ultimate recognition for our industry and Association.

Mr. President,

You have only been in office for just over two months, and you have already been called to deal with a number of important and urgent matters affecting our country. Still, your decision to make the time to personally attend our event today, speaks louder than words and is greatly appreciated by us. We note with particular satisfaction your positive comments about the Cyprus shipping industry and our Chamber. Your clear commitment to continue offering the necessary political support to shipping is very reassuring to us. In turn, we assure you that we shall continue our intense work and close cooperation with your Government, especially the Shipping Ministry, towards our common national efforts to ensure the long-term sustainability, development and growth of Cyprus shipping, through coordinated strategies and national plans.

Madam President,

We are pleased to welcome you for a second consecutive year to our AGM, especially acknowledging your full schedule in view of “Europe Day” celebrations being held today. Your presence is a recognition of the strong support and confidence of the House of Representatives towards our shipping industry and Association and I can assure you that it is truly valued.

Dear Shipping Minister, Mrs. Hadjimanolis,

We personally welcome you to our Annual General Meeting and we publicly pledge our full support in your work. The course and future of Cyprus shipping lies substantially in your hands now. We note with great satisfaction that from day one, you ‘rolled up your sleeves’ and took on your position with great dedication and passion.

It is also a real pleasure to welcome today, the Secretary General of the International Chamber of Shipping (ICS), Mr. Guy Platten, who travelled from London for our AGM.

Dear Guy,

Your presence has made our Annual General Meeting even more significant. We note from your speech the vibrant and globalised nature of the shipping industry and ICS' vital work in safeguarding and promoting shipping internationally. We are very proud that our Chamber has been actively representing Cyprus shipping at the ICS for the past 30 years.

Dear Guests,

The Cyprus Shipping Chamber has set itself the goal of continuous improvement and evolution with the times and for the first time this year we have managed to have an entirely paperless AGM minimizing our environmental footprint as much as possible.

Please do make good use of the QR codes shown on your seating cards to enter our website and find the AGM handouts, programme and especially, our 2022 Annual Report, where you can read more about the Chamber's multifaceted work including lobbying, technical, educational and social activities carried out during the past year.

Please allow me now to quickly review the status of the shipping industry since our AGM last year.

Cyprus shipping continued to have an excellent image at a national and international level. It is characterised as a healthy example of sustainable foreign investment, through both new and established internationally reputable shipping companies which for decades maintain their physical offices and headquarters here in the country, providing thousands of high-level job opportunities and contributing substantially to the Cyprus economy.

As an indication of its size, Cyprus shipping continued fuelling the economy with a contribution of 7% of GDP, which corresponds to approximately 1.2 billion euros. Only last week, the Central Bank of Cyprus issued its semiannual report on the financial contribution of ship management activities indicating an increase for a fourth consecutive period. This high level of financial contribution, especially when this is measured in terms of value added becomes even more important when we consider how challenging the past three years have been for our country and the economy.

We look forward to working closely with our Government and in particular our Shipping Ministry, to fine tune and implement measures that will strengthen shipping and its contribution to the economy.

The achievements of Cyprus shipping should however never be taken for granted. Our industry has repeatedly proven its high-value worth and we remain optimistic that the substantial financial contribution of shipping as foreign and local direct investment into the Cyprus economy, will be maintained and increased.

Like many other industries, shipping faced another challenging year impacted by the consequences of the war in Ukraine, which have greatly affected the global seaborne trade and in particular, the supply of food and energy. Most importantly however, it affected seafarers who have faced human rights violations, restriction of movement and access to their work while trapped onboard vessels in the affected areas for long periods and even continuing to date.

The Chamber, through its involvement in ICS and ECSA, as well as through its close cooperation with the Shipping Ministry, is continuously monitoring the relevant

sanctions notices, and has been providing valuable information and relevant assistance to its Member-Companies.

The Chamber successfully launched an initiative in coordination with the Shipping Ministry, the Central Bank and the Cyprus Association of Commercial Banks, which resulted in the opening of bank accounts for affected seafarers in Cyprus-based banks. Taking this opportunity, we wish to express our appreciation to all parties involved in this endeavor, which was later presented as a 'best practice' example for other countries to follow.

Whilst trying to navigate through this complex issue, the shipping industry continued its committed efforts towards decarbonisation. The current lack of suitable alternative fuels and absence of clear regulations, add to the complexity of this issue and therefore, create a lot of uncertainty on how best to navigate a successful path to decarbonisation.

It has become evident that full decarbonisation of the maritime sector can only be achieved if all stakeholders are motivated to play their part in a massive scale-up for the production of clean fuels, which in turn will require significant new investments in renewable energy resources.

In the presence of the ICS Secretary-General here today, I would like to reiterate the Chamber's staunch support for an IMO "Research and Development (R&D) Fund" based on a fixed contribution per tonne of CO₂ emitted which, as things stand today, presents by far and away, the most credible proposal to not only create a global level playing field, but also to create a vehicle that will have the ability to fund projects that will help develop these targets.

At EU level, two new regulations that will affect ship operators trading to, from and within Europe, have been concluded recently, with the EU ETS agreement and the provisional agreement between the EU Parliament and the EU Council on FuelEU Maritime. On the EU ETS, with the strong support of the Chamber and the leadership and lobbying of ECSA, we managed to include text in the Directive that recognises the responsibility of the 'commercial operator' of the ship as the ultimate responsible party. Moreover, we secured specific allocation of allowances amounting to 2 billion euros in the EU's Innovation Fund to be invested in the maritime sector to assist with its decarbonisation efforts and secured a 3-year phase-in period between 2024-2026 for the payment of allowances.

On the FuelEU, again through ECSA's lobbying and our support, this new regulation recognises for the first time the central role of fuel suppliers and their responsibility to supply fuels that will be necessary to comply with the new regulations, by holding them responsible with fines if they do not supply compliant fuels to ships.

Furthermore, the proposed Net-Zero Industry Act by the EU must properly recognise the strategic role of shipping, especially in Europe's security and include the development of dedicated industrial capacity for marine fuels, which is essential for meeting the sector's and the EU's decarbonisation objectives.

The pathway towards 'zero emissions' in shipping therefore needs 'all hands-on deck'. Even with all the good will in the world, the shipping industry on its own cannot deliver decarbonised shipping. It is looking increasingly likely that alternative fuels will be the first solution available to ship owners, without of course excluding the possibility for other technologies that may emerge along the way, such as carbon capture. Well-to-wake green fuels will require at least a doubling of current global renewable energy

resources, and that is just for shipping. The scale of the challenge ahead of us is huge and we require action from both Government and private enterprise in order to get anywhere near our targets.

Dear Guests,

Moving on to national developments, we are pleased to note the milestone of five years since the establishment of the Shipping Deputy Ministry on 1 March 2018. The Ministry has managed to successfully ensure the prolongation of the Cyprus Shipping Taxation System for another ten years until the end of 2029 by the European Commission. Additionally, it successfully developed and launched the National Shipping Strategy, “Sea Change 2030”, with the aim to make Cyprus shipping and registry even more competitive and resilient.

The establishment of the Shipping Ministry has strengthened the competitive advantages of Cyprus as one of the most significant shipping centers worldwide, and through the diligent work of the Permanent Secretary of the Shipping Ministry, the Directors and all the Ministry staff, we have a Shipping Ministry and flag to be proud of.

However, as international competition from other shipping centres is rapidly growing, and because we still suffer from the Turkish ban on Cyprus shipping, we cannot be complacent. The job is far from being completed and we need to quickly implement those actions that will help us remain at least on par, if not ahead of the competition.

We need therefore, to fully utilise the strong foundations built and the highly skilled personnel of the Shipping Ministry, the Migration Department, the Labour Department and the Finance Ministry, to progress and finalise the establishment of the “One-Stop-Shipping-Centre” at the Ministry.

It is imperative to expedite the introduction of a purely digital environment with electronic and automated ‘fast-track’ services in order to be able to satisfy the constantly changing operational needs of the eleventh worldwide and third largest merchant fleet in the European Union, as well as the largest ship management centre in Europe. This centre, in addition to the existing services relating to ship registration and inspections and taxation of shipping companies, should be authorised and staffed to provide the services required for the smooth operation of our shipping companies in areas such as issuance of work permits and entry visas.

Equally important is the need to implement the law for the establishment of the “Cyprus Shipping Company with Limited Liability”, which was unanimously approved back in October 2022 by the House of Representatives. The law will provide an even more attractive and efficient framework for all shipping companies registered in or operating from Cyprus, as well as for companies that are owners of Cyprus flag ships.

Dear Guests,

We also welcome today amongst us, a friend from the past, the Minister of Finance, with whom we have cooperated closely in his previous ministerial positions.

Minister Keravnos,

As you know very well, the foundation for any sector of the economy is a reliable and competitive tax environment under which business can operate and flourish. Shipping, since 2010, has repeatedly managed to secure a competitive tax environment from

the European Commission, which in turn, has enabled shipping companies in Cyprus to continue operating successfully, and contributing substantially to the Cyprus economy, even during the recent very hard times that the global economy has gone through.

For the shipping industry, it is of great importance that the specialised shipping taxation system, the well-known, “Cyprus Tonnage Tax system”, remains unaffected by the forthcoming implementation of the OECD “Pillar II” Rules through the relevant EU Directive. We shall depend heavily on the close coordination with the Ministry of Finance, and of course, the Shipping Ministry, to ensure that the amended OECD rules will not negatively affect our Tonnage Tax system. Ship owning and ship management have unique characteristics and we must take care not to jeopardise what we have built over 40 years.

Similarly important for the continued success of our industry is the need for Cyprus to offer a competitive and sustainable working environment for our shore-based employees and of course, for our seafarers at sea. We look to our Shipping Ministry, as well as the Ministry of Finance and the Ministry of Labour and Social Insurance, to pay particular attention to the Social Insurance system applied to EU seafarers on Cyprus ships as a matter of priority. Providing certainty in this area can only be positive for the Cyprus flag.

Mr. President,

You are no stranger to Cyprus shipping. Through your long history of public service, we have worked very closely and productively with you on a number of areas that have further strengthened the development of our industry. We are certain therefore, that through your personal involvement and knowledge, you are well aware that all the commendable successes that Cyprus shipping has achieved all these years, have always come about when the public and the private sectors worked closely together. After all, it is widely known that the shipping industry is the longest-standing foreign direct investment industry in Cyprus.

Based on this proven formula of success and following our long-term policy to cooperate closely with all the administrations that have served our country, we herewith today, pledge our sincere willingness to fully support your Government in its efforts to make Cyprus shipping even stronger. All we ask in return, is for the Government to make good and continuous use of the considerable expertise that the Cyprus Shipping Chamber and its 200 or so Member-Companies have, so that we may play our part in securing a successful industry not only for today but more importantly for future generations.

Dear Guests,

As a coincidence, this day, 9th of May, marks the anniversary of a historic day for Europe, which was the start of what we know today as the European Union. On the occasion of “Europe Day” today, we are proud that shipping continues to be the backbone of the EU’s economy and prosperity and we need to safeguard Europe’s position as a major shipping region, as it has a strategic role to play in Europe’s security, competitiveness and autonomy. Only recently, the Covid-19 outbreak and the war in Ukraine and subsequent energy crisis, illustrate very vividly the crucial importance of shipping in international trade both for businesses and the peoples of the EU.

It is therefore unacceptable that Cyprus, as a full European Member State, faces since 1987, the continued illegal Turkish Embargo on Cyprus shipping. This is an issue that violates European and international trade principles and values. We believe the lifting of this unilaterally imposed illegal trade restriction, will contribute towards the long sought-after solution of the Cyprus problem, as it can act as a major confidence building measure amongst the two main communities in Cyprus and enhance the chances for a mutually beneficial cooperation in the politically sensitive area of the Eastern Mediterranean and the efforts for natural gas exploration.

Excellencies,

Taking advantage of the presence here today of many Ambassadors and other foreign government representatives, we urge you to use your influence to help end this illegal restriction.

President Christodoulides,

Having worked very closely with you personally on the issue of the Turkish ban during your previous ministerial positions, we need not mention to you the grave importance we place on this matter. Today, we only kindly ask you to continue placing this 'Achilles heel' for the further growth of Cyprus shipping in your top priorities as part of your efforts to resolve the overall Cyprus problem. You can count on our full support.

Ladies and Gentlemen,

Concluding, I would like to express my sincere appreciation to my fellow Board Members for their continued trust and support during my term of office as President of the Chamber.

I could not have asked for a better team of experts to navigate together the future and interests of our Chamber and the Cyprus shipping industry.

In addition, I would like to offer my warm congratulations to the newly elected Board of Directors and to thank all those who stood as candidates for this year's election.

To all our business associates mentioned in the Annual Report, as you are too many to refer to individually, please accept our most sincere appreciation for the excellent working relation and invaluable cooperation we share. We thank you all.

Last but not least, I would like to offer my sincere thanks to all the Chamber's Member-Companies for their strong ongoing support and invaluable contribution to our work and mission.

As we are approaching the dawn of a new era for shipping, it is essential that we continue working even more closely together to ensure a sustainable future for shipping and Cyprus at large. Each one of us in this room, has his or her share of contribution and responsibility towards this ambitious goal.

Mr. and Madam President and Dear Guests,

Rest assured that our Chamber will remain, as it has done for the past 34 years, a sleepless guardian of Cyprus shipping and will do everything it can to shape a better present and an even brighter future for Cyprus.

Thank you for joining us today.