

# 2023 ANNUAL REPORT

ΕΤΗΣΙΑ ΕΚΘΕΣΗ





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## Message by the President of the Republic of Cyprus

I am delighted to address the 2023 Annual Report of the Cyprus Shipping Chamber. Throughout the years, the Cyprus Shipping Chamber has proven to be an invaluable collaborator for the Government. The professionalism and expertise demonstrated by the Chamber have played a vital role in our joint efforts towards the continuous development of the Cypriot shipping sector.

The shipping industry is known for its challenges, as well as its opportunities. Through the collective efforts of the Cyprus Government hand in hand with the private sector stakeholders, including the Cyprus Shipping Chamber, notable accomplishments have been achieved.

Today, Cyprus is proud to be a world-class maritime cluster, encompassing a diverse range of maritime and maritime-related activities. Moreover, Cyprus has established its position as the largest ship management centre in Europe and one of the largest worldwide, featuring an impressive merchant fleet ranked 11th globally and 3rd largest in the European Union. Concurrently, over the last decade, a quadruple rise has been achieved in the number of shipping companies benefiting from the Cyprus Tonnage Tax, presently standing at approximately 400.

Undoubtedly, shipping represents one of the most important pillars of the Cyprus economy, playing a crucial role in fostering substantial economic growth. Acknowledging the pivotal

role of this key sector, the Government recognises the necessity for sustainable growth and endeavours to enhance the competitiveness of our flag and the maritime cluster. To this end, we have recently launched the one-stop-shipping-centre, implementing in this manner a policy goal outlined in our Governance Programme. Specifically, the one-stop-shipping center is a facility designed to centralise all transactions related to shipping with governmental departments and services under the centre's jurisdiction in order to offer greater expediency for the growing needs of the shipping industry.

In addition, the implementation of the Shipping Limited Liability Company Law aims to simplify procedures and accelerate the establishment and registration of ship owning companies with Cyprus ships at the Deputy Ministry for Shipping.

Concluding, I wish to once again express my heartfelt appreciation to the Cyprus Shipping Chamber, its esteemed Board of Directors and its Members for their enduring and invaluable contribution to the economy and society of Cyprus. I am confident that the outstanding cooperation and collaborative relationship between the Government and the Cyprus Shipping Chamber will continue to grow, enabling further achievements and a continuous sustainable future.

**Mr. Nikos Christodoulides**  
**President of the Republic of Cyprus**

# Message by the President of the House of Representatives



Cyprus, a country with a long tradition in maritime, both in national and international level, has many reasons to count on it, as a vital contribution in the improvement and development of our country.

Of course, the critical thing is not only what we have, but also, how we work on it and how we help shape a better future for shipping.

In an era of instability and insecurity, the continuous progress of the shipping sector in Cyprus is not only an achievement, but also a source of optimism and inspiration, for the potential that our country has in becoming a hub for entrepreneurship and innovation in the Eastern Mediterranean region and Europe as well.

Today, Cyprus has the 3rd largest fleet in Europe and is amongst the top 20 globally. Cyprus currently flags more than 1.000 vessels, representing 7% of Cyprus' GDP, annually, while it ranks first in terms of ship management.

Significant initiatives were taken and incentives were given to ship management companies. Within ten years, the number of ship management companies based in Cyprus more than doubled, creating new opportunities for employment and financial growth.

Cyprus' revenue from ship management reached €623 million during the first half of 2023 (2023H1), which corresponds to 4.5% of Cyprus' half-yearly GDP, as turnover, according to the Ship Management Companies Survey, Central Bank of Cyprus. Compared to the first half of 2022 it represents an increase of 9%.

New and established internationally reputable shipping companies maintain for decades their physical offices and headquarters in our country, providing thousands of high-level job opportunities and contributing substantially to Cyprus' economy.

The fact that shipping has remained a strong and steady pillar of our national economy, despite the global challenges, is commendable and admirable, noting that this is a direct result of the long-term determination that stakeholders in the shipping sector have demonstrated, including the Cyprus Shipping Chamber, that has a leading role in this respect, through the high caliber legal, technical and commercial advice it offers to its members. Since its establishment in 1989, the Cyprus Shipping Chamber plays a significant role in the interests of Cypriot shipping and participates in the efforts of enhancing the credibility of Cyprus' flag worldwide.

Also, the establishment of the Shipping Deputy Ministry in 2018 constitutes a landmark in our strategy and efforts in Shipping, supporting investments and education.

Nevertheless, our efforts must continue to enhance our focus on this vital domain of our economy. Be it from the perspective of the executive branch, the legislative one, or from the private sector, as stakeholders, we ought to work collectively for the promotion of the interests of Cyprus in the maritime field and remain coordinated in our methodology

and action. In this respect and on behalf of all the Members of the House of Representatives, our parliament is committed to work closely with all involved for the advancement of the shipping sector in Cyprus.

As House of Representatives, we will continue to work on shipping, by passing relevant legislations, including training and certification of our seafarers, tax system and Green technologies. The shipping industry is in a unique position to help shape the world's transition to a decarbonized future. Shipping's green transition will have a multi-fuel future to helping us achieve the crucial net zero by 2050 goals.

Collective work is crucial for the implementation of the Long-term National Strategy Sea Change 2030, as developed by the Deputy Ministry during the term of the previous government, which aims to make Cyprus a key player in the shaping of international shipping policy having sustainability as a compass.

Shipping is an integral part of our economy. We will continue to support the presence of Cyprus in the maritime map, providing all the necessary tools for the transportation of passengers and goods with security, safety, and excellence. And of course, we remain committed in strengthening even more the power of Cyprus' flag worldwide.

**Mrs. Annita Demetriou**  
**President of the House**  
**of Representatives**

# Message by the Shipping Deputy Minister



Since its establishment in 1989, the Cyprus Shipping Chamber has been a close collaborator of the Cyprus Government, actively contributing to the development of Cyprus shipping. Recognised for its advocacy and support, the Cyprus Shipping Chamber has played a pivotal role in the enhancement of the shipping sector in Cyprus, and deserves the highest commendation.

The Cyprus Shipping Chamber has consistently demonstrated its dedication in shaping and advancing the shipping industry and through joint efforts and close cooperation, we have succeeded in achieving our shared goals.

Over the years, Cyprus has consolidated its position as a maritime hub, and the dynamism and vision of our Shipping Deputy Ministry have played a significant role in steering the course of our country's maritime success. In 2023, a series of strategic actions have been implemented which underscore Cyprus's commitment to the sustainable development and growth of its shipping sector.

2023 marks the 60th anniversary of the establishment of the Cyprus Registry of Ships as well as the passage of 60 years since the enactment of the first Merchant Shipping Laws enabling the registration of ships under the Cyprus flag, confirming the Cyprus flag's rich legacy and experience. One of the main priorities of the Shipping Deputy Ministry is to maintain and improve the exceptionally high quality for which the Cyprus flag is renowned. The recent rise of Cyprus to the 8th place in the Paris MoU White List verifies that

the Cyprus Registry maintains high quality and safety standards for ships flying the Cyprus flag.

The international shipping landscape is evolving rapidly, with challenges related to green transformation and stringent legislative frameworks for sustainability. The Shipping Deputy Ministry collaborates closely with the Cyprus Shipping Chamber and other stakeholders, actively participating in EU and global deliberations to ensure the shipping sector's contribution to climate change mitigation while maintaining its strategic role.

Recognising the importance to take immediate actions to address climate change, the Shipping Deputy Ministry has taken significant steps to reduce the carbon footprint of our maritime activities, embracing cleaner technologies and promoting eco-friendly practices.

Additionally, efforts to reduce bureaucracy and become a paperless Shipping Deputy Ministry are currently underway. The recent implementation of the "one-stop-shipping-centre" as well as the ongoing process of digitalisation within the Shipping Deputy Ministry are testaments to the commitment of the Cyprus Maritime Administration to meet the needs of its industry.

Another crucial aspect of ensuring a sustainable maritime cluster is the creation of a culture of seafaring and maritime professions. The Shipping Deputy Ministry is committed to strengthening the collaboration between the educational and

employment sectors as well as promoting campaigns to raise the awareness of the wider public with respect to the beneficial and imperative role of the shipping industry. The contribution of the Cyprus Shipping Chamber in this direction has been valuable and is greatly appreciated.

As Cyprus continues to be a collaborative and proactive nation, the Shipping Deputy Ministry will launch key initiatives to strengthen its ties with the industry. Through collaboration, we will work towards a safer, sustainable and more efficient maritime industry, enhancing the competitiveness of the Cyprus Registry and exploring its growth potential.

In conclusion, the further advancement of Cyprus Shipping is closely intertwined with the success of the Cyprus Shipping Chamber. The collaborative and successful working relationship between the Cyprus Shipping Chamber and the Shipping Deputy Ministry is anticipated to continue, leading to further achievements in the future.

We look forward to continuing our close collaboration with the Cyprus Shipping Chamber and address together the challenges and opportunities to achieve the further development and strengthening of Cyprus shipping.

**Mrs. Marina Hadjimanolis**  
Shipping Deputy Minister to the President

# Foreword by the President of the Cyprus Shipping Chamber



Global trade heavily relies on ships to transport goods and people around the world. Despite recent ongoing challenges facing the shipping industry such as the disruptions to the global supply chain caused by the Red Sea attacks against commercial vessels along with other geopolitical uncertainties and a host of regulatory changes, the industry remains strong, resilient and adaptable.

Cyprus, with its rich maritime history and strategic location, plays a crucial role in the industry offering a wide range of high-quality services including ship management, finance, legal and insurance support, making it a hub for companies seeking stability and efficiency.

Looking ahead, the industry faces tough times with the need to switch to cleaner fuels and embrace digitalisation to reduce emissions. However, amidst the challenges there are opportunities for in-

novation and sustainability.

I would like to thank our members, partners and stakeholders for their unwavering support. Without them we would be unable to navigate towards a brighter and more sustainable future for Cyprus shipping.

I would also like to express our sincere appreciation to all our partners and business associates, the Government, the House of Representatives and political parties for their ongoing support and would like to emphasise that we are committed to working tirelessly to maintain your trust and support for a shipping industry that is both sustainable and competitive. Our dedication remains unwavering as we strive to fulfill our industry's environmental goals for a greener shipping sector.

**Mr. Themis Papadopoulos**  
**President**  
**Cyprus Shipping Chamber**



## Cyprus Shipping: Current Status...

While Cyprus Shipping continued to be a pillar of economic growth and sustainability, 2023 has proved to be yet another challenging year for the Shipping Sector as past geopolitical challenges have endured while new ones have re-ignited, in turn giving way to their knock-on effects across the globe, inevitably exerting pressures on Shipping both locally and internationally, in addition to the pressures emanating out of the sectors efforts to transition in a Green and Digital operational environment.

Despite of these pressures however, the Cyprus Shipping Industry maintained its reliable services and its steady 7% contribution to the GDP of Cyprus amounting to approximately 1.2 billion euros. During 2023 Cyprus maintained the third largest merchant fleet in Europe and the eleventh in the world. More than 5% of the global fleet is controlled from Cyprus and more than 20% of the global third-party ship management activity is undertaken by Cyprus-based companies.

It remains a segment of the local economy characterised as a healthy example of sustainable foreign investment with tangible prospects for an even more dynamic contribution, despite the challenges and despite the continuous adaptation it is undergoing.

Moreover, Shipping is Cyprus' dominant mode of goods transportation effectively supplying 98% of all raw materials and consumer goods in the country. During 2023 the Chamber numbered more than 200 Member-companies which collectively owned or managed 2500 vessels amounting to 91 million GT and employed 9000 individuals ashore and 80000 seafarers.

Probably the most important aspect of the Sector is that it maintained its reliable performance internationally, successfully operating worldwide, thus rendering Cyprus a modern, competitive, and advantageous business center and shipping hub offering a prestigious flag and quality services.

A very practical reflection of our domestic industry's reliability internationally where the very successful Presidential terms at the European Shipowners Association and at the International Chamber of Shipping by Cypriot shipowner's Philippos Philis and Themis Papadopoulos respectively, during difficult for the Shipping Industry times. The Chamber takes great pride as the former is the immediate Past President and Board Member of the Chamber and the later, the current President of the Chamber.

Prospects for future development and increase of the sectors economic and social contribution in Cyprus remain high, provided numerous operational issues are adequately addressed. The Chamber looks forward to the continuous implementation of the Shipping Deputy Ministry's Strategy "SEA CHANGE 2030", as it aspires at modernizing and rendering an efficient and industry-focused Cyprus Maritime Administration and at further upgrading an already attractive business environment.

Much of the Chamber's efforts concentrate on trying to resolve several other important issues adversely affecting Cyprus Shipping, to further promote the interests of the resident Shipping Industry and to enhance its infrastructure. The Chamber works in close cooperation with the Cyprus Government across the board, in shaping shipping policies and procedures tailored to the needs of the Cyprus Shipping Industry.

The current situation described above, clearly indicates that Cyprus Shipping is a robust and globally respected Industry, with a steady contribution to the Economy and is one of the most productive industries generating foreign exchange revenue in Cyprus.



## The Cyprus Shipping Chamber

The Cyprus Shipping Chamber is the trade association of the Shipping Industry in Cyprus. Having witnessed considerable growth since its establishment in January 1989, with originally seventeen Founding Members, the Chamber today comprises more than 200 major shipowning, shipmanagement, shipping related.

The wider Shipping Sector in Cyprus, collectively employs around 9,000 persons ashore and more than 80,000 seafarers of various nationalities onboard their vessels. In terms of the number of vessels and tonnage under the Chamber Members' control, the total number of vessels owned, managed or operated by Chamber Members in 2023, amounted to approximately 2500 ocean-going ships, having a total tonnage of 91 million gross tons.

The main purpose of the Chamber is to promote the interests of Cyprus Shipping and further the reputation of the Cyprus Flag, whilst promoting and protecting the interests of its Members both nationally and internationally.

At the same time, the Chamber acts as a lobbying group for the promotion and safeguard of the legitimate interests of its Member-companies, at a national level through its close relations with the Cyprus Government and Parliament, as well as at an international level through its membership at the various regional and international shipowners associations such as ICS and ECSCA. As a result of this very active and continuous involvement, both at national and international level, the Chamber is able to offer its Members a constant source of up-to-date legislative, technical and commercial shipping information and advice.

The importance of the Chamber as the trade association of the Shipping Industry in Cyprus remains crucial and imperative as ever. The strength of the Chamber depends on its effective "lobbying" for the promotion of Cyprus Shipping, when it comes to the development and submission of important industry positions through a multifaceted structure of internal Committees.

In addition, the Chamber acts as a maritime employers' association dealing with trade unions, local or international, including the negotiation and signing of the Cyprus Collective Bargaining Agreement for seafarers.

In 2023, the Chamber welcomed 22 new Members. At the end of the year, the Chamber numbered a total of 207 Member-companies of which 50 Domestic, 1 International, 120 Domestic Associate and 36 International Associate Members.



# Board of Directors

The Chamber's Board of Directors organised 8 meetings in 2023, during which it reviewed and discussed current developments in Shipping both at local and international level and decided on numerous policy and administrative matters affecting the Chamber.



**First row, starting from left to right:**

- Andreas Hadjipetrou, Vice-President (Columbia Shipmanagement Ltd.)
- Dieter Rohdenburg, Vice-President (Intership Navigation Co. Ltd.)
- Themis Papadopoulos, President (Interorient Navigation Co. Ltd.)
- Philippos Philis, Immediate Past President (Lemissoler Navigation Co. Ltd)
- Prabhat Kumar Jha, Vice-President (MSC Shipmanagement Ltd.)
- Andreas Neophytou, Vice-President (Marlow Navigation Co. Ltd)

**Second row, starting from left to right:**

- Julia Anastasiou, Board Member (OSM Thome)
- Erwin Derlagen, Board Member (Enesel Limited)
- Anna Vourgos, Board Member (Aphentrica Marine Insurance Brokers Ltd.)
- Thomas Kazakos, Director General (Cyprus Shipping Chamber)
- Despina Panayiotou Theodosiou, Board Member (Tototheo Maritime Ltd.)
- John Hadjiparaskevas, Board Member (Uniteam Marine Ltd.)
- Chrysostomos Papavassiliou, Board Member (Petronav Ship Management Ltd (Cyprus))

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# Industry Representation & Co-operation

As the representative of the Cyprus Shipping Industry, the Cyprus Shipping Chamber participates actively in numerous Committees and a number of specialist Working Groups, both at national and international level. For this reason, the Chamber is considered by the Cyprus Government as an expert consultant when it comes to the formulation of policies concerning Shipping.

At a national level, the Chamber since its establishment has become an influential body when policy decisions concerning shipping matters are taken by the Government. This has been achieved through the active participation of the Chamber at numerous joint working groups and committees with various Governmental and Semi-Governmental Departments, and in particular the Shipping Deputy Ministry, as well as to lesser extent, the Cyprus Ports Authority, with which the Chamber maintains very close relations. Furthermore, the Chamber is regularly called to appear before Parliamentary Committees as the representative body of the Shipping Industry in Cyprus, when matters affecting Cyprus Shipping are considered at the House of Representatives. The Chamber also cooperates with numerous local professional organisations, in an effort to improve and constantly enhance the shipping infrastructure of Cyprus.

At an international level, the Chamber operates as a roving ambassador of Cyprus Shipping through its long membership and active participation at various internationally recognised shipping bodies including mainly the International Chamber of Shipping (ICS), the European Community Shipowners' Associations (ECSA) (through the Joint Cyprus Shipowners Association), as well as the Baltic and International Maritime Council (BIMCO), and the International Association of Independent Tanker Owners (INTERTANKO). Furthermore, Chamber representatives participate in various international meetings organised by the Inter-

national Maritime Organisation (IMO), the International Labour Organisation (ILO), and the European Union (EU), as well as in a number of their Committees.

In an effort to further promote and safeguard the interests of the local Shipping Industry and enhance its infrastructure, as well as promote Cyprus as a foreign investment and international business centre, the Chamber works closely with a number of other organisations, such as the Cyprus Employers and Industrialists Federation ("OEB"), the Cyprus Chamber of Commerce and Industry ("KEBE"), the Cyprus Bar Association, and the Cyprus Association of Certified Public Accountants.

The Chamber also enjoys excellent relations with the Cyprus Marine Environment Protection Association (CYMEPA), the Cyprus Shipping Association (CSA), the Cyprus International Businesses Association (CIBA), the Cyprus Investment Promotion Agency (CIPA), the local Unions (SEK, PEO and DEOK), as well as the Cyprus Investment Funds Association (CIFA), the Association of Cyprus Commercial Banks and the Cyprus Union of Shipowners (CUS).

In addition, the Chamber maintains very good business relations with a diverse range of other organisations involved in Shipping including the Maritime Institute of Eastern Mediterranean, the Institute of Chartered Shipbrokers, the Mission to Seafarers, the Cyprus Nautical Institute, the Cyprus Master Mariners Association, the Cyprus Merchant Marine Officers Association, the Institute of Marine Engineer Scientists and Technologists, the Cyprus Naval Architects and Marine Engineers Association, the Women's International Shipping & Trading Association, the YoungShip Cyprus Organisation, the Cyprus Organisation for Standardisation (CYS), the Cyprus Navy and various academic Institutions in Cyprus.



# Business and Social Functions

The Chamber held, the below business and social functions during the year 2023.



## 34<sup>th</sup> Annual General Meeting

The Chamber's 34th Annual General Meeting, was held on 9 May 2023, at the "Four Seasons" hotel in Limassol, which has attended by State and Government dignitaries, Political Party representatives, Members of the House of Representatives, Diplomats, representatives of Professional Organisations and as well as by the resident Industry. The General Meeting was addressed by H.E. the President of the Republic, Mr. Nikos Christodoulides, H.E. the President of the House of Representatives, Mrs. Annita Demetriou, the Secretary General of the International Chamber of Shipping (ICS), which the Chamber has been a Member for 30 years, Mr. Guy Platten and by the President of the Cyprus Shipping Chamber, Mr. Themis Papadopoulos.

During the Meeting, elections were also held for the new twelve Board of Directors of the Chamber for the period 2023-2025. Mr. Themis Papadopoulos was re-elected as President of the Chamber for a second two-year term with eleven other top-level esteemed professionals from the Chamber's Member-companies.



## CSC Members Annual Dinner Dance

The Chamber organises an exclusive “members only” Dinner Dance on an annual basis. The Annual Dinner Dance provides the opportunity for Members to socialise, dine and drink over music.

Over the years, the event has developed into a popular social event within circles of the Industry. For 2023, a “Retro Night” was organised featuring relevant thematic music and dress code.



# Corporate Social Responsibility

## Charity Beach Volley Tournament



The annual Charity Beach-Volley Tournament of the Chamber was organised with great participation from its Shipping Member-Companies on 9,10 and 17 September in Limassol. The 28 years of successful organisation and social contribution is attributed to the enthusiastic and longstanding participation of the Chamber’s Shipping Member-Companies, who contribute to the charitable work of the Chamber. The proceeds of the Tournament, were donated again to the Charity Association “One Dream – One Wish”, which fulfils wishes of children suffering with cancer and offers both financial and psychological support to them and their families.

## Blood Donation Drives

The Chamber organised two Blood Donation Drives, during 2023, amongst the employees of its Member-Shipping Companies, gathering so far more than 3300 blood units and as such honoured several times by the District of Limassol Blood Coordinating Committee. June’s Blood Donation Drive was organised in view of the “International Day of the Seafarer”, celebrated by the global shipping community on 25 June. In December, the Blood Donation was held “In Memory of Ben Casey”, the Chamber’s former Training Officer who passed away in December 2021.



## Educational Activities

The Chamber's educational activities, which are being successfully executed for more than twenty years now have contributed to a high extent in creating awareness in Cyprus for the benefits of seafaring careers and land-based professions in Shipping, as well as attracting fresh qualified talent in the Industry. During 2023, the following activities were held:

### "Adopt-A-Ship" Programme

The Chamber's "Adopt a Ship" Programme completed another successful year with 110 vessels of different types, ranging from bulk carriers to containers and tankers from the Chamber's Member-companies, participating in the Programme for the academic year 2022-2023. The "Adopt-a-Ship" Programme was initiated by the Cyprus Shipping Chamber in 2006 and has and continues to receive recognition from shipping leaders locally and internationally. The Programme is also being adopted in many countries worldwide. The Programme involves assigning to a number of elementary schools' classrooms a vessel each for email communication between the children and the crew of the vessel with the aim to inform the children about the itinerary and everyday activities taking place onboard the vessel, thus at an early stage create awareness about

Shipping to the young generation, with a prospect to follow a career in Shipping at a later stage. Since the beginning of the Programme in 2006, and through the valuable assistance of the Cyprus Marine Environment Protection Association (CYMEPA), more than 20,000 children from 986 classes in 105 elementary schools participated in the Programme. Taking this opportunity, the Chamber, would like to express its appreciation to CYMEPA, for its continuous support and co-operation towards the successful promotion of the Programme. The Chamber's target, is that this pioneering program, which is part of the Chamber's broader effort to inform the new generation of career prospects in the Shipping sector, to be extended to an even larger number of primary schools.





## “Career in Shipping” presentations / Participation at Career Fairs

Chamber representatives continued to give presentations promoting a “Career in Shipping” to high schools and other professional academic institutions. The presentations are carried out at a national scale. The Chamber also participated in Career Fairs during which, the Secretariat provided information to the public about the employment opportunities that exist in the wider Shipping sector including careers at sea.



## Institute of Chartered Shipbrokers (Cyprus Branch) - “Understanding Shipping”

Moreover, for more than three decades, the Institute of Chartered Shipbrokers (Cyprus Branch) in cooperation with the Cyprus Shipping Chamber offers the Training Course entitled “Understanding Shipping”. The Course has been customised through the years to meet the particular requirements of the Cyprus Shipping Industry and it is used by Chamber Members to offer a Shipping education to those employees in the companies that do not have a prior Shipping education as well as to stimulate the interest of the students for furthering their education by attaining the qualifying examinations and becoming

members of the Institute as “Qualified Shipbrokers”.

The Chamber also participated at the Selection Committee of the Institute of Chartered Shipbrokers Scholarships Program by Ancoria Insurance Public Ltd., in cooperation with the Institute of Chartered Shipbrokers (ICS) and YoungShip Cyprus, granting three full scholarships for the seven subjects required to undergo the Professional Qualifying Examinations (PQE) which can lead to Membership (MICS) of the ICS.



# Maritime Events

## Maritime Cyprus 2023” Conference

The 2023 “Maritime Cyprus” International Conference was organised by the Shipping Deputy Ministry in close cooperation with the Cyprus Shipping Chamber and the Cyprus Union of Shipowners between 9 and 11 October 2023 under the theme “Shipping in Action: An Agenda for Change,” focusing on critical issues related to upcoming policy and regulatory changes in the international maritime arena and the active steps the maritime sector is taking in that direction. The official Opening Ceremony of the working deliberations of the Conference on Monday, 9 October 2023, was addressed by H.E. the President of the Republic of Cyprus, Mr. Nikos Christodoulides, who emphasised the importance of the Shipping Industry in Cyprus’ economy, its competitive advantages and the Government’s efforts to enhance further Cyprus’s role at an international and regional level in shaping shipping policies.

The Opening Reception was held on Sunday, 8 October 2023, in Limassol, where the “Cyprus Maritime Award 2023” was bestowed.

Prominent stakeholders and professionals from the shipping world, including Mr. Kitack Lim, the Secretary-General of the International Maritime Organisation (IMO), Ms. Adina Vâlean, the European Com-

missioner for Transport, Mr. Emanuele Grimaldi, the Chairman of the International Chamber of Shipping (ICS), Mr. Philippos Phillis, the President of the European Community Shipowners’ Associations (ECSA), and Mr. Arsenio Dominguez, Secretary-General elect of the International Maritime Organisation, actively participated in high level discussions.

The Cyprus Shipping Chamber, organised a panel discussion entitled “Sustainable Shipping towards 2050: a Mission (Im)Possible?”. The discussion was moderated by Mr. Themis Papadopoulos, the President of the Cyprus Shipping Chamber, featuring high level speakers such as Mr. Emanuele Grimaldi, Chairman of the International Chamber of Shipping (ICS), Mr. Philippos Phillis, President of the European Community Shipowners’ Associations (ECSA), Dr. Gaby Bornheim, President of the German Shipowners’ Association (Verband Deutscher Reeder - VDR), and Mr. Nikolaus H. Schües, President of the Baltic and International Maritime Council (BIMCO).

During the conference, there was also a ‘Maritime Services Exhibition,’ with more than 30 exhibitors, inaugurated by the President of the Republic, Mr. Nikos Christodoulides.



## “Thalassa 2023” Event

The Chamber, supported with its participation the 2nd “THALASSA 2022” event, organised by the Shipping Deputy Ministry and the Limassol Municipality, on 20-21 May, in Limassol. During the event, the Chamber carried out a campaign informing visitors about the wide range of career choices in the field of Shipping, the educational programs offered within Cyprus, while promoting the important role of Shipping for the well-being of society and the Chamber’s multifaceted work.

The Chamber also participated in the 5 km Run, which took place within the framework of this event organised by the local trade union, SEK, as a way for Cyprus Shipping to express its appreciation to Seafarers, who continued transferring world trade during the challenging period of the pandemic.



## Policy Issues

During 2023, the Chamber focused its efforts on the below key priorities/shipping policy issues that concern challenges facing Cyprus Shipping. It aimed at improving the Cypriot infrastructure and flag, the safeguarding of its Member-companies interests locally and internationally, ultimately ensuring the viability and further development of the sector.

### Protection against ship attacks

As a result of the armed attacks against merchant vessels in the Red Sea which resulted in fatalities and hostage taking of seafarers, to material damage against commercial vessels as well as in the continuing disruption of navigation on key sea routes crucial to trade and critical to securing the food and energy supply chain of Europe, the Chamber

emphasised the need and demanded the safeguarding of the international principle of free navigations as well as the protection of seafarers and vessels operating in these high-risk areas. In this context, the EU defence maritime security operation in the Red Sea “ASPIDES” was welcomed as a positive step in this direction.



### EU Shipping Administration Upgrade

In view of the upcoming EU elections and the introduction of a new EU Commission, it is imperative that the Cypriot Government intensifies recent communications made regarding the administrative upgrade of the Maritime Administration

within the structure of the new Commission to adequately reflect the multi-dimensional politico-economic significance that the Maritime Industry provides to the Union in matters regarding trade, energy and security.

## Cyprus Shipping Company with Limited Liability

The Chamber continues to work closely with the Shipping Deputy Ministry towards the full implementation of the “Shipping Company with Limited Liability” Law. This law enables “Cyprus Shipping Companies” to be registered in the “Shipping Company with Limited Liability” Registry, which will be supervised by the Shipping Ministry. The formation of a Shipping Company with Limited Liability, aims to improve the competitiveness of the Cyprus Flag interna-

tionally, as well as to simplify the procedures and the operating regime of the Cyprus shipping companies that are owners of Cyprus ships. As such, it constitutes a new specialised form of legal entity, more flexible, which is closely connected with the smooth operation of the Cyprus Registry, its further development and increase the attractiveness of using Cyprus Shipowning Companies.

## Establishment of Specialised Financing Institution for Shipping/Transport Sector

The existing ship financing provisions by Cyprus Commercial Banks cannot adequately accommodate the demanding / specialised needs of operational liquidity for Shipowning companies. There is therefore, a strong need for the establishment of a specialised Financing Institution for the Shipping and Transport Sector, which will focus exclusively on providing competitive finance for the purchase of ships or other forms of transport, through other regional financial institutions funding, thus, supporting the Industry’s “Green” Transformation efforts. Within this framework, the Chamber has embarked on a targeted initiative so as to streamline a way forward by means of the preparation of a formal proposal which could be then promoted in cooperation with other bodies/organisations in support of the establishment of this type of financing institution in Cyprus.



## Cyprus Implementation of EU Directive on OECD Pillar II Rules on Shipping

For the Shipping Industry it is of utmost 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. We depend heavily on the close coordination with the Ministry of Finance, and of course the Shipping Ministry, to ensure

that the new OECD rules and the required EU harmonisation will be implemented correctly so that they will not negatively affect our successful Tonnage Tax system. Shipowning and shipmanagement have unique characteristics and it is imperative that we shall not jeopardise what we have jointly built over the past decades.

## Θέματα Πολιτικής

Κατά το 2023 το Επιμελητήριο εστίασε τις προσπάθειές του στις παρακάτω βασικές προτεραιότητες και ζητήματα ναυτιλιακής πολιτικής που αφορούν τις προκλήσεις που αντιμετωπίζει η Κυπριακή Ναυτιλία. Στόχευσε στη βελτίωση των συμφερόντων των εταιρειών-Μελών του τόσο σε διεθνές όσο και τοπικό επίπεδο, διασφαλίζοντας έτσι τη βιωσιμότητα και την περαιτέρω ανάπτυξη του τόσο σημαντικού κλάδου της Κυπριακής Οικονομίας.

### Προστασία από επιθέσεις πλοίων.

Με έναυσμά τις ένοπλες επιθέσεις κατά εμπορικών πλοίων στην Ερυθρά Θάλασσα που οδήγησαν τόσο σε θανάτους και σε ομηρείες ναυτικών, όσο και σε υλικές ζημιές πλοίων, καθώς και στη συνεχιζόμενη διακοπή της ναυσιπλοΐας επί βασικούς εμπορικούς θαλάσσιους δρόμους -καθοριστικής σημασίας για την εξασφάλιση της εφοδιαστικής αλυσίδας τροφίμων και ενέργειας της Ευρώπης- το Επιμελητήριο

απαίτησε τη διαφύλαξη της διεθνούς αρχής της ελεύθερης ναυσιπλοΐας καθώς τόνισε και την ανάγκη της προστασίας τόσο των ναυτικών όσο και των πλοίων που επιχειρούν σε αυτές τις υψηλού κινδύνου περιοχές. Σε αυτό το πλαίσιο, η αμυντική επιχείρηση θαλάσσιας ασφάλειας της Ευρωπαϊκής Ένωσης στην Ερυθρά Θάλασσα “ΑΣΠΙΔΕΣ” καλωσορίστηκε σαν ένα θετικό βήμα προς αυτή την κατεύθυνση.



### Αναβάθμιση της Ναυτιλιακής Διοίκησης της Ε.Ε.

Ενόψει των επικείμενων εκλογών στην ΕΕ και την σύσταση της νέας Ευρωπαϊκής Επιτροπής το 2024, είναι επιτακτική ανάγκη η Κυπριακή Κυβέρνηση να εντείνει τις πρόσφατες επαφές της με Θεσμούς της ΕΕ προς αναβάθμιση της Ναυτιλιακής Διοίκησης εντός της δομής τα νέας Επιτροπής

της ΕΕ ώστε να αντικατοπτρίζεται επαρκώς η πολυδιάστατη σημασία της Ναυτιλιακής Βιομηχανίας εντός της δομής της Ένωσης επί πολιτικών, οικονομικών, ενεργειακών και εμπορικών θεμάτων καθώς και ζητημάτων ασφαλείας.

# Κυπριακή Ναυτιλιακή Εταιρεία Περιορισμένης Ευθύνης (Ν.Ε.Π.Ε.)

Το Επιμελητήριο συνεχίζει να συνεργάζεται στενά με το Υφυπουργείο Ναυτιλίας για την πλήρη εφαρμογή του περί Ναυτιλιακής Εταιρείας Περιορισμένης Ευθύνης Νόμου του 2022. Ο Νόμος αυτός θα δώσει τη δυνατότητα στις Κυπριακές Ναυτιλιακές Εταιρείες να εγγράφονται στο Μητρώο Ναυτιλιακών Εταιρειών Περιορισμένης Ευθύνης, το οποίο θα εποπτεύεται από το Υφυπουργείο Ναυτιλίας. Η σύσταση της νέας αυτής οντότητας στοχεύει στη βελτίωση της ανταγωνιστικότητας της Κυπριακής Σημαίας διεθνώς, καθώς και στην απλοποίηση των διαδικασιών και του καθεστώτος λειτουργίας των Κυπριακών πλοιοκτητικών Εταιρειών που θα αποτελεί μια εξειδικευμένη μορφή νομικής οντότητας πιο ευέλικτη και στενά συνδεδεμένη με την

ομαλή λειτουργία του Κυπριακού Μητρώου, την περαιτέρω ανάπτυξή του, και την επαυξημένη ελκυστικότητα της χρήσης Κυπριακών Πλοιοκτητριών Εταιρειών. Αυτή η σημαντική εξέλιξη, θα επιτρέψει σε “Κυπριακές Ναυτιλιακές Εταιρείες” να εγγράφονται στο Μητρώο της “Ναυτιλιακής Εταιρείας Περιορισμένης Ευθύνης”, το οποίο θα εποπτεύεται από το Υφυπουργείο Ναυτιλίας και ως εκ τούτου, η εγγραφή τους θα μπορεί να υλοποιηθεί μέσω του “Μονοθυριδικού Ναυτιλιακού Κέντρου Εξυπηρέτησης” με πολύ θετικές επιπτώσεις στην ανταγωνιστικότητα των υπηρεσιών που προσφέρει το Υφυπουργείο, καθώς και στους παρόχους συναφών υπηρεσιών σε Ναυτιλιακές Εταιρείες, όπως, για παράδειγμα, νομικοί σύμβουλοι/ δικηγορικές εταιρίες.



## Δημιουργία Εξειδικευμένου Χρηματοδοτικού Οργανισμού Ναυτιλίας / Μεταφορών

Η υπάρχουσα δομή δανεισμού αγοράς πλοίων από Κυπριακές εμπορικές τράπεζες δεν μπορεί να καλύψει τις υψηλού μεγέθους και εξειδικευμένες ανάγκες παροχής λειτουργικής ρευστότητας σε Πλοιοκτήτριες εταιρείες. Υπάρχει λοιπόν, η υπαρκτή ανάγκη δημιουργίας ενός Εξειδικευμένου Χρηματοδοτικού Οργανισμού στον Τομέα της Ναυτιλίας

και ευρύτερα των Μεταφορών, ο οποίος θα επικεντρώνεται αποκλειστικά στην παροχή δανείων για την αγορά πλοίων ή άλλων μορφών μεταφοράς, μέσω της χρηματοδοτικής στήριξης άλλων περιφερειακών χρηματοδοτικών οργανισμών, υποστηρίζοντας τις προσπάθειες “Πράσινου” Μετασχηματισμού του Ναυτιλιακού Τομέα.

# Environment and Climate Change

## International Maritime Organisation (IMO)

### • Revision of the initial IMO GHG Strategy

In July the IMO agreed the 2023 IMO GHG Strategy for the reduction of emissions from ships by revising the 2018 Initial IMO Strategy. The 2023 IMO GHG Strategy maintained the reduction in carbon intensity of international shipping (to reduce CO2 emissions per transport work), as an average across international shipping, by at least 40% by 2030 compared to 2008 levels.

The 2023 Strategy now also includes:

- A new level of ambition relating to the uptake of zero or near-zero GHG emission technologies, fuels and/or energy sources which are to represent at least 5%, striving for 10%, of the energy used by international shipping by 2030.
- GHG emissions from international shipping to reach net-zero GHG emissions by or around, i.e. close to, 2050
- Indicative checkpoints to reach net-zero GHG emissions from international shipping, namely:
  - ♦ to reduce the total annual GHG emissions from international shipping by at least 20%, striving for 30%, by 2030, compared to 2008; and
  - ♦ to reduce the total annual GHG emissions from international shipping by at least 70%, striving for 80%, by 2040, compared to 2008.

### • Short-term measures for the reduction of GHG emissions

The following Short-Term Measures came into play from 1 January 2023:

#### a. The Energy Efficiency Existing Ship Index (EEXI)

A ship’s attained EEXI indicates its energy efficiency compared to a baseline. The calculated attained EEXI value for each individual ship must be below the required EEXI, to ensure the ship meets a minimum energy efficiency standard. This measure with mostly achieved through a forced reduction of the ship’s speeds by fitting an Engine Power Limitation or a Shaft Power Limitation mechanism.

#### b. The operational Carbon Intensity Indicator (CII) rating scheme

The CII determines the annual reduction factor needed to ensure continuous improvement of a ship’s operational carbon intensity within a specific rating level. The actual annual operational CII achieved must be documented and verified against the required annual operational CII. This enables the operational carbon intensity rating to be determined. Based on a ship’s CII, its carbon intensity is rated A, B, C, D or E (where A is the best). A indicates a major superior, B a minor superior, C a moderate, D a minor inferior and E an inferior performance level. The performance level is recorded in a “Statement of Compliance” to be further elaborated in the ship’s Ship Energy Efficiency Management Plan (SEEMP).



The IMO's Marine Environment Protection Committee will review the effectiveness of the implementation of the CII and EEXI requirements by 1 January 2026 at the latest.

In 2023 the Chamber participated in all the online deliberations at IMO for the reduction of GHG emissions from ships, both at the Intersessional Working Group meetings and at the MEPC meetings.

#### • Mid- and Long-term GHG reduction measures

In accordance with the timelines set out in the 2023 IMO Strategy and the Work Plan to progress development of mid- and long-term GHG reduction measures, a basket of candidate measure(s), delivering on the reduction targets, should be developed and finalized comprised of both:

1. a technical element, namely a goal-based marine fuel standard regulating the phased reduction of the marine fuel's GHG intensity; and
2. an economic element, on the basis of a maritime GHG emissions pricing mechanism.

For the technical element the International Chamber of Shipping proposed amendments to MARPOL Annex VI, in terms of maximum permitted GHG intensity of fuels in 2030

and 2040, i.e. an absolute fuel standard, similar to the approach used for the IMO 2020 sulphur regulation, but revised to provide for a voluntary "energy pooling compliance mechanism". This will provide flexibility to enable compliance, should fuels of the required GHG intensity not always be available and send an unambiguous signal to fuel producers/suppliers.

For the economic element the International Chamber of Shipping proposed a maritime GHG emissions pricing mechanism via a Fund and Reward (F&R) mechanism, establishing a Zero Emission Shipping Fund (ZESF). Funds collected from mandatory contributions by ships per tonne of CO<sub>2</sub>e emitted will be utilized to provide rewards to ships using eligible zero/near-zero GHG fuels through a "feebate" mechanism narrowing the cost gap with conventional fuels, as well as providing, via a separate IMO (GHG) Maritime Sustainability Fund (IMSF), billions of US dollars of funding to support maritime GHG reduction efforts of developing countries, especially Least Developed Countries (LDCs) and Small Island Developing States (SIDS).

The Chamber was actively involved in the development of the 'F&R' proposal and the relevant industry's submission to the IMO, fully supports this initiative and will continue to play an active part in the global Shipping Industry's efforts to decarbonise.



# EU “Fit for 55” climate package – EU ETS & FuelEU proposals

The European Commission finalised and published in 2023 all the shipping related Directives and Regulations in the “Fit for 55” climate package. The two climate package regulations that directly affect shipping companies whose ships trade to/from or within Europe are the revised EU ETS Directive and the FuelEU Maritime Regulation.

## EU Emissions Trading System (EU ETS)

The revised EU ETS Directive entered into force on 1 January 2024 following the publication also in 2023 of all the Implementing and Delegated Acts that give full implementation to the Directive. Corresponding changes have been effected to the revised EU Monitoring, Reporting and Verification (MRV) Regulation.

Under the EU ETS Directive shipping companies are defined as the registered shipowners, by default, or the ISM Managers, only if they are contractually mandated by the shipowners. Emissions from maritime transportation included in the EU ETS are as follows:

The EU ETS will apply to all cargo vessels and passenger ships over 5,000 gross tonnes.

100% of emissions from intra-European routes and 50% of emissions from extra-European routes to and from the EU, will be covered.

Shipping companies have to surrender allowances that cover 40% of their verified emissions in 2024, 70% in 2025 and 100% in 2026.

The EU ETS will be extended to cover methane (CH<sub>4</sub>) and nitrous oxides (N<sub>2</sub>O), not only CO<sub>2</sub>, from 2026.

Offshore service vessels of 5,000 gross tonnes or more will be included in the MRV Regulation on the monitoring, reporting and verification of CO<sub>2</sub> emissions from maritime transport from 2025 and will be included in the EU ETS from 2027.

General cargo vessels and offshore vessels between 400 – 5,000 gross tonnes will be included in the MRV Regulation from 2025 and their inclusion in the EU ETS

will be reviewed in 2026.

Failure to surrender emission allowances for a ship will lead to the imposition of fines on the shipping company and ultimately also refusal of port calls in Europe of their ship(s).

The ETS Directive earmarked EU ETS revenues back to the maritime sector, to support its energy transition. At least 20 million ETS allowances, which correspond to 1.5 billion euro under the current ETS carbon price, will be allocated to maritime projects under the Innovation Fund.

The Chamber welcomed the agreement on mandatory dedicated calls for maritime under the Innovation Fund as this will be key in bridging the price gap with clean fuels, improving the energy efficiency of ships, fostering innovation and building the infrastructure in ports.

The shipping industry will not be able to tackle the major task of decarbonisation alone. All stakeholders must be on board. The Chamber therefore also welcomed the recognition of the “polluter-pays principle” through mandatory requirements for the pass-through of the EU ETS costs to the commercial operators of the vessels.

The Chamber’s strong belief of course is that an international market-based measure within the framework of the International Maritime Organization (IMO) would be more effective and therefore also welcomed the inclusion of a clause in the Directive asking the Commission within 18 months after the adoption of an IMO measure and before it becomes operational, to present a report examining the global market-based measure and the coherence between the EU ETS and the IMO measure.

# FuelEU

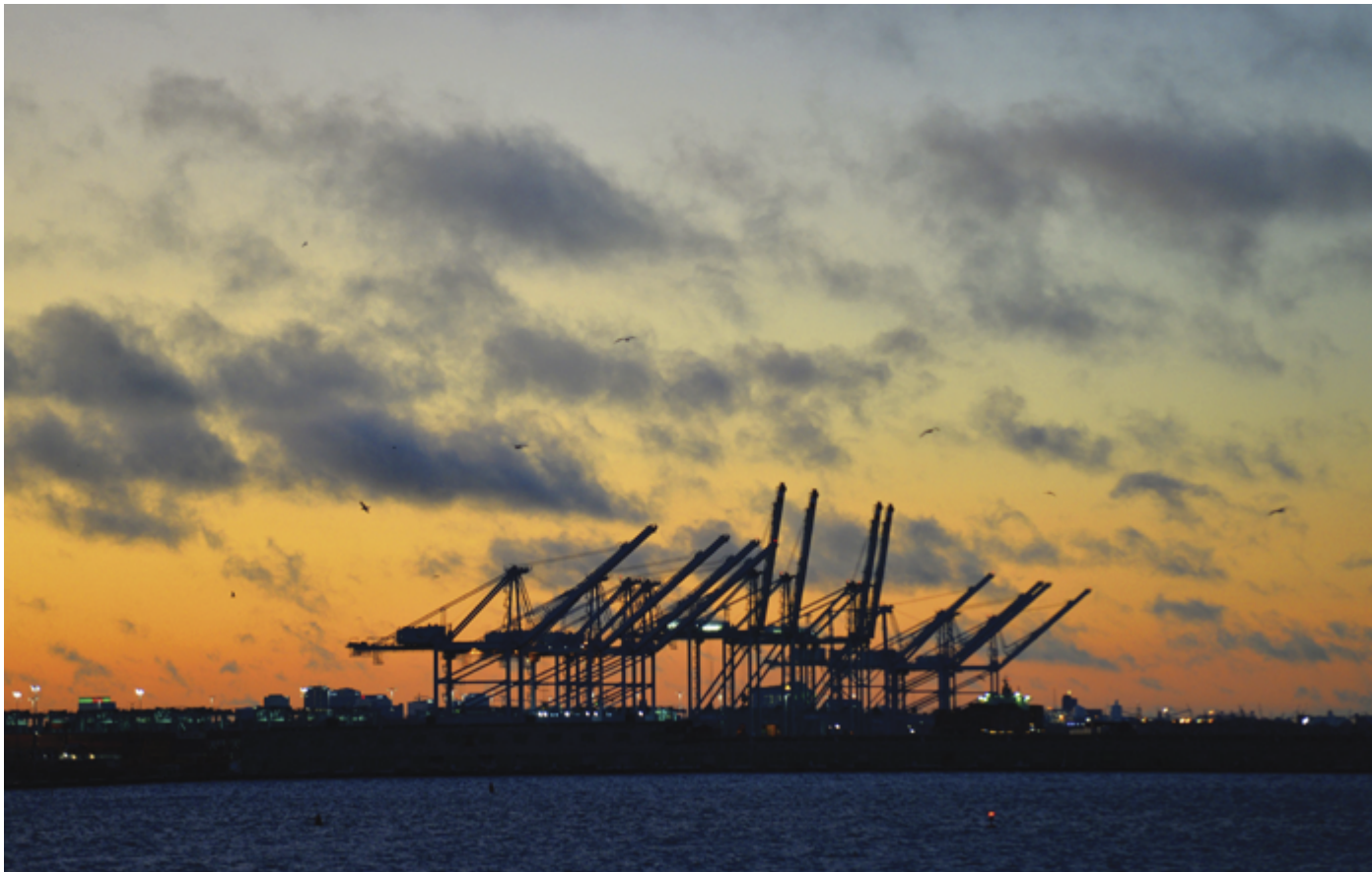
The FuelEU Maritime Regulation will come into effect on 1 January 2025 and mainly includes two specific measures to facilitate the decarbonization of maritime transport, namely:

- (i) sets a maximum limit on the greenhouse gas intensity of energy used onboard by a ship arriving at, staying within, or departing from ports in the EU. The GHG intensity requirement applies to 100% of energy used on voyages and port calls within the EU or EEA, and 50% of energy used on voyages into or out of the EU or EEA. The GHG intensity threshold will be subject to a five-year percentage reduction with respect to a reference value, which is based on the average energy used onboard in 2020, reported in the EU Monitoring Reporting and Verification (MRV) data of that year, calculated equal to 91.16 gCO<sub>2</sub>e/MJ.

Year	2020	2025	2030	2035	2040	2045	2050
<b>Reduction</b>	-	-2%	-6%	-14.5%	-31%	-62%	-80%
<b>GHG intensity [gCO<sub>2</sub>e/MJ]</b>	91.16	89.34	85.69	77.94	62.90	34.64	18.23

- (ii) obligations to connect to onshore power supply or zero-emission technology in ports in the EU. From 2030, container ships and passenger ships are required to connect to shore power when at berth for more than two hours in a Trans-European Transport Network (TEN-T) port. From 2035, the requirement applies to all ports where shore power is available.

The Chamber welcomed the objectives of the FuelEU Maritime to foster the market uptake of cleaner fuels that are currently not commercially available, but stresses that more needs to be done to facilitate the energy transition and the decarbonisation of the shipping industry. In order for the shipping industry to meet its ambitious decarbonisation targets, affordable clean fuels must be made available in the market.



# Cyprus Shipping: Navigating the EU Sanctions Matrix

The Chamber continued to monitor the developments within the Sanctions landscape and has been following the regular updates provided by the Cyprus Government, the European Commission, the International Chamber of Shipping (ICS) and the European Community Shipowners Associations (ECSA). Through regular updates, the Chamber was able to continue to provide constant and up-to-date information to its Member-Companies pertaining to the adoption of sanctions against Russia, which may have an impact on Shipping.

A series of packages of sanctions against Russia, targeting individuals with travel bans and asset freezes, have been adopted by the EU and other countries internationally during 2023 and as such, our efforts focused initially to obtaining clarifications pertaining to the practical implementation of the sanctions, so as to be able to consolidate and share as much information as possible.

A price cap on Russian oil and a relevant implementation mechanism was introduced as part of the 10th package of sanctions, and as a result, our efforts focused to overcoming any possible implementation or compliance challenges. More importantly, subject to a relevant provision which was included in the preamble of both legal acts of the 10th sanctions package, relating to a commitment of the EU Commission to offer Supportive/Compensatory Measures to EU Shipping, the Chamber had initiated an exercise amongst its members in order to obtain proposals/suggestions on the form that these measures could take. A number of proposals were therefore brought forward and were submitted to the Shipping Deputy Minister for further consideration.

An 11th package of sanctions followed which sought to strengthen the application of existing sanctions and



prevent the circumvention of the EU restrictive measures, in particular as regards the implementation of the price cap on Russian oil products. An updated set of FAQs was issued and guidance on oil cap compliance, in relation to, Ship-to-Ship transfers, AIS tampering and bunkering.

This was complemented by the 12th package of sanctions which introduced tighter compliance rules to support the implementation of the oil price cap and clamp down on circumvention. Furthermore, a strengthened information sharing mechanism allowed for better identification of vessels and entities carrying out deceptive practices, such as ship-to-ship transfers used to conceal the origin or destination of cargo and AIS manipulations, while transporting Russian crude oil and petroleum products. Notification rules were also introduced for the sale of tankers to any third country in order to make more transparent their sale and export, in particular in the case of second-hand carriers that could be used to evade the import ban on Russian crude or petroleum products and the price cap.

The Chamber, through ICS and ECSA, advocated for a harmonised framework of guidance, in alignment with the overall approach followed by countries imposing sanctions. Sanctions sound simple but can we say the same for their practical implementation? It is clear that there are inconsistencies and many grey areas. For the Chamber it is therefore, vital to harmonise and align measures and guidance across jurisdictions.

Setting sanctions may be a sensible measure...but ensuring they are effective would be most sensible.

The Chamber recognises that these are even more challenging times for all of us, on a personal and business level and it will stand by the side of its members in order to “Navigate the EU Sanctions Matrix” with the least collateral damage.

# EU Tax Reform: The Shipping Pillar

During the past year, the Chamber focused on a number of EU taxation initiatives. Via its active participation at the International Chamber of Shipping (ICS) and the European Community Shipowners' Associations (ECSA), the Chamber was able to productively contribute with constructive input during the consultation process on the below files:

## 1. OECD Pillar II implementation by the EU

On 15 December 2022, the Council of the EU formally adopted Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (the Directive). The Directive closely follows the Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two) (OECD Model Rules) approved on 14 December 2021 by the OECD/G20 Inclusive Framework on BEPS. As with the OECD Pillar II Rules, the Directive also contains rules aimed at reducing the opportunities for Base Erosion and Profit Shifting, to ensure that the largest multinational groups of companies operating in the EU with an annual combined revenue of at least €750 million, and where the ultimate parent entity holds at least 75% of the ownership rights or of the rights giving entitlement to profit, pay a minimum rate of 15% corporate tax.

From the outset, the Shipping Chamber raised concerns, with regard to a number of inconsistencies that existed between the OECD rules and the EU Directive as regards the definition of “international shipping income”, advocating that if the amendments/solutions proposed by the

Shipping Industry were not adopted, there would be negative repercussions on the operational aspect of Shipping as it would create confusion as far as applicability is concerned and would lead to distortions of the level playing field between EU Member States and non-EU countries. These inconsistencies as regards the definition of “shipping income”, related to: (1) Offshore service vessels; (2) International Traffic; (3) Shipmanagement; (4) Bareboat income; and (5) Substance requirements. It was rather disappointing to see that, the amendments/solutions proposed by the Shipping Industry were not taken into consideration and the Directive was adopted without the changes the industry advocated for.

Following the above negative development, the Shipping Chamber requested from the Ministry of Finance to consider a number of alternative options in terms of the practical transposition and implementation/interpretation of the relevant EU Directive (based also on a relevant legal opinion commissioned by ECSA) so as to ensure that the crucial issue on Shipmanagement and the other inconsistencies, would be positively resolved on a national level. It is imperative therefore, that EU Member States proceed towards a uniform interpretation of the definition in order to avoid fragmentation. It is important to ensure as much consistent interpretation as possible between the EU Member States as this may then trigger a wider response at OECD and a consistent interpretation at international level.

The Shipping Chamber will, therefore, continue its efforts vis-à-vis the Cyprus Government towards a realistic and pragmatic implementation of the EU Pillar II Directive, through a practical transposition and implementation/interpretation.



## 2. Business in Europe: Framework for Income Taxation (BEFIT)

On 12 September 2023, the European Commission published a proposal for a Council Directive on Business in Europe: Framework for Income Taxation (BEFIT). This is the return of the Common Corporate Tax Base (CCTB) initiative which was promoted by the European Commission in the past and the current proposal has a hybrid scope for mandatory and optional application.

Under the general provisions of Chapter I, the proposal defines a hybrid scope (mandatory and voluntary) for the application of the rules under this Directive. The mandatory scope comprises the same groups as Pillar 2 (i.e. groups with annual combined revenues of at least EUR 750 million) but is limited to the Union subset of entities that meet the 75% ownership threshold. The voluntary scope could be of particular interest to smaller groups that operate cross-border and provided they prepare consolidated financial statements. When a group applies or chooses to apply the rules of this Directive, the framework will apply to the whole 'BEFIT group'.

It is good to see that, the Shipping Industry's suggestions have been taken onboard and the proposal carves out shipping income covered by tonnage tax regimes provided that the regime has been approved by the European Commission in accordance with the EU State Aid Guidelines. It would be interesting to see the correlation between this Directive and the EU OECD Pillar II Directive in terms of the shipping income definition and the differentiation between the two.

Considering that: the mandatory scope may have a limited or no effect at all for Cyprus-based companies, smaller groups can choose on a voluntary basis whether they want to apply the rules, and there is a carve out on shipping income covered by tonnage tax regimes, the Shipping Chamber was able to support the proposal.

In any case, there will be significant debate regarding this proposed Directive and the degree of support amongst Members States will vary, as was the case with previous proposals of a similar nature which aimed to harmonize corporate income tax rules throughout the EU. So, the progress of the due process should be monitored for any changes to the draft Directive resulting from the positions of different Member States and efforts to achieve compromise, and whether the Directive will finally be adopted is by no means certain.

# Social Aspects of Shipping: Claims to Jurisdiction

## a) UK Seafarers' Wages Act 2023

On 23 March 2023, the UK law cited as the UK Seafarers' Wages Act 2023 received the necessary Royal Assent. In summary, the new legislation imposes the UK national minimum wage on ships of any flag regularly calling/serving UK ports irrespective of the fact that a vessel operates an international service. It applies to 'services for the carriage of persons or goods by ship, with or without vehicles, between a place outside the United Kingdom and a place in the United Kingdom'. Operators of ships providing services that call at UK ports on at least 120 occasions in a year are now required to provide a declaration to the relevant Statutory Harbour Authority (SHA) that they are paying their seafarers, who would not normally qualify for payment of the UK National Minimum Wage, at least at a rate equivalent to the UK National Minimum Wage for work which is carried out in the UK or its territorial waters.

This new legislation seriously undermines carefully balanced international frameworks and maritime principles that govern the rights of flag States of ships trading internationally for decades. In addition, this unilateral measure introduced by the UK Government has set a dangerous precedent, which was later on emulated by other nations (e.g. France and Norway), and placed the UK in conflict with the obligations it has accepted, inter alia, under the United Nations Convention on the Law of the Sea (UNCLOS) and the ILO Maritime Labour Convention (MLC 2006). For a single country to determine that its minimum wage is appropriate for seafarers of any country of residence, including those not registered under its flag State Administration, would greatly disrupt the economic framework which operates throughout the global Shipping Industry and which underpins the efficient service

which it provides to the global economy. Such an excessive claim to jurisdiction by the UK also presents the serious risk that this could be emulated by other countries throughout the world, including those in other regions, and applied unilaterally to ships for entirely different matters.

## b) French law on seafarers' wages and working conditions

The French law on minimum wages and specific working conditions for seafarers was adopted unanimously by the French National Assembly on 19 July 2023, and was published in the French Official Journal becoming Law 2023/659 of 26 July 2023.

The new law entered into force on 1 January 2024, and it is applicable to passenger vessels carrying out regular international lines reaching any French port. The definition of 'regular international lines' will be provided by a decree of the Conseil d'État and will be based on operational criteria, in particular on the frequency of port calls at a French port. It is reported that the initial decree will limit the scope to the English Channel.

The law introduces Seafarers working on passenger vessels operating in the regular international lines as defined by the decree will be entitled to the same pay as workers employed by companies in the same branch of activity established in France. Seafarers will be entitled to a rest period on land at least equivalent to the duration of their time on board. A Conseil d'Etat decree will determine the maximum duration of time on board, taking into account the criteria for the operation of the lines concerned, navigation safety and the fight against marine pollution. In the event of non-compliance, criminal and administrative sanctions are foreseen.

### c) Norwegian law on seafarers' wages and working conditions

In Norway, the State Secretary confirmed in November 2023 that the new bill to ensure foreign seafarers the same pay and working conditions as Norwegian seafarers is now set to be presented at the beginning of 2024. It has been reported that the Norwegian Government is actively working to finalise and present the bill to the Norwegian Parliament. However, the exercise seems that it will take longer than expected.

The Cyprus Shipping Chamber through its active participation within the International Chamber of Shipping (ICS) and the European Community Shipowners Associations (ECSA) raised its concerns in the sense that such unilateral measures undermine the carefully balanced international frameworks and principles (both legal and universally applicable customs) that govern seafarers' remuneration and conditions of employment, including the United Nations Convention on the Law of the Sea (UNCLOS) and the ILO Maritime Labour Convention 2006 (MLC), to which the UK, France and Norway are State Parties and create a dangerous precedence for possible spill-over effects in other frameworks.

Taking into account that the Shipping Industry has no status under international law and is dependent on States to uphold the rules-based international order, unless these legislative measures are challenged by States, it could be argued that the international community has acquiesced to these actions.



# Cyprus Shipping: What lies ahead...

From an economic point of view 2023, was a relatively good year for Cyprus with Real GDP growing by 2.4%, but also paradoxical considering inflation, which had long been below the Eurozone average, suddenly shooting up and declining just as fast. In this context, Cyprus Shipping, despite minor declines in revenues in some of its areas, economic data indicate impressive resilience. For example, shipmanagement revenues for the first half of 2023 reached €623 million while the overall Shipping Industry continued its steady contribution of 7% or €1.2 billion in absolute numbers, to the country's GDP. Further, the Sector remained one of the most reliable sources of foreign direct investment attracting presence from foreign companies, particularly from Germany, Greece, Switzerland, Malta, and Singapore.

With that in mind, it is of utmost importance that the Cyprus Tonnage Tax system, remains unaffected by the forthcoming implementation of the OECD "Pillar II" Rules as it is imperative to not jeopardize what has been built over the past decades. Furthermore, the implementation of the law on "Shipping Limited Liability Company" will breathe fresh air into the sector by establishing a more flexible and with simplified procedures and operating regimes legal framework for shipowning companies rendering the Cyprus flag even more competitive.

During 2023 even though the domestic Shipping Industry maintained its competitiveness and resilience, the ongoing war in Ukraine and more recently in the Middle East, have caused significant turbulence internationally, inevitably affecting Shipping as well.

The knock-on effects of the war in Gaza have been particularly impactful to the global supply chain because of the disruption to the free navigation in the Red Sea - a key trade route for Europe's supply chain. This also led to a rise in the operating costs of vessels, rise in freight rates and insurance premiums, as well as in shipment delivery delays thus bringing Shipping back to the forefront of local and international media, starkly reminding us of the fact that it is the main "Blood Donor" of World Trade, transporting 90% of goods worldwide.

Sadly, the attacks also entailed hostage takings and seafarer fatalities and have also caused material damages to vessels, highlighting the need for States in taking an active role in the security and protection of those operating in these high-risk areas. The Chamber emphasized this need and demanded the safeguarding of seafarers, vessels and of the international principle of free navigation. In this context, the EU defence mari-

time security operation in the Red Sea "ASPIDES" was welcomed as a positive step in this direction.

In addition to the above, the Green and Digital transition of the sector gained impetus but continued to pose its own challenges, including harmonization with relevant regulation, and reflection on how to cope associated costs. Although significant progress has been made in preparation for harmonization with European and international environmental regulations, serious concerns remain regarding their realistic application. The further reduction of the relatively small environmental footprint of Shipping entails huge investment decisions, shipping financing and increased operational costs in general. For a smooth transition, it is imperative that any measures taken are sustainable and have global application, thus reducing any adverse effects and unfair competition. It is also of vital importance that safe and suitable alternative fuels and technologies are found, in adequate quantities and key locations worldwide.

Climate change will also drive new business models and collaborations. The developments regarding the "Green Transformation" of the Shipping sector, is a priority for the Industry and the successful and safe transition of Shipping into an even "greener" era requires close cooperation between the public and private sectors, the academic world and private and public financing for the development of the required green technologies and alternative fuels.

Undoubtedly, Shipping is one of the few Industries which continues today to significantly support the Economy without any substantial State investment. Our Industry is of high-value worth and as such, we remain optimistic that the substantial financial contribution of the Shipping Industry as foreign and local direct investment into the Cyprus Economy, will be maintained and strengthened -even more- provided that certain measures advocated by the Chamber and supported by the government of the Republic of Cyprus and its Shipping Deputy Ministry are taken.

Whatever the future holds, the Chamber will shall again be on the forefront of developments enhancing even more its mission to continue delivering positive results and progress for Cyprus Shipping and its Members, through its instrumental role in local, international and European Shipping affairs.

**Thomas A. Kazakos**  
**Director General**  
**Cyprus Shipping Chamber**



# List of Member Companies

## Domestic Members

Acheon Akti Navigation Co. Ltd.

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Asia Marine Philippines (AMP) Ltd.

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Asso.subsea Limited

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Bernhard Schulte Shipmanagement (Cyprus) Ltd.

---

Cassiopeia Shipmanagement (Cyprus) Ltd.

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Celestyal Cruises Ltd.

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Columbia Shipmanagement Ltd.

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Cyfadaco Shipmanagement Ltd.

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Ducat Maritime Ltd.

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EDT Shipmanagement Ltd.

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Enesel Limited

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Epsilon Hellas (Overseas) Ltd.

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Ethos (KMH) Shipmanagement Ltd.

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Euroafrica Shipping Lines Cyprus Ltd

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FML Ship Management Ltd.

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FRS Shipmanagement Ltd.

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Golden Union Maritime Operations SA

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H.M. Pelagic Partners Ltd.

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Hartmann Holdings (Cyprus) Ltd.

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Intergaz Ltd.

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Interorient Navigation Co Ltd

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Intership Navigation Co. Ltd.

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Iona Shipmanagement Ltd

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LEFKARITIS BROS SEAS LTD

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Lemissoler Navigation Co. Ltd

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Lowland International Shipping (Cyprus) Limited

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Marin Shipmanagement Ltd.

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Marlow Navigation Co. Ltd.

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Matrix Ship Management Ltd.

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MSC Shipmanagement Limited

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OSM Group Ltd.

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OSM Thome

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Perestroika (Cyprus) Ltd.

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Petronav Ship Management Ltd.

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Projective Transmarine Finance Co. Ltd.

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RCL Cruises (Cyprus) Ltd.

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Raduga Shipping Ltd.

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Reederei Nord Shipmanagement Ltd.

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Salamis Lines Ltd.

---

Saltgate Shipmanagement (Cyprus) Ltd

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Schoeller Holdings Ltd.

---

Sea Shipping Holding Ltd.

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Sea chefs Cruises Ltd.

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SMT Shipping (Cyprus) Ltd.

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Stena Holding Cyprus Ltd.

---

Synergy Marine Ltd.

---

Tufton Asset Management Limited

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Uniteam Marine Ltd.

---

UPT United Product Tankers Ltd.

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V.Ships Ltd.

---

Zeaborn Ship Management (Cyprus) Ltd.

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## International Members

Tsavliris Salvage (International) Ltd.

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## Domestic Associate Members

AAGE Hempel Cyprus Ltd.

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ACCELLERON

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ABS Europe Ltd.

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Albatross Adjusters Limited

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American Steamship Owners Marine Insurance Company (Europe) Ltd.

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Antaeus Travel and Tourism P.C.

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Aphentrica Marine Insurance Brokers Ltd.

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Aries Marine Insurance Brokers Ltd.

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Bank of Cyprus PLC Ltd.

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Beacon Shipping Ltd.

---

Bureau Veritas

---

Baseblue Ltd.

---

ChartWorld International Ltd.

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Chemikalien Seetransport Cyprus Limited.

---

Chrysanthou Maritime Services Ltd.

---

CMAR Advanced Maritime Automation and Engineering

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CMMI – Cyprus Marine and Maritime Institute

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Cventus Ltd.

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Cycos Navigation Ltd.

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CYMEPA

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Cyprus Maritime Academy – CyMA

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Cyprus Master Mariners Association

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Deep Blue Insurance Brokers Ltd.

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D.E.K.S.A. Ltd.

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Demetriades Group of Companies

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DNV

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Diaplous Maritime Services Ltd

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Dolphin Marine Ltd.

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Dromon Bureau of Shipping

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DP World Limassol

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EAP Marine Ltd.

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Elias Marine Consultants Ltd.

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Elsi Maritime Services Ltd.

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EPSCO RA

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Epsco (Cyprus) Ltd.

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Eurogate Container Terminal Limassol

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FOSS & ESG Catering Ltd.

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FURUNO (CYPRUS) Ltd.

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G.A.P. Vassilopoulos Public Ltd.

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GNA Marine Supplies Ltd.

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Global Maritime Consultants Group

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Globalstar Insurance Brokers Ltd

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Golden Cargo Forwarding & Logistics Ltd.

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GP General Procurement Company Limited (GenPro)

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Hellenic Hull Management (HMA) Limited

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Hellenic Bank Public Company Ltd. Hellenic Bank Shipping

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Hempel Coatings (Cyprus) Ltd.

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IB (Cyprus) Ltd.

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Inglasco International Ltd.

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Institute of Marine Engineering Science and Technology-IMAREST (Cyprus Branch)

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Innospec Limited.

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Interlegal Ltd.

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Island Oil Ltd.

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Jubilance Ltd

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Kalimbassieris Maritime Cyprus Ltd.

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Kition Ocean Port Ltd.

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Kouros Maritime (Cyprus) Ltd.

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KVH Media Group

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Lavar Shipping Company Ltd

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Lapwings Maritime Services Ltd.

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Ledra Ena Shipping Ltd.

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Lloyd's Register

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MCTC Marine Ltd.

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MacGregor Cyprus Ltd.

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MAN Energy Solutions ΕΜΑΣ ΕΠΕ

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Mariapps Marine Solutions Cyprus Ltd

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MARITIME & SCIENTIA LABS

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Marinecare Ltd.

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Marinefields Holding Ltd.

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Marine Wings Air Ticket Professionals Limited

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Maritime Institute of Eastern Mediterranean

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Marsh Insurance Brokers Ltd.

---

Mediterranean Maritime Academy

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Medpool Limited

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M.I.E. Group Ltd.

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Michael Kyprianou & Co. LLC

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Mintra Holding AS

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Monjasa Ltd.

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Muehlhan Cyprus Ltd.

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Multimarine Shipyards Ltd.

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M.S Security & Personnel Ltd

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Navtech Supplies Ltd.

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Nest Investments Holdings (Cyprus) Ltd.

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Northern Lloyd Insurance Brokerage Services Ltd.

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Norden Shipping (Cyprus) Ltd.

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Oceonix Services (Cyprus) Limited

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OCL Oceanic Catering Ltd.

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One Net Group

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One Tech Group

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Oesterreichischer Lloyd Finance Ltd.

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Pivotel Maritime Solutions

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Prevention At Sea Ltd.

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RadiantFleet Ltd.

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R2 Management Cyprus Ltd.

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Raytec Marine Co. Ltd.

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RINA Classification and Certification Cyprus Ltd.

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Royal Blue Logistics Ltd.

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Samia Marine Insurance Brokerage Co. Ltd.

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Scordis Papapetrou & Co. LLC

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Shoham (Cyprus) Ltd.

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SOFTImpact LTD

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SpecTec Group Holding Ltd

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Steamship Mutual Underwriting Association (Europe) Ltd

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Supernova Consulting Ltd.

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TCE Turbo Cyprus Engineering Ltd.

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The Institute of Chartered Shipbrokers (Cyprus) Branch

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The Missions to Seafarers

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The Nautical Institute, Cyprus Branch

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TMS Management Group Ltd.

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Tototheo Maritime Limited

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Tototheo Trading Ltd.

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Tritan International Ltd.

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UiBS United Business Solutions Limited

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Umar Shipping Services Ltd.

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Wartsila Cyprus Ltd.

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Wilhelmsen Ships Service Cyprus Ltd.

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Women's International Shipping  
and Trading Association Cyprus

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YoungShip Cyprus

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## International Associate Members

ATPI Marine and Energy

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CCS (Greece) Ltd.

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Chugoku Marine Paints (Germany) GMBH

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CyberOwl Limited

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CYWHALE

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Dualog AS

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George Duncker GmbH & Co. KG

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HEMEXPO – Hellenic Marine Equipment Manufacturers & Exporters

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Inmarsat Global Limited

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Intertanko

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J. & E. Papadopoulos SA

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Intertek Lintec

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Marcura Holdings FZE

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Maritime Payment Solutions LLC (ShipMoney)

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Navigate Response Ltd.

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Navitrans Shipping Agencies (East) Inc.

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Ocean TG UK Ltd.

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Poseidon Marine Supplies Ltd

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Shell Marine Products

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SQLEARN S.A

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Standard Club

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Stichling Hahn Hilbrich GmbH

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TEKA Systems S.A.

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T&T Salvage LLC

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The American Club (Piraeus office)

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The London P&I Club

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The UK Defence Club

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- Sophoclis Constantinou

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- Chrysostomos Efthymiou

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