

SHIP MANAGEMENT SURVEY

January – June 2021

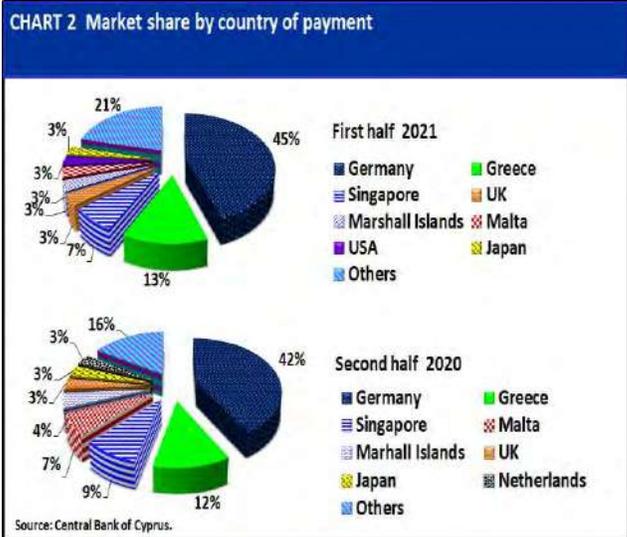
INTRODUCTION

The *Ship Management Survey (SMS)* is conducted by the Statistics Department of the Central Bank of Cyprus (CBC) and concentrates primarily on transactions between resident ship management companies and ship owning/shipping related entities¹.

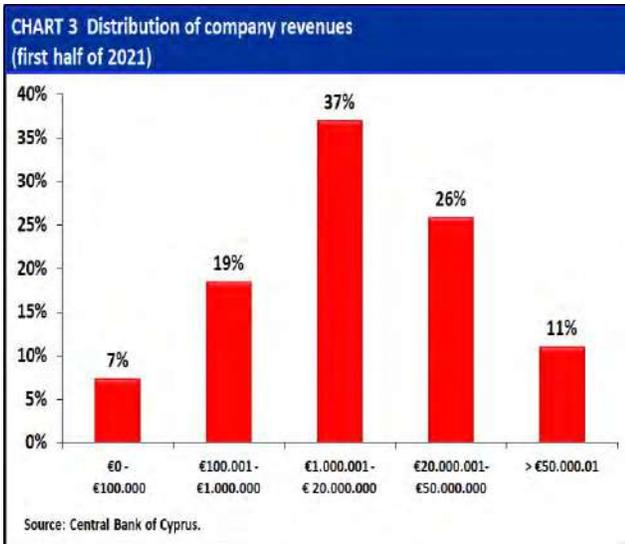
1. SHIP MANAGEMENT REVENUES FROM NON-RESIDENTS

Cyprus’s ship management revenues increased to €447 million during the first half of 2021 (2021H1) or 4,1% of Cyprus’s GDP (as turnover), marking a gradual recovery from the COVID-19 pandemic and the associated decline in economic activity observed during 2020 (**Chart 1**).

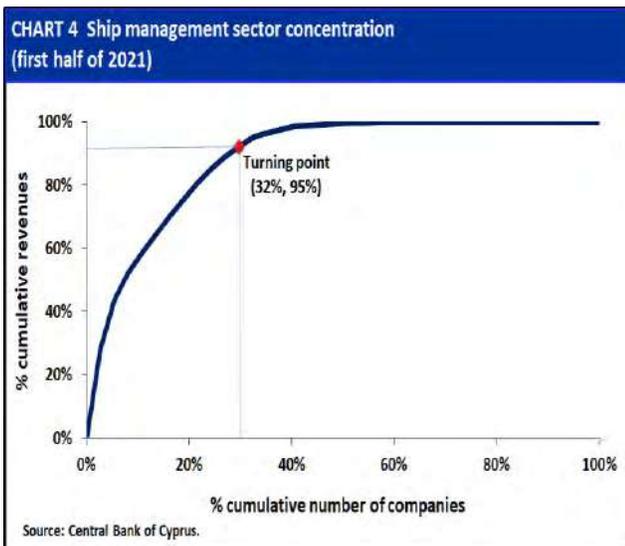
In **Chart 2** the industry’s revenues are decomposed by country of payment. Unlike the previous period, Germany’s contribution increased from 42% in 2020H2 to 45% in 2021H1. An increase was also recorded in the share contribution by Greece (13%). In contrast, a decline was recorded for Singapore, Malta and the Marshall islands.



¹ Please refer to the Appendix for more details.



In **Chart 3**, the ship management companies are classified into non-overlapping revenue segments, as depicted on the horizontal axis. The vertical axis measures the percentage of companies belonging to each segment size. During 2021H1, 37% of the companies managed to generate revenues in the range of €1 - €20 million each, while only 26% of the companies managed to generate revenues in the range of €20-€50 million.

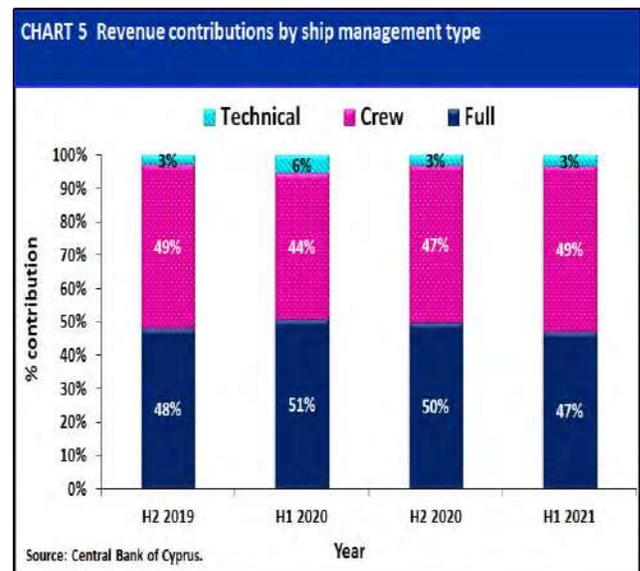


The level of concentration in the ship management industry is depicted in **Chart 4**, where the companies are ranked in terms of their revenue size. The horizontal axis depicts, in percentage terms, the

largest companies while the vertical axis measures the respective (cumulative) percentage revenue contribution of the companies. The turning point indicates the presence of a small number of large companies that dominate the industry. During the first half of 2021, the top 32% of the companies accounted for 95% of the industry's revenues. Similarly, the respective turning point in the previous period (2020H2) was at (30%, 96%).

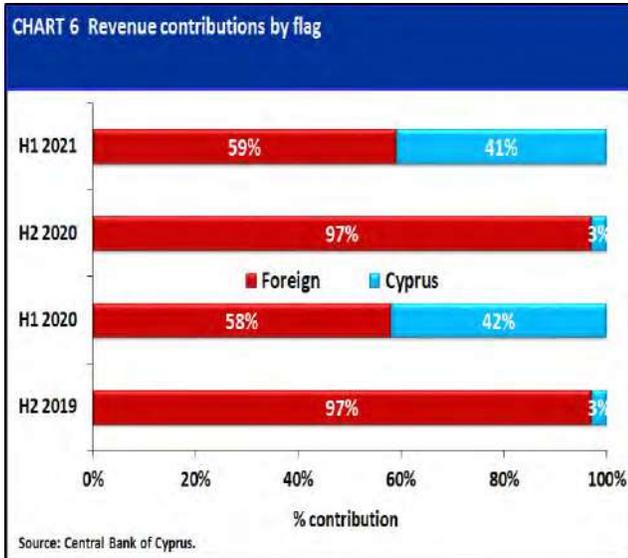
2. SHIP MANAGEMENT SERVICES

The three main types of ship management operations and their contributions are depicted in **Chart 5**. The share of full management services dropped to 47% of the total amount of ship management revenues in 2021H1, while crew-management services increased to 49%. Nevertheless, these contributions are close to the levels observed during the second half of 2019.



In **Chart 6** the industry's revenues are decomposed by flag registration. The choice of flag is a strategic decision in ship owning operations, particularly in the case of open registries that provide ship owners with considerable advantages in terms of the legal and regulatory framework surrounding ship operations. Unlike the previous period, the share of revenues collected from the provision of ship management

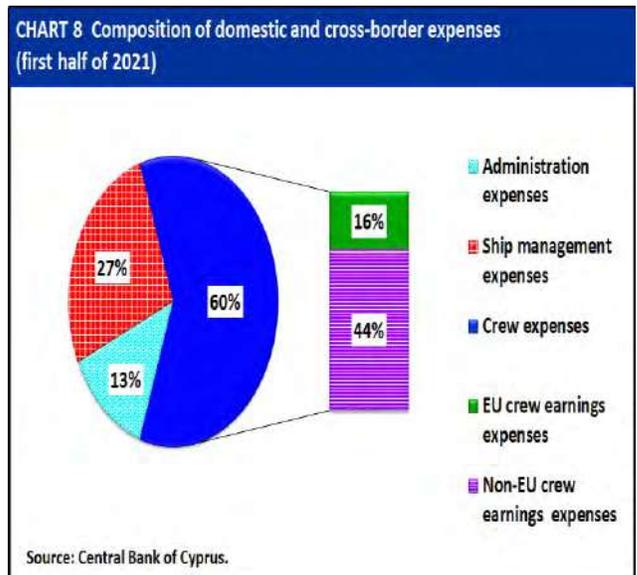
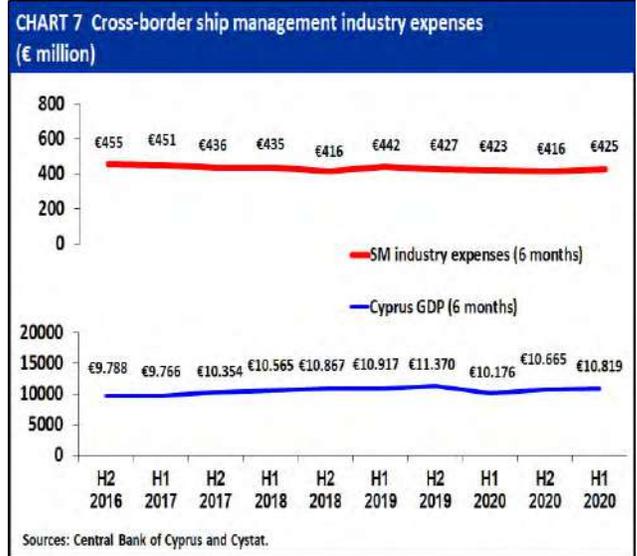
services to ships carrying a foreign flag, decreased to 59% of the total revenues in 2021H1 (it was 97% in 2020H2), which is consistent with the contribution recorded in 2020H1.



3. SHIP MANAGEMENT EXPENSES

Chart 7 provides information regarding the level of cross-border expenses associated with the operations of the ship management industry in Cyprus. Ship management expenses increased to €425 million in 2021H1 in line with the recovery in revenues reported in **Chart1**. When compared with the level of expenses in the respective first half of 2020 (2020H1) it represents a 0,7% increase in expenses.

The main categories of expenses incurred in the industry are depicted in **Chart 8**. Historically, the industry exhibits a relatively stable structure of expenses. The majority of these concern crew expenses, which accounted for 60% of the total amount in 2021H1. Most of these payments were directed to non-EU seafarers (44%). Administration expenses accounted for 13% and ship management expenses (e.g. spare parts, lubricants, dry-docking, etc.) for 27% of the total amount.



APPENDIX: SHIP MANAGEMENT SURVEY

The *Ship Management Survey* (SMS), which was launched in March 2009, is conducted biannually by the External, Economic and Government Finance Section of the CBC's Statistics Department and is addressed to resident ship management companies who provide relevant services to ship owning companies, both resident and non-resident.

Through the SMS, the CBC collects data from a representative sample of financial transactions, which, *inter alia*, include:

1. Revenues by type of service provided to non-resident ship owning companies.
2. Revenues received from non-resident ship owning companies, by country from where the revenue is derived.
3. Revenues by country of flag registration of the ships whose ship management is performed by the resident ship management companies.
4. Payments made by resident ship management companies, by country of residence of the recipient.

Moreover, the SMS includes additional variables, which enable the carrying out of economic analysis as regards the following:

- Size of the ship management industry as a percentage of Cyprus's GDP (not in value added terms but as turnover).
- Level of concentration in the industry.
- Magnitude of total expenses in the industry.