CENTRAL BANK OF CYPRUS
EUROSYSTEM

SHIP MANAGEMENT SURVEY

July – December 2023

INTRODUCTION

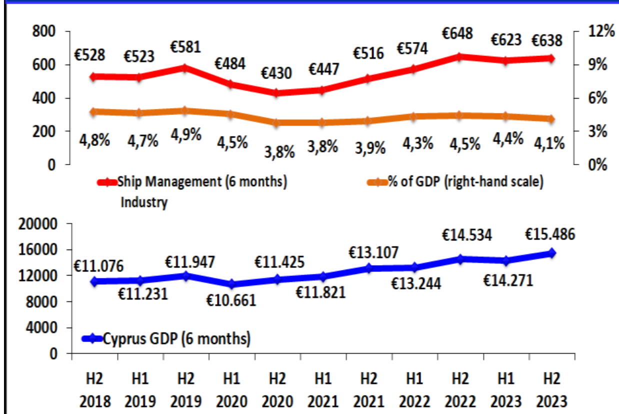
The *Ship Management Survey* (SMS) is conducted by the Statistics Department of the Central Bank of Cyprus (CBC) and concentrates mainly on transactions between resident ship management companies and non-resident ship owning/shipping related entities[1].

1. SHIP MANAGEMENT REVENUES FROM NON-RESIDENTS

Cyprus's ship management revenues increased to €638 million during the second half of 2023 (2023H2), which corresponds to 4,1% of Cyprus's semi-annual GDP as turnover (**Chart 1)**, due to a parallel higher increase in Cyprus's GDP. Despite a number challenges for the shipping sector globally, such as the rising cost of transport, the ship management industry remains a robust performer for the Cyprus economy.

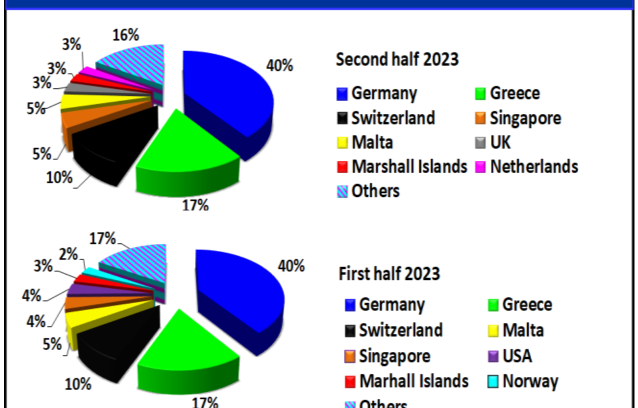
In **Chart 2** the industry's revenues[2] are decomposed by country of payment. Germany's contribution (the main trading partner for the industry) remained stable at 40% in 2023H2. Greece (17%), Switzerland (10%) and Malta (5%) also provided some notable revenues in 2023H2, in line with their contributions during the first half of 2023, while the USA and Norway recorded decreases.

CHART 1 Ship management revenues (€ million)



Sources: Central Bank of Cyprus and Cystat.

CHART 2 Market share by country of payment



Source: Central Bank of Cyprus.

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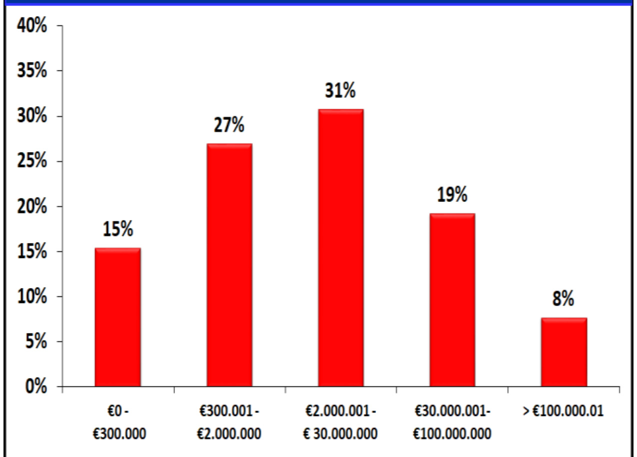
[1] Please refer to the Appendix for more details.

[2] Revenues derived from resident ship owning/shipping related entities are not included.

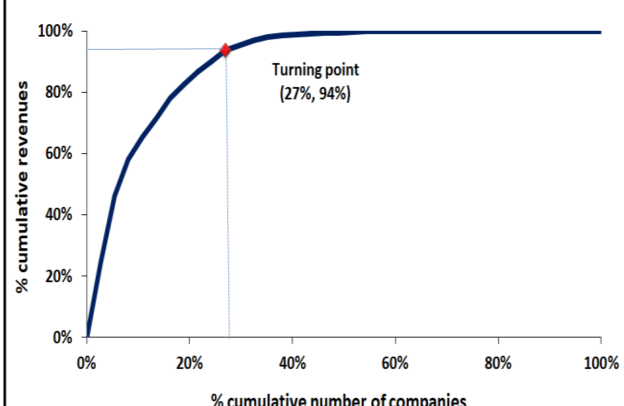
CHART 3 Distribution of company revenues (second half of 2023)



Source: Central Bank of Cyprus.

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 size segment. During 2023H2, 31% of the companies managed to generate revenues in the range of €2 - €30 million each, while 27% of the companies managed to generate revenues in excess of €30 million each.

CHART 4 Ship management sector concentration (second half of 2023)



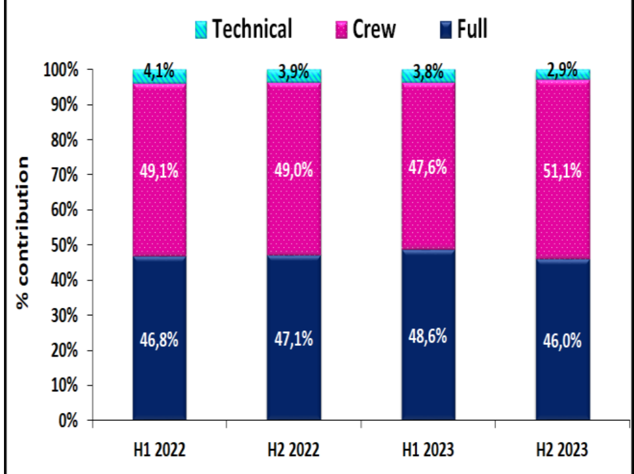
Source: Central Bank of Cyprus.

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 2023H2, the top 27% of the companies accounted for 94% of the industry's revenues.

2. SHIP MANAGEMENT SERVICES

The three main types of ship management operations and their contributions are exhibited in **Chart 5**. The structure of revenues has remained more or less stable since 2022H1. When compared with the previous period, the share of crew management services increased to 51,1% of the total amount of ship management revenues in 2023H2. In contrast, full management services decreased from 48,6% in 2023H1 to 46% of the total revenues in 2023H2.

CHART 5 Revenue contributions by ship management type

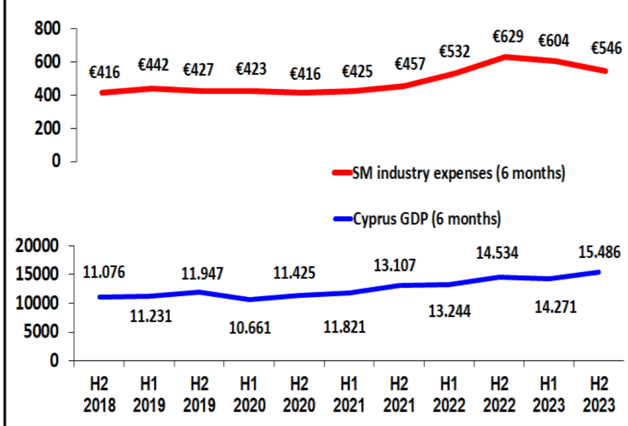


Source: Central Bank of Cyprus.

3. SHIP MANAGEMENT EXPENSES

The level of cross-border expenses associated with the operations of the ship management industry (labour, ship management and administrative expenses) is presented in **Chart 6**. Ship management expenses decreased further to €546 million in 2023H2, in contrast to the increase in expenses recorded in 2022H2 (€629 million).

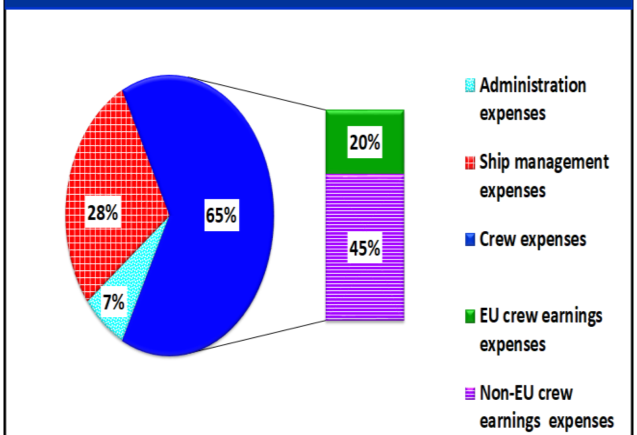
CHART 6 Cross-border ship management industry expenses (€ million)



Sources: Central Bank of Cyprus and Cystat.

Chart 7 depicts the main types of expenses associated with the industry. Historically, the industry exhibits a relatively stable structure of expenses. The majority of these concern crew expenses, which accounted for 65% of the total amount in 2023H2. Most of these payments were directed to non-EU seafarers (45%). Administration expenses increased to 7% and ship management expenses (e.g. spare parts, lubricants, dry-docking, etc.) to 28% of the total amount in 2023H2.

CHART 7 Composition of domestic and cross-border expenses (second half of 2023)



Source: Central Bank of Cyprus.

APPENDIX: SHIP MANAGEMENT SURVEY

The *Ship Management Survey* (SMS)[3], 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.

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.

[3] All data are subject to periodic revisions in accordance with the ECB and Eurostat guidelines.

Research regarding the determinants of ship management fees, has shown that they tend to be influenced by a set of vessel, company, and management service characteristics such as:

- The number of trained seafarers (crew staff) assigned to each vessel.
- The age and type of each vessel described in a ship management contract.
- The size, carrying capacity and flag administration of a vessel.
- The type of contract agreement (e.g. lump-sum vs. cost-sum contracts).
- The duration of the contract agreement.
- The types of ship management services described in a contract agreement (e.g. crew management).
- The duration of the third party ship management relationship and;
- The geographical location of the service agreement.