



# SHIP MANAGEMENT SURVEY

January – June 2022

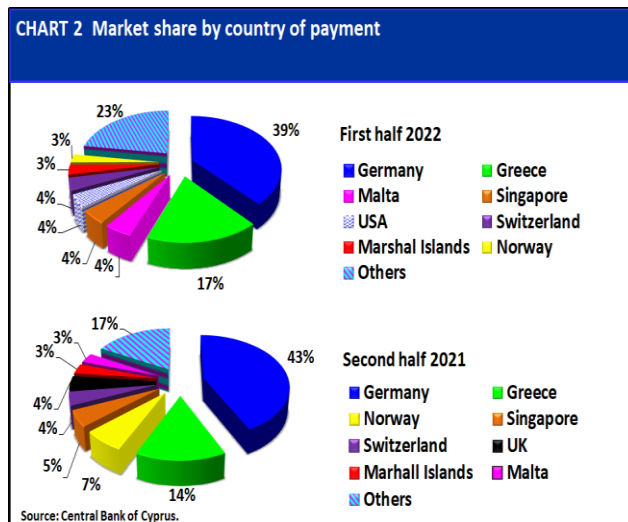
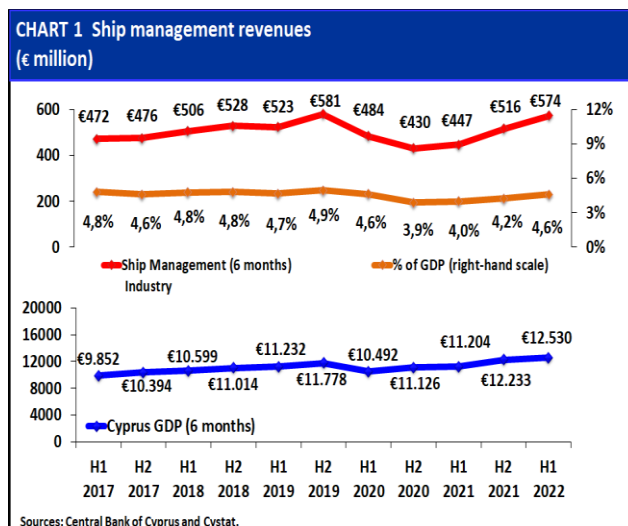
## INTRODUCTION

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 entities<sup>1</sup>.

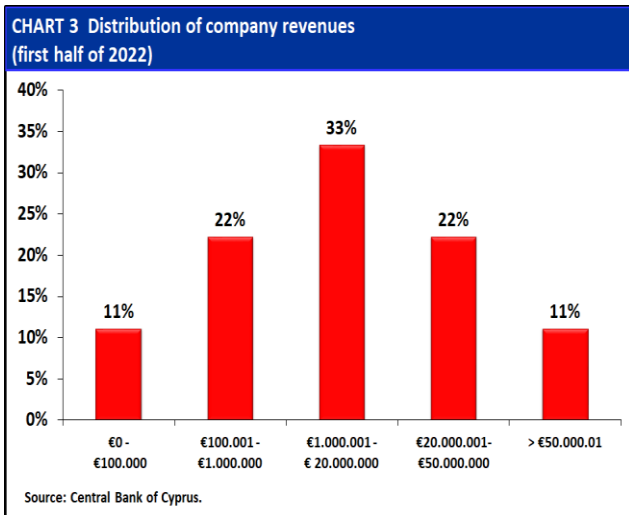
### 1. SHIP MANAGEMENT REVENUES FROM NON-RESIDENTS

Cyprus's ship management revenues increased further to €574 million during the first half of 2022 (2022H1), which corresponds to 4,6% of Cyprus's GDP as turnover. This is the third consecutive increase in the total revenues of the industry, after the decline in economic activity observed in 2020 due to the outbreak of the COVID-19 pandemic (**Chart 1**).

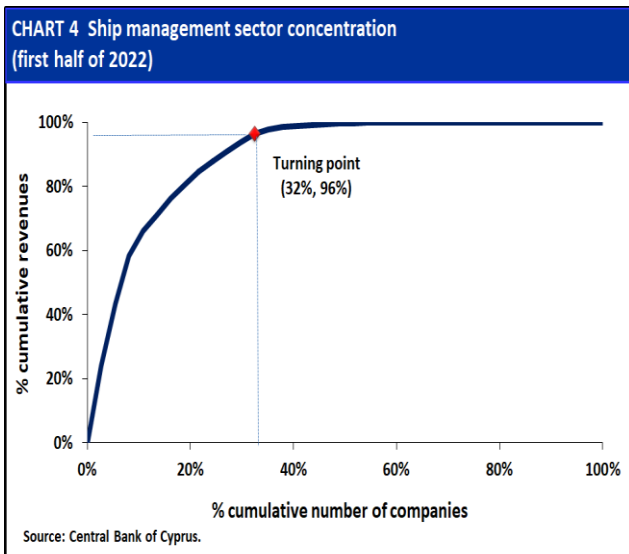
In **Chart 2** the industry's revenues are decomposed by country of payment. Germany's contribution decreased from 43% in 2021H2 to 39% in 2022H1. An increase was recorded in the share contributions by Greece (17%), the USA (4%) and Malta (4%). In contrast, a decline was recorded for Singapore, Norway and the UK.



<sup>1</sup> 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 2022H1, 33% of the companies managed to generate revenues in the range of €1 - €20 million each, while only 11% of the companies managed to generate revenues in excess of €50 million.

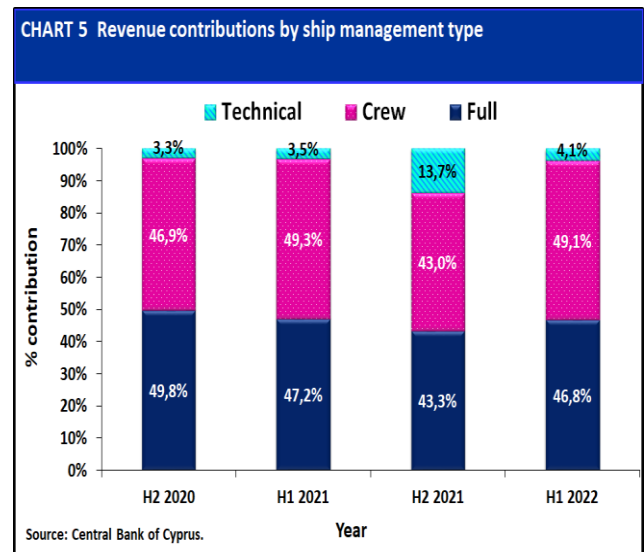


The level of concentration in the ship management industry is depicted in **Chart 4**, where the companies are ranked in terms of their revenue size. The horizontal axis depicts, in percentage terms, the largest companies while the vertical axis measures

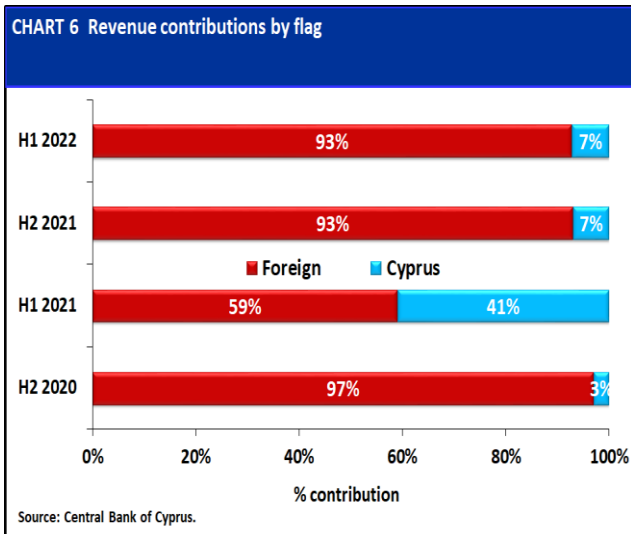
the respective (cumulative) percentage revenue contribution of the companies. The turning point indicates the presence of a small number of large companies that dominate the industry. During the first half of 2022, the top 32% of the companies accounted for 96% of the industry's revenues.

## 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 increased to 46,8% of the total amount of ship management revenues in 2022H1. Similarly, crew-management services increased from 43% in 2021H2 to 49,1% of the revenues in 2022H1. These contributions are close to the levels observed during the second half of 2020 and the first half of 2021.



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. In 2022H1, the share of revenues collected from the provision of ship management services to ships carrying a foreign flag remained steady at 93%.



### 3. SHIP MANAGEMENT EXPENSES

Chart 7 provides information regarding the level of cross-border expenses associated with the operations of the ship management industry. Ship management expenses dropped to €404 million in 2022H1, which when combined with improved revenues could be suggestive of an increase in profitability for the period under consideration.

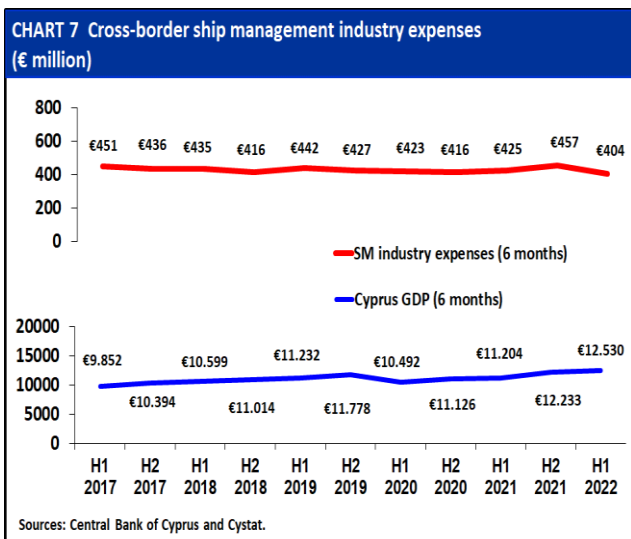
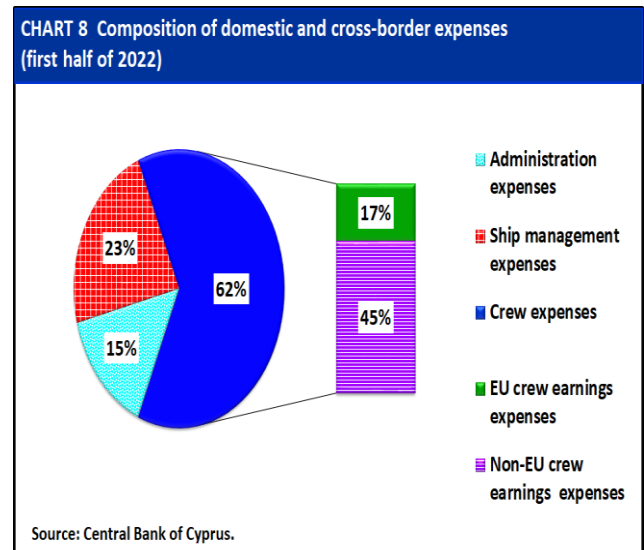


Chart 8 depicts the main types of expenses associated with the industry. Historically, the industry exhibits a relatively stable structure of expenses. The majority of these concern crew expenses, which accounted for 62% of the total

amount in 2022H1. Most of these payments were directed to non-EU seafarers (45%). Administration expenses accounted for 15% and ship management expenses (e.g. spare parts, lubricants, dry-docking, etc.) for 23% 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.