



Press Release

Capital Link's 1st Cyprus Shipping Forum Draws 400+ Delegates Thursday, February 9, 2017 in Cyprus

Tuesday, February 21st, 2017

The inaugural "[Capital Link Cyprus Shipping Forum](#)" took place in Limassol on Thursday, February 9, 2017, at the Columbia Plaza. Capital Link intends to organize this event in Cyprus on an annual basis. The Forum was organized under the Auspices of the **Ministry of Transport, Communications and Works**. The **Cyprus Union of Shipowners and Deloitte** were the Lead Sponsors. **Hellenic Bank** sponsored the Speakers Dinner. The event had the support of the **Department of Merchant Shipping**, the **Cyprus Shipping Chamber** and many other industry associations.

The event was a huge success drawing 400+ delegates from abroad and from the vibrant Cyprus shipping community. Indicative of the interest that the event generated among the delegates is the comment of **Captain Panagiotis Tsakos** who stated that he "had never before seen a Conference where there are no empty seats after lunch and where the delegates stay during the entire event". **George Tsavlis**, the Conference Chairman, echoed the same remarks in his Closing Statement.

The Forum aimed to raise awareness of the role of Cyprus as a regional maritime, logistics and energy hub. Cyprus has been known as a shipmanagement hub with 5% of the global fleet managed out of Cyprus. An increasing number of owners and ship management firms have been setting up operations in Cyprus. The Forum took place at the **Columbia Plaza** owned by **Mr. Heinrich Shoeller**, who attended the event and who is among the pioneers who established a presence in Cyprus since 1978.

The Forum started in the evening of Tuesday, February 8, 2017 with a formal dinner for the event speakers, sponsors and other dignitaries. Hellenic Bank sponsored the dinner.

Mrs. Irena Georgiadou, Chairwoman of Hellenic Bank welcomed the speakers, sponsors and supporters of the Forum with the following message: "Hellenic Bank is best placed to understand the needs of international shipping companies & be a partner of choice and trust to our clients."

Mr. Andreas Hadjipetrou, Managing Director of Columbia Shipmanagement stated "We are all very excited to see in Limassol, and especially at the **Columbia Plaza**, a full house event with top class delegates and in depth discussions on the most important shipping subjects. What was even more impressive was the fact that international and local companies were represented with their top figures who took pride in supporting Capital Link in Cyprus and promoting Cyprus as a shipping center. We look forward to next year's event!"

Mr. George A. Tsavlis, Principal of Tsavlis Salvage Group and Chairman of **INTERMEPA (International Marine Environment Protection Association)**, was **Chairman of the Conference**.

Keynote speakers of the "Capital Link Cyprus Shipping Forum" were:

- **Mr. Marios Demetriades, Minister of Transport Communications & Works of the Republic of Cyprus**

- **Mr. Martin Stopford, non-Executive President of Clarkson Research Services Ltd and**
- **Mr. Zhang Ye, President of Shanghai Shipping Exchange.**

WELCOME REMARKS:

Mr. George A. Tsavlis, Principal, Tsavlis Salvage Group, Conference Chairman opened the proceedings with the following message:

“I feel honored to be chairing the first Cyprus Capital Link Shipping Forum in Limassol. I have always had a soft spot for Cyprus – which has shown an impressive survival spirit in getting through difficult and testing times. Our close relationship with Cyprus goes back to the early 60’s when we were one of the first shipping companies to fly the Cyprus flag.

Personally, my activities with Cyprus go back for 25 years, primarily through CYMEPA. I am proud to say that I feel Cyprus as a second home to me. The zest for life, the hospitality, the high standards and quality of work and the impressive success in the shipping industry is an example to our next generation. Cyprus today surpassed all expectations exiting the recession in 2015 and has shown remarkable resilience to become a maritime and energy hub whose significance in the global economy is unquestionable.

The history of Greece and Cyprus has converged together over the years through the upheavals and testing times that we have experienced. Our passion for life, our enthusiasm and our faith in God have carried us over 7000 years of history – and will continue to carry us through - we WILL survive”.

Capital Link’s President, **Mr. Nicolas Bornozis** stated that responding to the invitation of Mr. Marios Demetriades, Minister of Transport, Communications and Works, Capital Link launched this Shipping Forum which will be held annually. The Forum recognizes and highlights the significant role of Cyprus as a maritime, energy and logistics hub and as an investment and business destination. The Forum features major international speakers and delegates and local leaders in an exchange of ideas on critical industry topics. It will discuss the developments and trends in the major shipping, financial and capital markets as well as issues pertaining to geopolitical and regulatory developments, technical and commercial fleet management. The Forum raises awareness of the competitive positioning and advantages of Cyprus as an industry hub”.

Mr. Bornozis concluded by stressing Capital Link’s commitment to Cyprus, which besides the Annual Cyprus Shipping Forum to be held annually in Limassol, it also includes the **“Capital Link Invest in Cyprus Forum”** the first of which will be held in New York on Wednesday, March 22, 2017 and aims to raise awareness of Cyprus as a business and investment destination to a larger audience of US investors. H.E. President Anastasiades, and Ministers: Harris Georgiades, Minister of Finance, Yiorgos Lakkotrypīs, Minister of Energy, Commerce, Industry and Tourism and Marios Demetriades, Minister of Transport, Communications and Works, along with a high level delegation of business leaders will come to New York for this Forum.

KEYNOTE REMARKS – Cyprus as a Maritime, Logistics & Energy hub

H.E. Marios Demetriades, Minister of Transport, Communications and Works - Republic of Cyprus presented on “Cyprus as a Maritime, Logistics & Energy Hub” by stating that:

‘Cyprus offers today an attractive legislative and infrastructure environment for offering Maritime, Logistics and Energy services. It is already a leading Maritime Centre enjoying the third largest registry in the European Union together with a vital cluster offering services to almost 5% of the World’s fleet.

Following the commercialization of its largest commercial port, Limassol, and the upgrading of its efficiency and competitiveness we expect that Cyprus will develop further as a key regional transport hub. Finally, the discovery of hydrocarbons in the Eastern Med offers the opportunity to Cyprus to develop support services for the Industry not only covering Cyprus but the whole region”

FORUM SESSION ON THE GLOBAL SHIPPING MARKETS

Global Shipping Markets – Current Developments & Outlook

Mr. Martin Stopford, Non-Executive President – **Clarkson Research Services Ltd** presented on “**Global Shipping Markets – Current Developments & Outlook**: “As the Maritime industry edges past the trough of a very long recession, Dr. Stopford looked beyond the current cycle and addressed the major issues which the Maritime industry will face in the coming decades. These included the changing nature of shipping cycles and the underlying changes in seaborne trade and the shipbuilding industry. He discussed some radical growth scenarios and saw how these interact with the dual challenges of zero emissions and harnessing digital technology. Finally, Dr. Stopford addressed the changes that may be needed in the Maritime industry's business model in order to move forward in the coming decades”.

A review of the Global Commodity, Energy and Shipping markets - Sector Review, Analysis & Outlook

Mr. Ben Nolan, Director, **Shipping Research – Stifel** presented on “**A review of the global commodity, energy and shipping markets - Sector review, analysis & outlook**” and more specifically on “**Dry Cargo Market / Dry Bulk and Containers**” by stating that “Dry Bulk and Container shipping investors must feel like Dante making their way through the seven levels of hell. However, commodity prices are higher, the liners are now making more money, and order books have fallen to less frightening levels. Certainly dry bulk equities have shown some resurgence, but is it sustainable and has the long awaited recovery finally begun? Demand remains the real unknown: will the Chinese continue to cut domestic mining, will a Trump administration shrink trade, will Brexit disrupt Europe, and are we still looking at a shipping purgatory?”

FORUM SESSIONS ON SHIP MANAGEMENT

Panel Discussion: Optimizing Technical Fleet Management

Moderator:

Dr. John Kokarakis, Vice President - **Bureau Veritas Hellas S.A.**

Panelists:

Mr. Theo G. Baltatzis, General Manager – **Technomar Shipping Inc.;**

Mr. Stavros Meidanis, DPA/ CSO, **S&Q Manager - Capital Ship Management Corp.;**

Mr. Antonis Lygakis, Head of CTM Technical Department - **Compagnie de Transport Maritime;**

Mr. Carsten Sommerhage, CEO - **Columbia Shipmanagement Ltd.**

Dr. John Kokarakis, Vice President - **Bureau Veritas Hellas S.A.** stated that “One of the most critical aspects of shipmanagement is the crewing and the technical ones. The latter was the focus of the panel which included distinguished speakers from large shipmanagement companies. It appears that the modus operandi of the shipmanagement companies changes from people to knowledge retention. The

flooding of information and regulations has necessitated the utilization of software in order to support the decision making process. This knowledge based decision making employs the latest artificial intelligence tools to lead to the optimum procedure. The obsolete plan maintenance scheme is replaced on sensor-based condition maintenance or sometimes on risk based maintenance schemes. Dry-docking management, bunkering and vertical organization are popular best practices which lead to higher profits and more robust shipping”

Mr. Theo G. Baltatzis, General Manager – **Technomar Shipping Inc.** talked about “the distinctive perception of efficient ship management across three types of Ship Managers; Large Owner Operator Companies (like Maersk, Hapag Lloyd etc); Owners who Manage their own vessels in house; and Third Party Managers.”

Mr. Stavros Meidanis, DPA/ CSO, **S&Q Manager - Capital Ship Management Corp.** stated that “The maritime sector continues to evolve in response to economic, political, demographic, and technological trends. For us, as Ship Operators, understanding these trends is critical to improving the performance of the industry’s capital investment as well as operational efficiency, and provides the backdrop for successful long-term business strategy.

Market forecast for 2017 with most analysts holds a negative outlook for the global shipping industry reflecting the continued oversupply of ships and a 7-10 % decline in earnings before interest, taxes, depreciation and amortization. China’s slowdown, has contributed to the end of the commodity super cycle. The recent deceleration of China’s economic growth is affecting many domestic industries, with implications for the global maritime economy. Forthcoming regulation - shipping issues, especially those dealing with environmental protection, should be taken on a global scale and in a unified manner, and not with individual measures taken by organizations or regional actors. Especially the Ballast Water Management (BWM) Convention and EU MRV will be the next big challenges for Ship Operators. Last but not least, the shortage of seafarers (especially ship officers) has already been identified as a global issue that is more likely to worsen in the immediate future. A huge shortage of seafarers is predicted over the next 5-10 years, meaning competition will be fierce for trained and competent workers.

Mr. Antonis Lygakis, Head of CTM Technical Department - **Compagnie de Transport Maritime** said that “Over the last years, the shipping industry has evolved significantly; the development of new technologies has radically changed the life on board and the managers’ practices. The crews are not alone on board anymore. They have daily communication and social life. At the same time is possible to get assistance or expert opinion on short notice for any technical aspect. As managers, the Web has become a strong tool in our everyday lives. It enables us either to find suitable suppliers/service providers, to have access to various databases (PSCs, Right Ship, Class, Flag, SIRE, OCIMF etc.), or to monitor in real time the ship’s position and performance. The new technologies are everywhere, like the remote control units/drones for the inspections, electronic planned maintenance systems, U/W brush machines for the UW cleaning etc. The new technologies have provided significant improvement for support and assistance. At the same time, also have created an obligation for the companies as no one anymore can ignore rules and regulations. The Managers obligations nowadays are “Compliance” and “Transparency”.

Mr. Carsten Sommerhage, CEO - **Columbia Shipmanagement Ltd.** stated the requirements on reporting to owners and on administration have increased extensively. Combined with available information from various third party sources and new supporting IT-systems, this has also changed the daily work of superintendents. This development puts the question forward, in how far this is also changing the qualification requirements on Superintendents in the organizations? Further, he touched on

the on question of whether significant further optimization in shipping can be achieved, if systems on board of vessels become more standardized as it is for example in aviation. This will require however already a different approach for the construction of the vessels. In the long run this would have an effect on the available spare parts as well as the expertise to run these systems as crew training could be much more focused and specific.

Panel Discussion: Good People Pay Off - Crewing Strategies and Staff Development

Moderator:

Capt. Kuba Szymanski, Secretary General - InterManager

Panelists:

Mr. Alexios Vardoulakis, President – Caribe Tankers;

Mr. Jan Meyering, Joint Managing Director - Marlow Navigation Co. Ltd.;

Capt. Eugen Adami, Founder & Managing Director, Mastermind Shipmanagement Ltd (MSM);

Mr. Terence Zhao, President - Singhai Marine Services

Capt. Kuba Szymanski, Secretary General – InterManager stated: “I was delighted to hear from the panellists that Seafarers are Human Beings and should be treated as such. We very often “commoditize” them and the shipping industry even coined a phrase, “HUMAN ELEMENT”, which is being used extensively. I am not sure I personally like to be in this category of HUMAN ELEMENT and treated as an....element, I believe we, seafarers are much more than just ELEMENT. Speakers were all unified in their approach – look after your people and they will look after your asset (ship)”

Mr. Alexios Vardoulakis, President – Caribe Tankers addressed the audience by stating that “Be it bulkers, tankers or any other general or specialized field of shipping the fact is that crew quality is deteriorating over all. Fewer of the younger generation join the seas and our field is ever looking at alternative sources. This is an extensive topic but let me lead as quickly as possible to one of the obvious (always monetary compensations aside).This has led to multicultural environments onboard the vessels. The crewing departments in close cooperation with their respective (internal or external) manning agents must be innovative in findings ways to overcome the cross cultural disciplines. What is acceptable to a Greek is not to a German, is insulting to Filipino etc. All crewing departments must not only look at "experience" but also multicultural adaptation abilities. If it was 10x hard to accomplish this in the shore based industries, it will be even harder within the constraints of a ship but it is possible. I am sure that the proper usage of new collaborative technologies will allow the understanding or an existing problem, prevent future ones and assist on the creation of a database to assimilate a performance resume in the same way. While the world in its entirety is leaning more and more towards the usage of technical gadgets (social and not) we cannot but appreciate their subconscious ability to isolate people. It is thus left to the "leaders" to create environments that do promote health and fitness onboard. Examples (organize competitive sporting activities), rewards for achievements to name a few. There are methods employed widely by the industrial outfits. Ships are no different but instead of be a macro-cosmos it is a micro-cosmos. The same principles apply”.

Mr. Jan Meyering, Joint Managing Director - Marlow Navigation Co. Ltd. stated that “No doubt, investing in good people in shipping pays off. People are important and ships need good, qualified, and motivated seafarers to operate well and assure a prosperous voyage. On our part, they need to be provided with the right support, such as the proper tools and be adequately trained to be able to conduct their work in a safe and competent manner. At the same time enhancing their attitude, motivation and

loyalty to the company. This is especially important in our industry, where quality and safety, as well as operational efficiency is paramount". Key strategies discussed included: Importance of crew Training, Retention of seafarers, Wages, benefits, and family-social-community events, Long serving recognition & rewards". Mr. Meyering also emphasized the need to continue supporting the development of new cadets by providing positions on-board that allows them to attain the necessary experience and help towards ensuring a long-term sustainable supply of talent for the industry.

Capt. Eugen Adami, Founder & Managing Director, **Mastermind Shipmanagement Ltd (MSM)** stated that "It took 40 years to harmonize the watchkeeping for the certification standards. The fitness of the crew is regulated by recording the work and rest hours. When a seaman uses the internet in his cabin, this time is counting as rest hours. This seaman will not be sufficiently rested to take a 4-6 hours watch. Certainly, this seaman will soon get tired and the risk for making navigational mistakes increases. New fitness/health monitoring gadgets and motion sensors, after some more development, may be better indicators in the future than just clocking time. The shipping industry should, from now on, drive an innovative STCW revision regarding crew fitness, taking into consideration the long time required to change this convention."

Mr. Terence Zhao, President - **Singhai Marine Services** highlighted in the panel discussion on crewing that China has been supplying more than 130 thousand seafarers to foreign flagged ships and the number is increasing year by year. As per BIMCO manpower report 2015, China has the largest number of officers in the world. The English proficiency of Chinese seafarers has improved dramatically over the years to meet international requirement. With the full implementation of STCW 2010 and the ratification of MLC 2006, China is definitely a good resource for human capital for the shipping industry. Singhai Marine Services, being a leading manning company in China, has invested a lot in the training with the clear objective of enhancing the quality of Chinese seafarers to meet a true international standard for its clients.

Panel Discussion & Presentation: Managing Risks – Cybersecurity

Opening presentation

Mr. Yannis Ioannides, Manager, Risk Advisory Practice, Cyber Risk Services – **Deloitte Cyprus** presented on "Cyber Security in the shipping industry" and analyzed the current and future cyber security trends in the maritime industry and the risks stemming from the digitalization transformation of the maritime industry. The presentation was specifically directed towards vessel cyber security beginning from research first presented in 2013 leading up to the most recent attacks. The presentation aimed to deliver the message that the maritime industry is not immune to attacks and in contrast as more technology is implemented on vessels cyber-attack vectors will increase.

Panel discussion

Moderator:

Ms. Despina Panayiotou Theodosiou, Managing Director – **Tototheo Group of Companies**

Panelists:

Mr. Peter Andersen, Maritime Business Development Manager – **Cobham SATCOM**;

Mr. Peter Broadhurst, Senior Vice President, Safety & Security – **Inmarsat Maritime**;

Mr. Yannis Ioannides, Manager, Risk Advisory Practice, Cyber Risk Services – **Deloitte Cyprus**.

Ms. Despina Panayiotou Theodosiou, Managing Director – **Tototheo Group of Companies**, discussed “The impact of cyber-attacks includes potential revenue loss, environmental damage and loss of life. We, as an industry, must raise awareness of cyber security issues at the executive level. Adopting sensible policies can prevent attacks and security compromises. Developing and implementing such policies will require a top down approach within a company while training employees on how to recognize cyber-attacks and implementing policies are steps that a shipping company must take”.

Mr. Peter Andersen, Maritime Business Development Manager – **Cobham SATCOM** stated that “With the increased need for integration of shore based support functions, including reporting to owners, managers, and authorities, there is a constant growing need in the industry for efficient and safe broadband communication to ships. Additionally onboard infotainment systems for crew welfare, adds to this need for capacity and security.

With this in mind it must be realized, that onboard cyber security solution is a key element in keeping these services available. It is also important to realize that this includes much more than adding a firewall to the broadband terminal. An efficient solution involves (to a very wide extend) crew, people coming onboard, procedures, and general awareness. On top of this, the onboard network architecture is to be built in a secure way. Access to this network is to be controlled and secured both from the broadband terminals and other onboard equipment.”

Mr. Peter Broadhurst, Senior Vice President, Safety & Security – **Inmarsat Maritime** gave the following message : “In the era of ‘always on’ connectivity, vessel owners and operators are increasingly turning to intelligent data management and the business applications that save them time and money. However, ‘smart ship’ operations are not without risk: the data revolution exposes unsecured assets at sea, commercial organizations and crew safety to both malware and cyber-attack”.

In this presentation Peter Broadhurst Senior Vice President of Safety and Security, Inmarsat Maritime discussed how in the digital age, owners and operators must look beyond conventional strategies to protect maritime safety, the marine environment and vessel security against unlawful access to intelligence, IT infrastructure, applications and networks - whether inadvertent or malicious.

Mr. Yiannis Ioannides, Manager, Risk Advisory Practice, Cyber Risk Services – **Deloitte Cyprus**, stated that guidelines and best practises are a good way to ensure that security is kept at a higher level but these guidelines should be clear and scalable to companies of all sizes. Mr. Ioannides also stated that although attacks such as vessel hijacking over the internet still seems unrealistic we need to understand that hackers will not stop trying to find ways to attack organization and some attacks may be closer than what we expect.

Presentation – Managing Risks – Foreign Corruption Practices Act

Mr. Richard Brand, Co-Chairman – **Cadwalader, Wickersham & Taft LLP** presented on **Managing Risks – Foreign Corruption Practices Act** by stating that “The Foreign Corrupt Practices Act (FCPA) should be of particular concern to shipping companies, who operate across the globe and in many jurisdictions identified as high risk for corruption. The unique characteristics of the industry put shipping company employees in direct contact with customs, import/export and other officials through repeated payments (e.g., customs duties, port charges, etc.) – all of which run the risk of abuse. This presentation

provided an overview of the FCPA and provided specific, actionable guidance as to what shipping companies can do to implement effective controls and oversight policies”.

Panel Discussion: Optimizing Insurance & Reinsurance – Trends & Developments

Moderator:

Mr. Mark O’Neil, President – **Columbia Shipmanagement**

Panelists:

Mr. Stephen Cooper, CEO - **Fourth Insurance Office, Inc.;**

Mr. Joseph E.M. Hughes, Chairman & CEO - **The American Club;**

Mr. Costas Th. Joannides, CEO – **Marsh Brokers Ltd., Cyprus;**

Mr. Ole Wikborg, Director - **Norwegian Hull Club**

Mr. Mark O’Neil, President – **Columbia Shipmanagement** addressed the audience by stating " As business leaders in the present shipping environment, it is absolutely incumbent upon us to rationalize, to consolidate and to drive for ever greater efficiency and efficacy in every aspect of our businesses - in other words to "optimize" - and this includes our insurance and reinsurance arrangements. But optimization is not just about cutting costs, it also includes considerations of service, robustness and reliability. We are all familiar with the adage" you get what you pay for"".

Mr. Stephen Cooper, CEO - **Fourth Insurance Office, Inc** shared his thoughts on the divergence between premiums for management liability ("D&O") policies and various factors consistent with increased claims incidence and severity. He highlighted the significant uptick in actions against non-US issuers and the global impact of third-party funders of class-actions. Mr. Cooper recommended that owners and managers look to the capital markets, where a firming in rates will make this year's renewals more difficult. He urged risk managers to take certain steps in advance of a turn in the markets.

Mr. Joseph E.M. Hughes, Chairman & CEO - **The American Club** examined current trends and developments in hull and P&I markets, comparing and contrasting the ways underwriters are affected by industry dynamics, and the manner in which they respond to their different constituencies. He also discussed the manner in which present market dynamics – including those in the reinsurance sphere – can be optimized by the consumers of marine insurance and reinsurance products, particularly in light of the very difficult economic conditions which characterize the freight markets at the present time.

Mr. Costas Th. Joannides, CEO – **Marsh Brokers Ltd., Cyprus** stated that within the sphere of optimization processed in insurances lies the old principle of Captives. Creating a special purpose vehicle like a captive company, which its sole purpose is to insure the risks of its parent, opens up new variables that could be taken into consideration in such optimization process. The Captive company will provide access to the reinsurance market which is not readily available on the direct conventional placing basis, with multiple benefits. The current softening market should not be considered as an obstacle in carrying out a study to ascertain the viability of such an alternative risk management arrangement.

Mr. Ole Wikborg, Director - **Norwegian Hull Club** stated that “whilst insurance in general is viewed by many only as a financial product of last resort to reinstate a physical position or the loss of earnings following an insured event, marine insurance buyers should pay attention to the importance of enhanced services offered by some underwriters in the marine insurance market. These services seek to assist the insured in the handling of the unfortunate event as well as mitigating the financial loss and the associated

loss of time and income. By selecting a skilled and well-reputed Claims Leader as its preferred insurance carrier, any marine operation will see immediate benefits when the unlucky event strikes and practical claims handling experience and expertise becomes crucial. Buyers of marine insurance should optimize their insurance spend by having a mindful approach to their selection of insurance partners, - they should even be prepared to pay an additional cost for a more complete total insurance package”.

**FORUM SESSION ON GEOPOLITICAL & REGULATORY DEVELOPMENTS AFFECTING SHIPPING -
AFTERNOON KEYNOTE ADDRESS**

KEYNOTE REMARKS – China, the Global Economy & Shipping

Mr. Zhang Ye, the President of the **Shanghai Shipping Exchange (SSE)**, was the **Keynote Speaker** in the afternoon. The SSE was jointly founded by the Ministry of Transport and the Shanghai Municipal Government in November 28 1996. It is the first state-level shipping exchange in China and its founding represents a major step taken by the Chinese government to promote and invigorate China’s shipping market and match the construction of Shanghai International Shipping Center. The SSE’s aims to standardize transactions in the shipping market, to protect fair shipping market competition and to communicate shipping market information. Among other, it is known for publicizing a series of indices used in the domestic and international container and dry bulk markets. The SSE aims to function as the gateway for the shipping business in China. Mr. Zhang Ye has been included among the top 10 most influential people for shipping in China and in the Lloyds List Top 100.

Mr. Zhang Ye, President - **Shanghai Shipping Exchange** presented on “**China, the Global Economy & Shipping**” by stating that “The downturn of world economy and shipping has brought huge challenges to the development of maritime industry, but the growth of China’s economy and trade needs the world maritime service.” Mr. Ye gave a quick overview of Chinese shipping industry including the scale of Chinese fleet and shipping enterprises, the port layout and port enterprises, the scale and capacity of Chinese shipyards, the scale of ship financial lease in China, etc. He shared the national strategy of shipping development like 13th Five-year planning, Belt& Road, Free Trade Zone, maritime information, maritime indexes, etc. and analyzed possible opportunities and challenges. He discussed how Shanghai international shipping center can learn from Cyprus as the hub of shipping, energy and commodities as well as the potential opportunities of cooperation”.

“One Belt – One Road” – The New Silk Road and How it Will Affect Shipping

Mr. Nikolaos Kakalis, Manager R&D and Advisory, Region South East Europe and Middle East - **DNV GL** presented on “**One Belt – One Road” – The New Silk Road and How it Will Affect Shipping**” stated that “China is heading towards a New Normal moving from resource-intensive growth to value-added growth, and in this process China’s strategic initiative One Belt-One Road is of high importance”. Connecting China to Europe via the ‘Belt’ or silk road economic belt, and the ‘Road’ or maritime silk road the initiative aims at better infrastructure and connectivity to boost the growth of the countries along the belt and the road. Dr. Kakalis stressed that “investments in the relevant infrastructure development will involve sizeable opportunities for the shipping industry when it comes to the transportation of needed raw and building materials, equipment, energy, as well as consuming goods”. He finished his presentation by outlining example benefits from investment projects in Gwadar, Pakistan and in Piraeus, Greece.”



FORUM SESSION ON FINANCE AND CAPITAL MARKETS

Panel Discussion – Access to Capital as a Competitive Advantage – Bank Finance, Capital Markets, Private Equity & Alternative Financing

Moderator:

Mr. Andreas Christofides, Member of the Board of Directors - **Hellenic Bank**; Executive Director – **Granfeld Wealth Management**

Panelists:

Mr. George Arcadis, Chief Representative, Athens -Representative Office - **ABN AMRO BANK NV**;

Mr. Kjartan Bru, Head of Shipping, Offshore & Logistics, CEMEA – **DNB Bank**;

Mr. Mark Friedman, Senior Managing Director, Investment Banking – **Evercore Partners**.

Mr. Andreas Christofides, Member of the Board of Directors - **Hellenic Bank**; Executive Director – **Granfeld Wealth Management** stated that “In a challenging market all forms of finance, when correctly applied to the situation, can lead to an advantage. Whether this advantage is competitive or just transitional, ultimately this is down to the shipping company and the efficiency of its operations. However, access to capital, like in all industries, is the crucial element which essentially contributes to the success (or failure) of a company”.

Mr. George Arcadis, Chief Representative, Athens Representative Office - **ABN AMRO BANK NV** said that “In a volatile world market, a bank with global presence and staying power is rare. ABN AMRO has been financing this sector since 1720. Many clients have been with us for decades because our support goes beyond dollars. A stable team of sector specialists with the experience to advise you on funding diversify cation and strategic capital management; we offer a complete product range and the industry know-how to develop creative solutions.

Add fast decision-making, flawless execution, and integrated risk and portfolio management, and you can see why companies tend to stay with us for the long haul. For more on how our Transportation team could support your business, visit abnamro.com/etc.”

Mr. Kjartan Bru, Head of Shipping, Offshore & Logistics, CEMEA – **DNB Bank** stated that “Access to capital is a competitive advantage and companies should approach this with optionality in mind. The more options, the more flexibility, the more value. How a company is run will always be the overarching consideration. Having a long term commitment to shipping, balancing well the operational versus financial leverage and preparing for the bad times during the good times by always keeping financial capacity at hand for a rainy day either within the company or with supportive stakeholders are keys to success. DNB has the ability to advise on many fronts to find and offer the best solutions.”

Mr. Mark Friedman, Senior Managing Director, Investment Banking – **Evercore Partners** discussed the scarcity of capital and the need for shipowners to create size, scale, transparency and efficiency to attract private and public capital. Bank relationships should be carefully nurtured and being a public company provides useful transparency to attract and maintain bank relationships. Ultimately, preferred access to capital is the key to grow through the cycle.

Presentation – Restructuring as a Business & Investment Opportunity”

Mr. George Paleokrassas, Partner – **Watson Farley & Williams LLP** presented on “**Restructuring as a Business & Investment Opportunity**” and discussed on how restructurings may result in business and

investment opportunities. The decision by many traditional lenders to deleverage or to exit ship lending altogether has given owners in some case the opportunity to reduce their loans to the value of the ships securing the loans (leading to a reduction in the ships' breakeven levels) and, as it is a condition of many restructurings that there be an injection of new equity, this allows companies to attract investment from existing or new investors with the new equity valued at current, and not original investment level.

FORUM SESSION ON CYPRUS AS A MARITIME, LOGISTICS & ENERGY HUB

Panel Discussion – Expertise and Infrastructure in Cyprus – Cyprus as an Operational Hub

Moderator:

Mr. Markus Wenker, Head of Ship Finance **Hellenic Bank**

Panelists:

Mr. Roine Ahlquist, Managing Director - **Tufton Oceanic Shipping Management**;

Mr. Ioannis Efstratiou, Acting Director – **Department of Merchant Shipping of Cyprus**;

Mr. George Mouskas, Managing Director - **Zela Shipping Group**; Member of the Executive Committee - **Cyprus Union of Shipowners**;

Mr. Dieter Rohdenburg, CEO – **Intership Navigation Co., Ltd.**; Vice President - **Cyprus Shipping Chamber**;

Mr. Antonis Taliotis, Tax Partner – **Deloitte Cyprus**;

Mr. Markus Wenker, Head of Ship Finance **Hellenic Bank** addressed the audience by stating that “Shipping has been one of the few pillars of the Cypriot economy that remained resilient despite the unprecedented crisis of 2013. At Hellenic Bank we have a proven track record of in-depth expertise in the shipping industry. We are the only banking institution in Cyprus with a dedicated Shipping Division since 2013, who understands the needs of international shipping companies and provides a wide range of specialized banking products and services.”

Mr. Roine Ahlquist, Managing Director - **Tufton Oceanic Shipping Management** stated that "Cyprus is in a position to leverage its unique and strategically valuable location to attract more Shipping business interests to the island.

To move up in the value chain (ship owners, traders, brokers etc) we need to see incentives for development of an improved infrastructure to support and attract foreign companies and expatriate executives. This would entail a broad strategic review of the existing infrastructure base and amongst other efforts work on developing attractive routings into continental EU for business travel.

It would further entail effectivising government services offerings to cater to a truly international and highly sought after internationally mobile talent base.

An attractive tax system is not alone a solution, Cyprus has a great deal to offer but we need to align our value proposition to what other international destinations can provide to companies and individuals alike"

Mr. Ioannis Efstratiou, Acting Director – **Department of Merchant Shipping of Cyprus** presented the following message to the audience: “The prospects of Cyprus shipping look better than ever. Our comprehensive maritime centre witnesses a continuous development, both in size and spectrum of shipping activities. Cyprus is attracting new business in shipping, capitalising on its attractive economic incentives, the unparalleled expertise and excellent infrastructure that encompass its shipping industry. This fact is evidenced by the increasing number of companies relocating their businesses to Cyprus or

opening offices and branches in Cyprus. Limassol is truly a leading shipping centre and is among the most important shipping capitals of the world”.

Mr. George Mouskas, Managing Director - **Zela Shipping Group**; Member of the Executive Committee - **Cyprus Union of Shipowners** stated that the panel discussed “the advantages of a shipping company operating out of Cyprus. It was generally agreed that Cyprus is an efficient place to operate from, with good quality staff and low operational costs due to, mainly, the advantageous tax structure. Our experience at the Zela Shipping Group is that we are working much more efficiently and with lower costs since that we relocated to Limassol in September 2014. Our London office and Athens office have now been closed and all our staff is based in Limassol Cyprus. Our panel also predicted a bright future for Cyprus as an operating base and also for the Cyprus flag, especially if there is a solution to the Cyprus problem. My prediction is that if the Cyprus problem is solved, and the Turkish embargo is lifted on Cyprus flag ships, then the tonnage under the Cyprus flag would double within a year. Limassol requires more quality office space to be built to accommodate the new companies relocating in Cyprus. There is also a need for better flight connections to Europe, especially the north European ports, which are very difficult to get to. Flight connections to the Far East are very well served via Dubai. The general message is that don’t look any further than Limassol if you are looking to relocate your shipping office.”

Mr. Dieter Rohdenburg, CEO – **Intership Navigation Co., Ltd.**; Vice President - **Cyprus Shipping Chamber** addressed the audience by stating that “Cyprus maritime cluster has grown tremendously over the last 4 decades. Today is recognized as one of the leading ship management centers in the world. Cyprus Shipping Chamber represents the entire cluster with highly effective lobbying power with the full support by successive Cypriot governments. Existing cluster includes, besides ship owners/ managers Chartering brokers, Insurance brokers, Marine spare parts suppliers (makers, traders), Classification societies etc. The way forward they must increase promotion of Cyprus cluster internationally to attract new players from all industry sectors and expand locally to include existing players such as Academic institutions, Oil & gas, Port operators, Charterers etc. The resident shipping industry, in its broadest sense, is one of the strong contributors to the Cyprus economy!”

Mr. Antonis Taliotis, Tax Partner – **Deloitte Cyprus** emphasized that “Cyprus tax legislation provides additional and significant tax benefits for those individuals that want to relocate and work from Cyprus either by setting up their business in the Republic or as employees, such as the non dom rules, which exempt from taxation their investment income (interest and/or dividends) or the 50% reduction on income tax rates applicable on salary income when that exceeds €100.000 p.a. He concluded that Cyprus is still a very attractive place to operate from, as it combines a favorable tax environment with a robust infrastructure and high quality services”.

FORUM SESSION ON PUTTING IT ALL TOGETHER: THE SHIPOWNER PERSPECTIVE

Panel Discussion – Is There Light at the End of the Tunnel? - The Shipowner Perspective

Moderator:

Mr. Ben Nolan, Director, Shipping Research – **Stifel**

Panelists:

Mr. Spyros Capralos, CEO – **Oceanbulk Containers**; Chairman – **Star Bulk Carriers**;

Mr. Andreas Hadjiyiannis, President - **Cyprus Sea Lines Shipping**; President - **Cyprus Union of Shipowners**;

Mr. Polys Hajioannou, CEO – Safe Bulkers; Vice President - Cyprus Union of Shipowners;
Mr. Aristidis Pittas, CEO - Euroseas Ltd.

Mr. Spyros Capralos, CEO – Oceanbulk Containers; Chairman – Star Bulk Carriers referred to the “recent rally in dry bulk stocks, explaining that this was mostly derived by the positive momentum created post U.S. elections, as well as the surge in commodity and energy prices. He also commented on the dry bulk market prospects, stating that 2016 was the worst year in the last 3 decades, that 2017 will be better and that the market will improve going forward. He pointed out though that owners should continue to show restraint, by scrapping older vessels and refrain from ordering new buildings. He also touched upon the benefits of being a public shipping company, emphasizing the access to capital, much needed for fleet growth in a capital intensive business such as shipping. Mr. Capralos also echoed the view of the panelists that better corporate governance and transparency in public shipping companies will ultimately become the new normal in the next years, also pointing out Star Bulk’s excellence in this area. Regarding the question on which shipping sub sector he would invest \$100 mln, Mr. Capralos pointed that if everybody was to invest \$100 million in buying vessels, then this would surely lead to increased vessel prices. There was a discussion in the panel regarding the upcoming IMO regulations (ballast water treatment system and low Sulphur cap on fuel), where Mr. Capralos shared the view of other participants that most owners will not elect to install scrubbers, but instead will attempt to slow steam, thus reducing the effective supply of vessels. He also pointed out that both new regulations will lead to accelerated scrapping of older vessels, especially in the dry bulk sector”.

Mr. Polys Hajioannou, CEO – Safe Bulkers; Vice President - Cyprus Union of Shipowners addressed the audience by stating that “We are proud to participate in the shipping conference of Capital Link organized for the first time in Limassol, Cyprus. Safe Bulkers is the largest owner in Cyprus registry with 36 vessels of 3.1 million dwt. Our Manager Safe Bulkers Management Ltd operates from Limassol Cyprus, enjoying a transparent and stable business environment in a modern City.

Our industry has experienced the first quarter of 2016 the worst market ever. Since then the chartering market improved somewhat from the historical lows, however, it still remains at non-profitable levels. Our proactive management efforts and our lean cost structure as expressed by our daily operating expenses are the main drivers for achieving positive operating cash flows, a key for maintaining liquidity. In addition our liquidity was improved through our recent additional offering in NYSE.

The suitable mix between period and spot charters may provide visibility of cash flows, support cash positive operations for lean cost structure vehicles, while some upside potential could be maintained on the basis of unfixed days.

Overall Safe Bulkers is well-positioned to withstand turbulence that may occur in the chartering market, but also to take advantage when the next shipping cycle begins”.

Mr. Aristidis Pittas, CEO - Euroseas Ltd stressed the need for discipline in newbuilding orders. There is too much shipbuilding capacity and fierce competition among shipyards in China, Korean and Japan. The moment rates recover, owners should resist the temptation to take advantage of attractive newbuilding offers, as new orders would be a negative for the shipping market. He added that looking ahead he expects a gradual improvement in the dry bulk markets provided Chinese demand for commodities continues and fleet supply pressures diminish. He is also hopeful for an improvement in the containership market as the result of increased scrapping and more slippage in new deliveries. He outlined the steps that Euroseas took to strengthen its liquidity and financial capacity to pursue selected acquisitions taking advantage of attractive vessel values. Euroseas will continue to act as a platform to consolidate other ownership interests using its stock to pay for select acquisitions.



Concluding Remarks

Mr. George A. Tsavlis, President - **Tsavlis Salvage Group – Conference Chairman**, closed the conference with the following statement:

“My experience in chairing the Cyprus Capital Link Shipping Forum this year was one of the most rewarding I have had. First and foremost, I would like to thank Nicolas and Olga Bornozi for organizing this event. Frankly, one could say that this event may be entitled to be placed in the Guinness Book of Records for capturing a full audience of over 400 attendees -who remained throughout the day. It is very rare to have a lunch break and then to see all the attendees back in their places with the same enthusiasm and spark in their eyes. It goes without saying that there are good reasons for this.

First the momentum was high – the presentations were both interesting and informative and the respective moderators worked impeccably well with their team of panelists.

Another point I would like to take the opportunity in saying is that often we find members of the shipping industry somewhat hesitant in attending conferences. Personally, as I have mentioned in the past, in this day and age, the everlasting and constant changes we are having to face and adapt to are so rapid, that opportunities such as this, are an absolute necessity, in order to keep up to date.

As we have noted the regulations alone are becoming extremely difficult to face, especially in view of the complexities and the inconsistencies we find from different jurisdictions and formats.

As we are all aware, in spite of the difficult and testing times Cyprus experienced in the past, they have performed nothing less than what I can describe as a miracle in elevating themselves to the highest professional level in all sectors. The prominence achieved in shipping, the discovery of significant amounts of hydrocarbons in the area and the high degree of utmost professionalism in shipping services give us every assurance for a bright future.

Again my sincere thanks to the Capital Link team and a personal note for making my day to experience such a professional approach and with such youthful enthusiasm.

Last and not least, THANK YOU CYPRUS.”

TARGET AUDIENCE

The Forum presented a unique opportunity to meet and network with a large, high-caliber audience of Ship Owners - Ship Managers - Ship Operators - Ship Brokers – Charterers - Risk Insurers – Arbitrators - Marine Technology experts, investment and commercial bankers, analysts, private equity and venture capital firms, law and auditing executives, market analysts, institutional investors, financial advisors, trade and financial media.

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Please visit: <http://forums.capitallink.com/shipping/2017cyprus/index.html>

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ABOUT CAPITAL LINK

With its headquarters in **New York** and presence in **London, Athens** and **Oslo**, Capital Link has been active since **1995** in the field of Strategic Advisory, Investor Relations and Financial Communication with main focus on the maritime sector, among other. Capital Link's activities include Investor Relations and Advisory, the Organization of Investment Conferences and Introductions to Strategic Business Partners and Capital Providers. Capital Link organizes 14 large scale conferences annually in New York, London, Athens, Limassol and Shanghai focusing on its main field of activity. (www.capitallinkforum.com). The Capital Link Forums feature industry leaders and are recognized for their rich informational content coupled with extensive marketing and networking opportunities.

Capital Link's efforts and its President, Nicolas Bornozis, have been recognized by several organizations including the Greek Shipping Lloyds Awards, the Intercontinental Finance Magazine, the International Propeller Club of the United States and the [AHI-American Hellenic Institute](#).