

MARINE M O N E Y

5th Marine Money Cyprus Forum

25 April 2023

Four Seasons, Limassol, Cyprus

EVENT REPORT

An unpredictable world brings risk and opportunity

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A big issue is how to align energy security with greening the world

2030 is tomorrow and 2050 is next week and it is impossible with the current status quo to reach the targets

We were delighted to be back in Limassol on 25th April 2023 for our 5th Marine Money Cyprus Ship Finance Forum at the Four Seasons Hotel. A first event for four years and there was a positive vibe and genuine enthusiasm from speakers and delegates alike, partly of course due to generally positive market sentiment but also showing that the world is really back post COVID, wanting to meet face to face, keen to do business and looking forward to what the future will bring. The event attracted over 130 speakers and delegates from Cyprus and overseas.

The conference theme was **An unpredictable world brings risk and opportunity.**

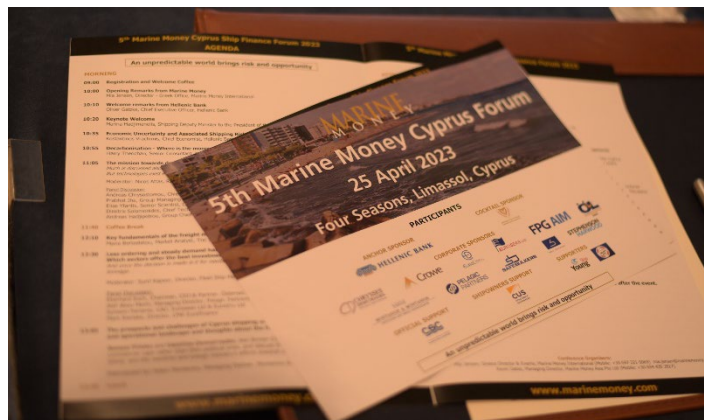
Shipping continues to be in a good space and is making good money but there are many moving pieces in the industry not least the decarbonization issue, rising interest costs and inflation, and the fuel price instability. Energy security is also a large issue close to the minds of Cypriots and we entertained much discussion on this point. The mood was good, there is enthusiasm to grow and develop and Cyprus is in a good place for shipping, for business, for tourism and for investment.

The conference room remained full for the duration of the conference and the discussions in the conference room was matched by the activity in the networking areas with the whole day being a success in terms of numbers, quality debate, networking opportunities and positive discussion.

For the best summary of the day please **hear the video recordings and see the presentations at** <https://www.marinemoney.com/events-2-0-2/2023-marine-money-cyprus-forum> In the meantime some of the takeaways from the conference include:

The Cyprus message

- *Cyprus economy in 2022 showed its resistance to a combination of inflationary shock, the energy crisis and monetary tightening – 5.6% YoY growth*
- *The tourism sector weathered the crisis, absorbing the shock from the Russian/Ukraine tourist markets. 2022 tourism arrivals reached 3.2million (c. 78% of arrivals in record 2019 year)*
- *The economy was impacted by rising inflationary pressures, driven by energy prices and the gradual upward repricing of products and services*
- *Inflation is likely to peak in the middle of the year and should continue to fall while remaining above normal levels.*
- *The labour market remains resilient and flexible, with no signs of any impact, with unemployment at 6.8% in 2022 (vs 2021: 7.5%). In 2023 the MENA anticipated growth is 3% whereas the world expected growth is 2.9%*



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The Global Economy Message

- *World growth in 2023 is expected to drop to 2.8% (from 3.4% in 2022), before rising slightly to 3.0% in 2024.*
- *Growth in the volume of world trade is expected to decline from 5.1% in 2022 to 2.4% in 2023, due to the expected slowdown in global demand following the marked catch-up in growth due to the pandemic. The world will grow on the back of Chinese growth, the MENA region will grow because of higher oil production*
- *World merchandise trade volume is projected to grow 1.7% in 2023 before picking up to 3.2% in 2024*
- *There is high uncertainty due to rising geopolitical tensions, global food insecurity, monetary tightening and possible financial instability.*
- *Global supply chain pressures decreased in Q1-23 and generally global supply chain conditions have largely normalized after experiencing temporary setbacks around the turn of the year.*
- *China opening up will help trade demand and China growth in 2023 and 2024 is expected to be back to 4.5% to 5%, and Indian growth over 6%. This will help sluggish growth in Europe and the US*
- *The recovery plans of government investment are a "once in a lifetime opportunity" to encourage reforms*
- *We are in a period of Monetary tightening slowing-down growth - Geopolitical tensions are spreading - Governments stepping up investment – and households building up excess savings*

The decarbonization message

- *Current IMO targets will cost \$1.1trillion to \$1.4 trillion. This is a massive amount compared to bank financing and capital market activity, plus bonds and private equity. So the funding must come from outside the industry*
- *ECAs can have a big impact by giving finance for newbuildings and retrofiting ships which are complying with efforts to reduce emissions*
- *Have to bear in mind that regulation for reducing emissions has been talked about since the Kyoto Treaty in the 1990s and many times after through the Paris Treaty in 2015 and up until today. So shipping has had plenty time to think about it.*
- *Speed may have to reduce or efficiency be improved through retrofits. Automated data programmes can help to determine best way forward.*
- *2030 is tomorrow and 2050 is next week and it is impossible with the current status quo to reach the targets*
- *Maybe best to abandon figures and targets and to base our efforts on the science and actual results*



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- *Retrofits work to reduce carbon emissions but there is a limit to what you can do. At some point the ship cannot be further improved.*
- *There is a need for complete collaboration amongst stakeholders and they must utilize every tool available, digitization included*
- *We need to rethink the working model of shipping because for the first time it is the consumer which is pulling the strings and insisting on change*

The shipping message

- *Although the supply for most sectors is well managed, there is a tsunami of newbuild container ships coming, about 9 million TEU or 900 ships. At the same time there is almost no scrapping and even a prolongation of ship life and 5th SS are being passed.*
- *The positive market in wet and dry is very much due to limited supply*
- *Dry bulk is very China driven and the geopolitics of that region mean that whereas demand seems positive, it may quickly change*
- *Dry bulk demand growth will be higher than dry bulk supply growth for 2023, 2024 and 2025.*
- *As a shipowner or manager if you do not participate in the decarbonization mission, you will eventually be out of the game*
- *But not everyone wants to implement change at the same pace because for some it just does not make financial sense*
- *A big issue is how to align energy security with greening the world*

The finance message

- *There is finance available for most shipping deals with terms and conditions being the determining factor*
- *Interest rates and margins are high so the cost of capital is now a larger slice of cash breakeven*
- *For some funds the cost of debt has now risen such that it sometimes makes sense for dela sto be financed with 100% equity*
- *The loan is normally the starting point to build an integrated relationship, so smaller loans are welcome if there is potential for cross selling*
- *The Cypriot banks and finance providers are very close and if there is potential for a syndicated deal, there is no reason that it could not proceed*

Hellenic Bank pledges support for Cypriot shipping industry

By [Kyriacos Nicolaou](#) April 27, 2023 Hellenic Bank on Thursday released a statement in which it underlined its support for the shipping industry and its people, something which is reflected through its backing of this year's Marine Money Cyprus Forum, which was held for the fifth consecutive year. <https://cyprus-mail.com/2023/04/27/hellenic-bank-pledges-support-for-cypriot-shipping-industry/>

Η Ελληνική Τράπεζα χορηγός του 5ου Marine Money Cyprus Forum

29 Απριλίου, 2023 <https://www.offsite.com.cy/eidiseis/oikonomia/oliver-gatzke-kritiria-esg-gia-ti-makrohronia-epityhia-tis-naytilias>

Session Videos and Presentations are available at <https://www.marinemoney.com/events-2-0-2/2023-marine-money-cyprus-forum>

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The conference ended with a room still full and the discussion continued into the closing cocktail. We were happy to be back in Cyprus and we look forward to our next event on 23 April 2024 again in Limassol.



2023-2024 FORUM CALENDAR

To view all details about upcoming and previous forums.
please visit www.marinemoney.com

as at 26 April 2023

EVENT	DATE	CITY
23rd Norway Ship & Offshore Finance Forum	Jun 8, 2023	Oslo
35th Marine Money Week	Jun 20-22, 2023	New York City
Copenhagen Members Only Private Event	Sep 7, 2023	Copenhagen
Marine Money – Climate Week	Sep 2023 TBA	New York City
16th Monaco Superyacht Finance Forum	Sep 26, 2023	Monaco
22nd Marine Money Week Asia	Sep 26-27, 2023	Singapore
25th Greek Ship Finance Forum	Oct 17, 2023	Athens
17th Korea Ship Finance Forum	Nov 1-2, 2023	Busan
13th China Ship Finance Forum	Nov 7, 2023	Shanghai
24th Ship Finance Forum NYC	Nov 16, 2023	New York City
2nd Marine Finance Forum – New Orleans	Nov 30, 2023	New Orleans
15th London Ship Finance Forum	Jan 25, 2024	London
22nd Marine Money Hamburg	Feb 28, 2024	Hamburg
2nd Palm Beach Superyacht Finance Forum	Mar 2024 TBA	Palm Beach, Fl, USA
18th Gulf Ship Finance Forum	Mar 6, 2024	Dubai
15th Hong Kong Ship Finance Forum	Mar 2024 TBA	Hong Kong
Marine Money Offshore Energy Finance Forum	Apr 25, 2023	Singapore
6th Marine Money Cyprus Forum	Apr 23, 2024	Limassol