



REPUBLIC OF CYPRUS

**Ministry of Transport,
Communications and Works**

**Marios Demetriades, Minister
Visit to India, April 2017**

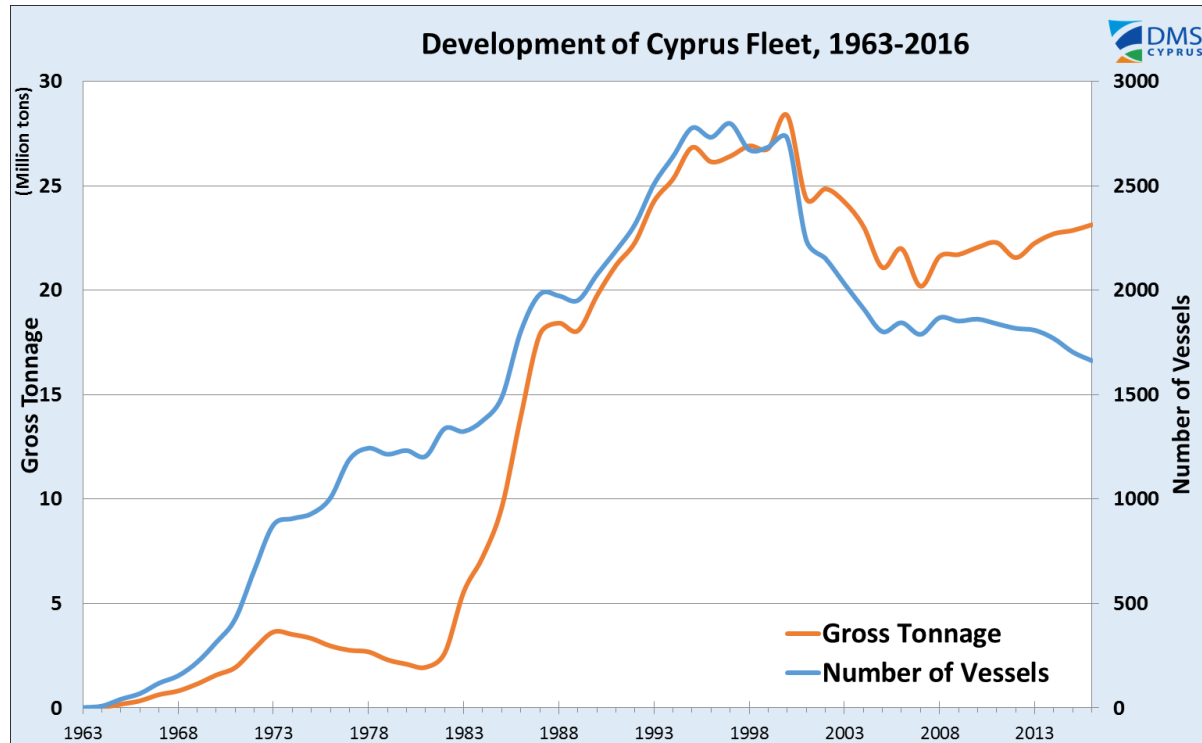
“Cyprus Maritime Sector: A gateway to Europe”

One of the most important shipping centres in
the World

Cyprus has developed over the last few years as a major shipping center within the EU

- Well established and quality Registry with Merchant Fleet exceeding 23 million gross tonnage
 - 3rd in tonnage in EU and 11th in tonnage worldwide.
- Major base for international shipping operations with a strong resident cluster
 - Leading Shipmanagement centre in the EU with more than 50 ship management companies controlling a fleet of 2200 vessels are operating from Cyprus; and
 - Wide range of shipping and shipping related activities, maritime cluster.
- Strong Government support at all levels.

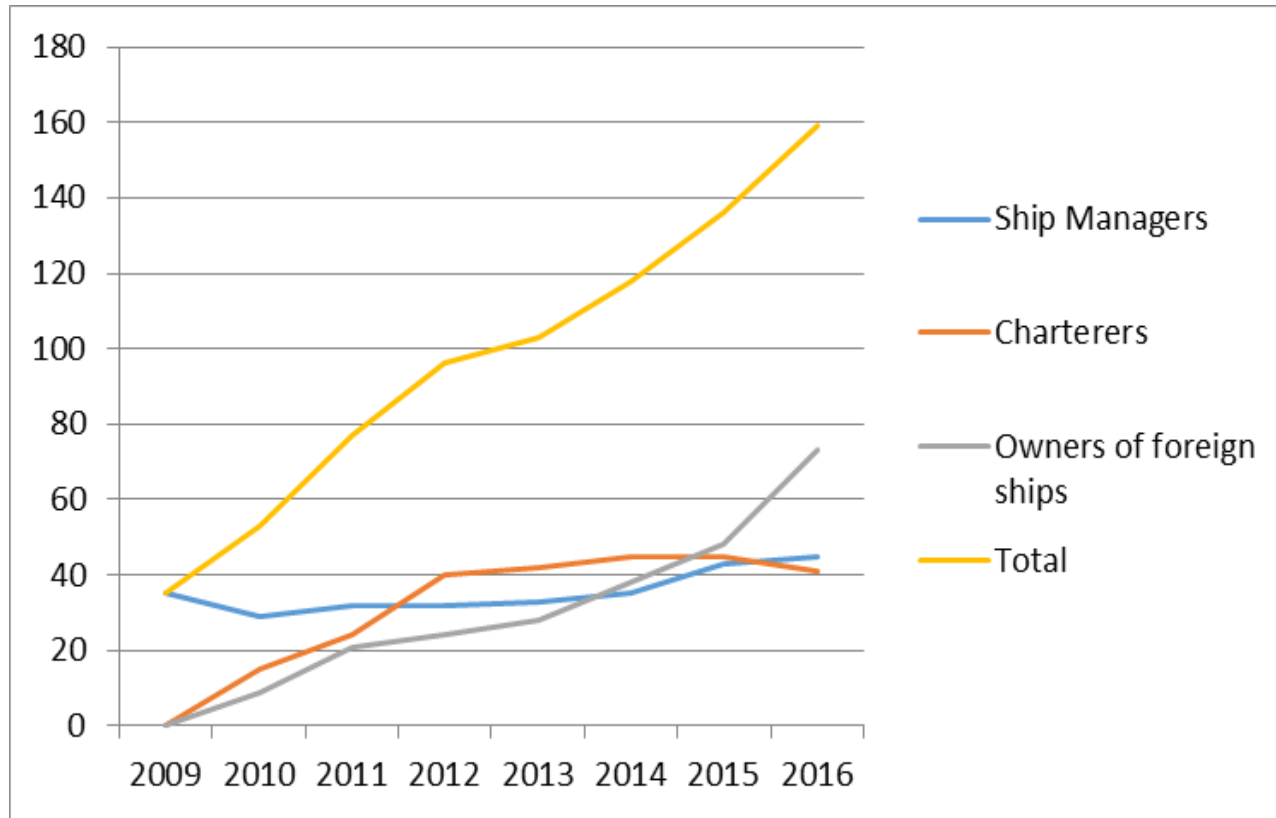
Cyprus fleet currently ranks eleventh in the World



- More than 23m Gross tonnage and 1650 ships;
- Cyprus registry rationalized upon entry in the EU;
- Currently recognized as a high quality flag (included in all White lists);
- Growth in number of ships negatively affected by the embargo but has potential for further growth.

Growth in Gross Tonnage during the last years

Growth in the number of companies under the tonnage tax system has been exponential over the last few year



Source: Department of Merchant Shipping

- One of the top ship management centres in the World, offering services to almost 5% of the World's fleet;
- 20% share of third party ship management;
- 65% increase in the number of companies under the TTS over the last four years;
- Growth expected to continue as incentives for locally based companies increase;

Wide diversity in composition of cluster

- Almost 200 companies included in the cluster;
- More than 50 ship management companies from all over the world. A true international cluster;
- Number of ship owners increased over the last three years;
- Strong interest from P&I clubs to establish presence with the American P&I club opening operations last year;
- Two local banks in the process of developing specialized ship finance departments;
- Two Maritime Academies with specialized shipping courses established last year;

Cyprus has an Ideal environment for Ship Registration and Shipping Operations

- Strong international presence with offices in Limassol, Hamburg, London, Piraeus, Rotterdam, New York City and Brussels.
- Strong local expertise both at technical and professional level.
- 365 days per year service.
- Competent officers & surveyors available 24hours/day.
- Efficient, qualitative and reliable services to the shipping industry
- Strong involvement in international shipping fora (IMO,ILO and EU).
- Ideal time zone for running international operations.

Attractive fiscal regime

- Approved system of Stamp Duty.
- 50 Double Tax Avoidance Treaties.
- No estate duty on the inheritance of shares in a ship owning company.
- No stamp duty on ship mortgage deeds or other security documents.
- Special Taxation for Shipping companies applicable for Ship Owners, Charterers and Ship managers.
- No tax on income derived from the operation of the ship (s).
- Competitive ship registration costs and fees.
- No tax on the salary or other benefits of the master, the officers and crew members of the ship, on the income, or profit made from the sale of a ship and the interest earned on working capital of the ship.

Cyprus shipping has a bright future...

- Measures introduced by the Government over the last three years include
 - Domicile Vs non-domicile
 - Incentives for high earners
 - Scholarships for graduates of technical shipping courses and subsidization of cadets
 - Restructuring of the Administration including the creation of a separate Deputy Ministry
 - Strengthening of international offices
 - Modernization of the Investments legislation to ease the set up of funds

Cyprus is developing as a logistics hub in the
region...

Cyprus is located among three continents

- Strategic Location and time zone
- Political stability and well developed ties with ME, Central & Eastern Europe
- Advanced infrastructure – reliable telecommunication system, two international airports (Larnaca & Paphos) and two ports (Limassol & Larnaca)
- Robust Legal and Regulatory Framework with a well developed financial services sector – banking, investment and fund management
- Highly educated and multilingual human talent with tertiary education – (39,2% in age group 25 – 64) being higher than EU28 average and one of the highest in the world.

Successful commercialization of Limassol Port in 2016

1. Process overview

- Component of “Troika” MoU
- 18 June 2015: The Republic of Cyprus launched the commercialisation process of Limassol Port
- Successful bidders to take operational control of the Port, a key transport infrastructure development opportunity

2. Scope

- Three concessions being tendered:
 - Container terminal (25 years)
 - Marine services (15 years)
 - Multipurpose terminal (25 years)

✓ 4. Upside

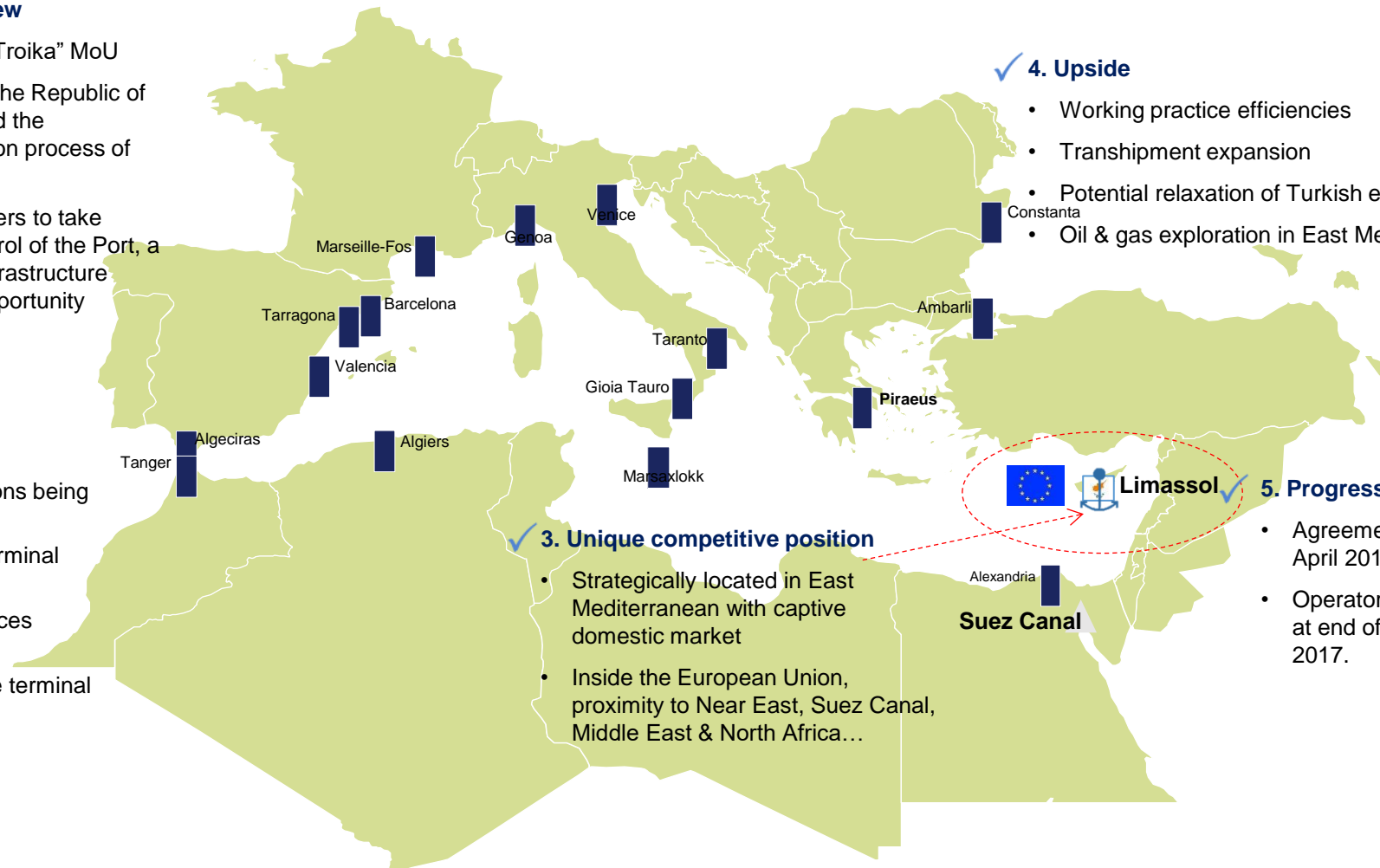
- Working practice efficiencies
- Transshipment expansion
- Potential relaxation of Turkish embargo
- Oil & gas exploration in East Mediterranean

✓ 3. Unique competitive position

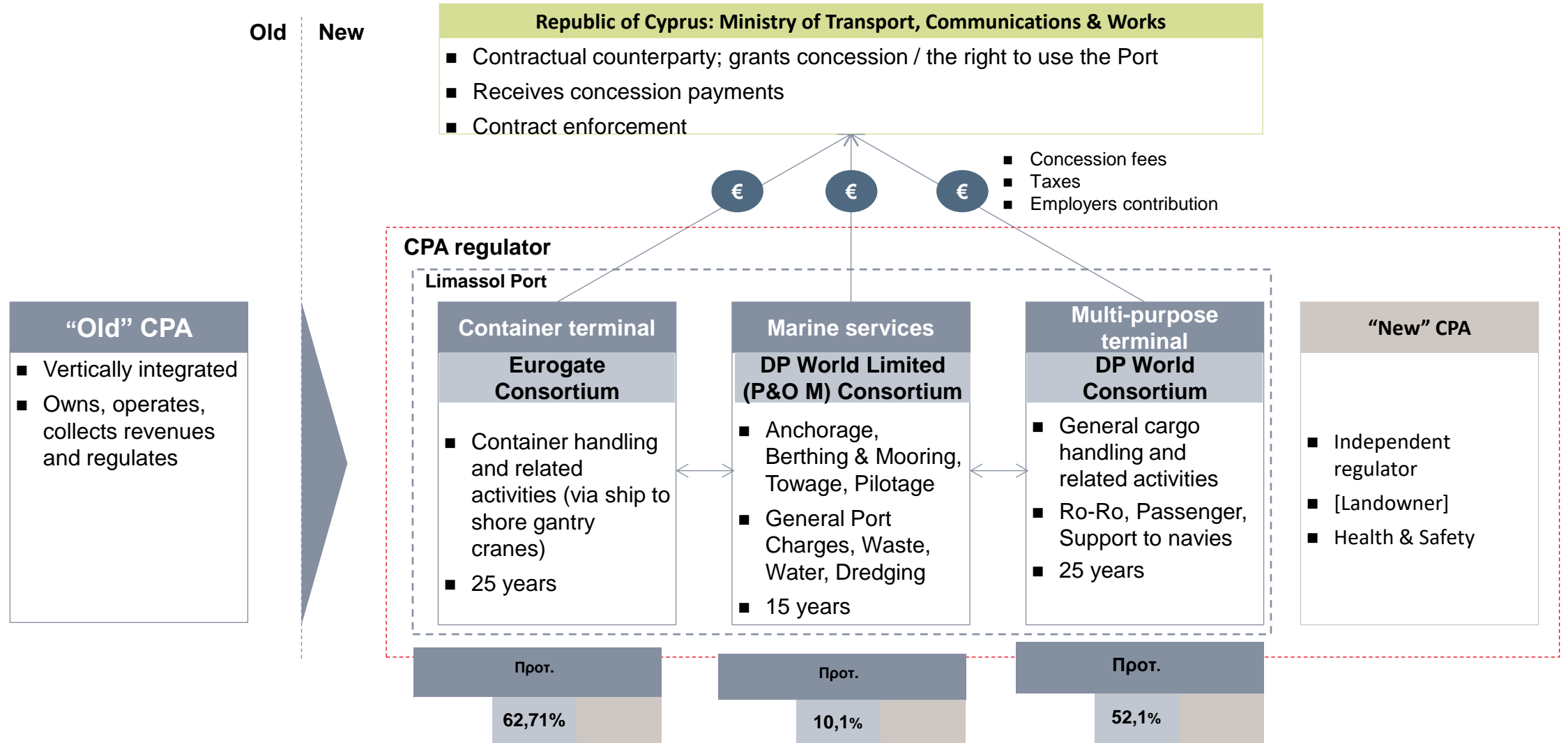
- Strategically located in East Mediterranean with captive domestic market
- Inside the European Union, proximity to Near East, Suez Canal, Middle East & North Africa...

5. Progress

- Agreement signed in April 2016.
- Operators took over at end of January 2017.



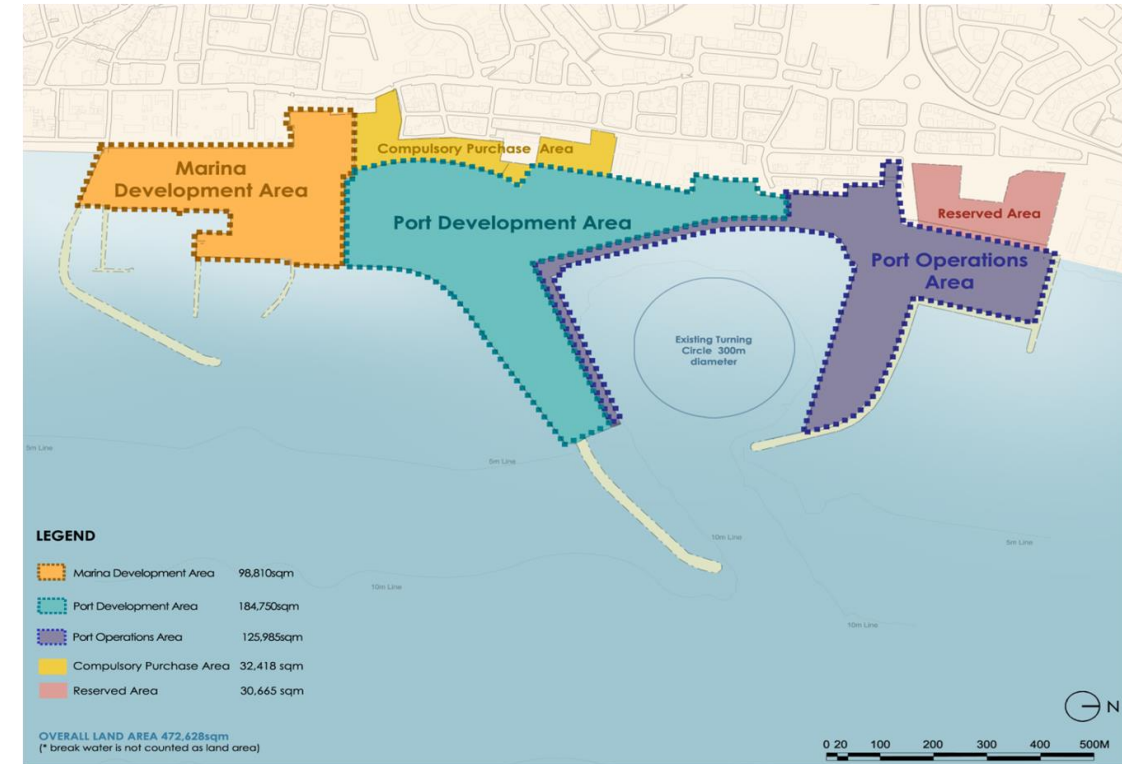
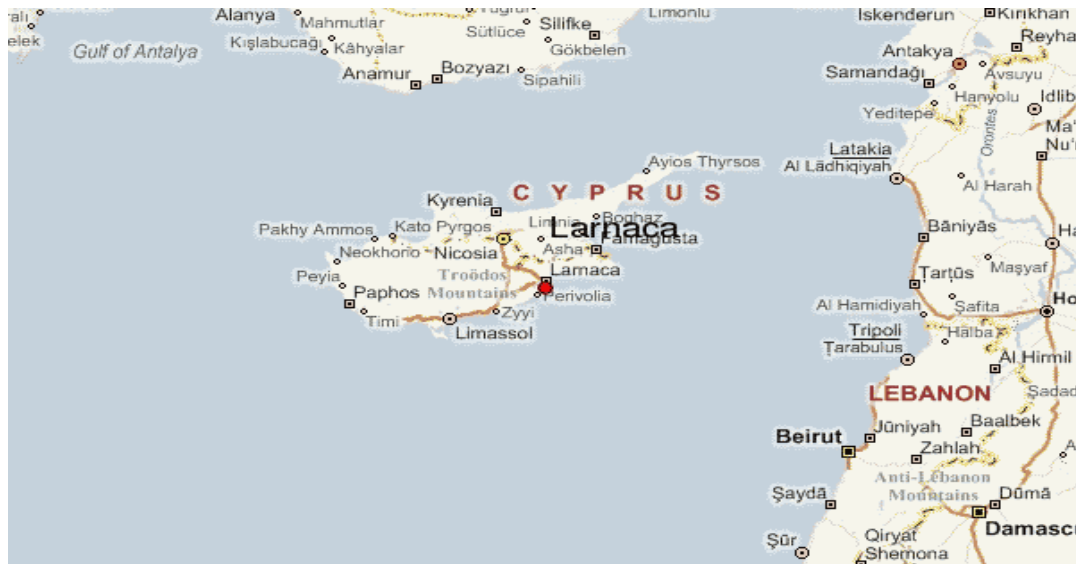
Modern and more transparent structure with Specialist operators



Re-development of the Larnaca Port and Marina

14/18

- Mixed Marina and Urban Resort facility,
- Real estate development,
- Service the local port needs.



- Strong interest from the Gulf, Israel and China.
- Currently in the process of announcing successful bidders from Expression of Interest.
- Tenders from investors expected to take place within the second half of 2017.

Strong interest in Port infrastructure mainly due to

- Use for regional O&G exploration / exploitation;
- Transit cargo;
- Reconstruction of Syria;
- Land acquired for additional port infrastructure within the next five years mainly for dirty cargo / industrial use.

Two modern airports run by an international operator since 2006

16/18

- Increase in aviation traffic of more than 18% in 2016 with a two digit growth rate predicted for 2017 as well;
- Four companies with local AOC and three with local base in Cyprus;
- More than 40 companies operating in / out of Cyprus.



- Strong interest for
 - MRO centers;
 - Cargo business;
 - Training schools;
 - Fixed Base Operations for private jets.

Other interest for infrastructure includes

- Space;
- Telecoms;
- Potential for use as regional storage for e commerce.



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