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From a globalization-centered model to a more regional and (hopefully) resilient

In today's complex maritime landscape, Elias Neocleous & Co LLC would advise clients to take a proactive and integrated approach to manage risks while seizing emerging opportunities

How are shifting global economic conditions affecting the demand for shipping services and influencing the maritime industry's future trends?

Global economic shifts are reshaping the maritime industry through changing trade patterns, evolving regulations, and technological transformation.

Slowing growth in traditional (advanced) economies and rising demand in emerging markets are reshaping global shipping flows.

At the same time, supply chain diversification spurred by geopolitical tensions and the uncertainty created by the ongoing saga of the US administration policies (tariffs being just one of them) seem to favour a shift towards regional trade and short-sea shipping.

Decarbonization is a major force, with new environmental regulations (like IMO's carbon intensity targets and the EU ETS) accelerating investment in greener vessels and alternative fuels so that companies remain compliant and competitive.

Digitalization is transforming maritime logistics with AI-driven route optimization, smart ports, and blockchain-based trade documentation. These tools aim at boosting efficiency, transparency, and risk management across the supply chain.

Meanwhile, although shipbuilding activity hasn't slowed down, the new financial conditions created by the rapid change in trade policies globally could reverse this trend and accelerate the shift towards alliances, consolidation, and more strategic fleet use (which was anyway in progress). At the same time, investors may shift their focus on infrastructure upgrades and sustainability, particularly in emerging mar-

kets and ports adapting to new trade corridors.

The Trump administration's trade policies, particularly the U.S.-China trade war and widespread tariffs, disrupted global shipping patterns and pushed companies to diversify supply chains, a trend that continues today. To balance things, maritime demand shifted from traditional China-U.S. routes to alternative corridors through Southeast Asia, India, and Latin America, increasing regional shipping and port activity.

In summary, it looks like the maritime sec-

tor is transitioning from a globalization-centered model to a more regional and (hopefully) resilient, and sustainable system shaped by long-term economic and geopolitical trends. It remains to be seen whether this will be a short-lived forced change or if it will become the new norm.

What strategies can shipping companies adopt to stay competitive and resilient in the face of challenges?

There are two schools of thought; the one that requires you to pause and wait until the dust settles down and the one that dictates constant action if you are to stay ahead of developments. In my view, trade will continue, one way or another, no matter what. On this basis, core strategies should remain, and companies should focus on agility and

flexibility. In a nutshell:

- ▶ Continue investing in greener, smarter vessels.
- ▶ Embrace digitalization and automation.
- ▶ Strengthen your supply chain integration.
- ▶ Improve risk management and flexibility.
- ▶ Leverage financing and green incentives.
- ▶ Focus on workforce and talent acquisition.

These are not new topics. But in a fast-changing environment with a long-lasting anticipated impact on global trade, shipping companies need to adopt a multi-pronged strategy to stay competitive, agile, and resilient.

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In what ways is the shipping industry adapting to the growing pressures for sustainability, and how do you see environmental regulations evolving over the next few years?

The maritime sector is not just preparing for sustainability, it's in full transition. Those that continue to invest in green tech, digital optimization, and compliance infrastructure will not only stay ahead of regulations but also attract cargo owners, financiers, and regulators who are all demanding cleaner, smarter shipping.

The shipping industry is rapidly transforming already. Key efforts focus on adopting cleaner fuels, improving energy efficiency, and embracing digital solutions. LNG is widely used now, while other emerging alternatives such as green methanol, ammonia,

and hydrogen are on the rise. Companies are actively investing and experimenting; the real challenge is not if the industry will do it but to find out what is the best and cost-efficient route to cut emissions.

Key regulatory drivers include the IMO's Carbon Intensity Indicator (CII) and EEXI, with stricter goals leading to net-zero by 2050. The EU has integrated shipping into its Emissions Trading System, while other regions adopt their own rules. Financial institutions and cargo owners are also pushing for ESG transparency and greener operations.

The current political and geopolitical turmoil is expected to slow down, at least in the short term, sustainability efforts, but given the progress made so far, the green effort still holds the helm. The industry is adapting, though timelines and priorities may shift depending on region and risk exposure.

CYPRUS' STRATEGIC POSITION What role does Cyprus' strategic position in global shipping play in helping its companies navigate changes in international trade flows and regulatory requirements?

A leading maritime hub with global reach, Cyprus gives its shipping companies a strong advantage in adapting to changing global trade flows and regulatory demands. Ideally positioned near key trade routes with a robust legal and regulatory framework and home to a strong maritime cluster, Cyprus is a vocal player internationally when it comes to supporting, defending and driving growth and innovation in the shipping industry.

Cyprus acts as a stable, agile maritime gateway, enabling its shipping companies to pivot with global trade shifts, meet tightening regulations, and tap into green and digital maritime trends ahead of the curve.

What advice would ELIAS NEOCLEOUS offer to a client in the maritime industry to effectively address the current challenges and capitalize on emerging opportunities?

In today's complex maritime landscape, we would advise clients to take a proactive and integrated approach to manage risks while seizing emerging opportunities. Here are some hot topics where our firm can be



of assistance.

- Compliance with evolving environmental regulations. Staying ahead of these rules is critical to avoiding penalties and maintaining market access.

- Implementation of geopolitical risk management strategies; diversifying routes, securing insurance, and updating contractual terms to reflect risks related to sanctions, conflict zones, and trade barriers. Well-drafted force majeure and emissions-related clauses are now essential.

- Reviewing and updating charterparty and supply agreements to include flexibility on emissions costs, fuel types, and operational delays is key to managing uncertainty.

- We can help clients with their green financing options like ESG-linked loans, car-

bon credits, and public subsidies.

- Working closely with clients when considering strategic partnerships and tech innovation, ensuring compliance with data protection, cybersecurity, and IP regulations as they digitize operations.

Our approach is that legal strategy should support both compliance and competitiveness. Our aim is to help maritime clients transition smoothly into a more sustainable and resilient future.

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