



REPUBLIC OF CYPRUS

**SHIPPING DEPUTY MINISTRY**

29 October 2021

**MARITIME LINK BETWEEN CYPRUS AND GREECE**

**CONSULTATION PRIOR TO TENDER LAUNCHING**

The Shipping Deputy Ministry of the Republic of Cyprus intends to launch an Open Tender Procedure for the Establishment of a Passenger Maritime link between Cyprus and Greece, under public service obligation (SGEI – Service of General Economic Interest). The main provisions of the intended draft Tender Documents are listed below.

Interested economic operators **are welcomed to provide any comments** on below provisions by **12 November 2021** at [eprokopiou@dms.gov.cy](mailto:eprokopiou@dms.gov.cy).

It is noted that the provisions in **BLUE** fonts are not subject to any comments/changes.

MAIN PROVISIONS		EXPLANATIONS/ COMMENTS
1.	<p><b>Contract scope</b></p> <p>Economic Operators will be invited to tender for the provision of a passenger (and their private vehicle) service under public service obligation, which will attract a subsidy, in respect of the Limassol/Larnaca- Piraeus route performed by a Ro-Pax vessel/ferry.</p>	
2.	<p><b>Amount of subsidy</b></p> <p>5 million euro per year (subsidy is excluded from V.A.T.)</p> <p>A provision will be included in the tender documents for the provision of an additional subsidy of up to 500,000 euro per year to accommodate possible</p>	

	adjustments in the marine fuel price in accordance with relevant bunker price index.	
<b>3.</b>	<p style="text-align: center;"><b>Awarding Criteria</b></p> <p>The tender will be awarded to the most advantageous tender based on price i.e. to the tenderer with the <u>lowest cost required to perform the service, provided that the minimum requirements laid down in the tender documents are fulfilled.</u></p>	
<b>4.</b>	<p style="text-align: center;"><b>Eligibility for participation</b></p> <p>Eligible for participation in the tender procedure are EU nationals or Shipping Companies established within the EU or outside the EU but controlled<sup>1</sup> by EU nationals and the vessel for which the tender is submitted is registered in an EU Member State (see Article 1 of Council Regulation (EEC) No 4055/86).</p> <p>To participate in the tender procedure, interested economic operators (which can be a legal entity, a consortium or group of companies) must be involved in shipping and/or in maritime transport operations.</p> <p>The said entity should clearly define a project team responsible to implement the contract, which consists of at least a Contractor's Project Manager and a Safety and Technical Manager.</p>	

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<sup>1</sup> "Controlled" means more than 50% of the shares of the corporations, are owned by EU citizens, or the majority of the Directors of the corporations, are EU citizens.

<p>5.</p>	<p style="text-align: center;"><b>Duration of contract and Frequency of the Service</b></p> <ul style="list-style-type: none"> <li>• The service will be provided for 3 years.</li> <li>• There will be a possibility for an extension of the Contract subject to performance indicators for an additional maximum period up to 3 years.</li> <li>• The service will be offered on a weekly basis between April/May to September/October only (seasonal approach).</li> <li>• Therefore, 26 return sailings per year should be provided by the Successful Tenderer.</li> </ul>	<p>The proposed performance indicators are as follows:</p> <ul style="list-style-type: none"> <li>(a) Extension for 1 year if the average capacity of the vessel per journey for the first 65 voyages (i.e. 2.5 service years) <math>\geq</math> 50% of the minimum passenger capacity required under the Tender Documents (i.e. an average of 50 passengers per journey). In this case a further extension of up to 2 years (1 +1) may be given if the average capacity of the vessel per journey for the 4<sup>th</sup> (and thereafter 5<sup>th</sup>) service year <math>\geq</math> 50%.</li> <li>(b) Extension for 2 years if the average capacity of the vessel per journey for the first 65 voyages (i.e. 2.5 service years) <math>\geq</math> 65% of the minimum passenger capacity required under the Tender Documents (i.e. an average of 65 passengers per journey). In this case a further extension of 1 year may be given if the average capacity of the vessel per journey for the 5<sup>th</sup> service year <math>\geq</math> 50%.</li> <li>(c) Extension for 3 years if the average capacity of the vessel per journey for the first 65 voyages (i.e. 2.5 service years) <math>\geq</math> 75% of the minimum passenger capacity required under the Tender Documents (i.e. an average of 75 passengers per journey).</li> </ul>
<p>6.</p>	<p style="text-align: center;"><b>Ports</b></p> <p><u>Cyprus</u>: Limassol or Larnaca port</p> <p><u>Greece</u>:</p> <ul style="list-style-type: none"> <li>- Port of Piraeus Passenger Terminal (for passengers)</li> <li>- Port of Piraeus Terminal of Keratsini (only in cases of carrying cargo)</li> </ul>	<p>In case the vessel exceptionally transports cargo on a certain sailing, cargo will be loaded and unloaded at the Terminal of Keratsini.</p> <p>In order to avoid inconvenience to passengers:</p> <ul style="list-style-type: none"> <li>(a) Before departure from Piraeus: Passengers should embark last at the Piraeus Passenger Terminal following completion of any cargo operations at the Keratsini Terminal,</li> <li>(b) At arrival at Piraeus: Passengers should disembark first at the Piraeus Passenger Terminal prior to the commencement of any cargo operations at the Keratsini Terminal.</li> </ul>

<p>7.</p>	<p style="text-align: center;"><b>Minimum Vessel Specifications</b></p> <p><u>The Ro-Pax vessel/ferry must comply with the following minimum requirements:</u></p> <ul style="list-style-type: none"> <li>— Fly an EU/EEA Flag</li> <li>— The flag must be listed on the White List of Paris MOU.</li> <li>— The age of the vessel must not exceed [30] years from the year of build.</li> <li>— Shall not be refused access / banned on Port State Control grounds by a State member of any one of the Memoranda of Understanding on Port State Control, from entering the ports of the States party to that Memorandum or which have been banned by a State from entering its ports;</li> <li>— has not been detained on Port State Control grounds on three (3) or more occasions during the last two (2) years period prior to the submission of the tender, by States members of the Paris or the Tokyo or the Mediterranean Memoranda of Understanding on Port State Control or by the United States Coast Guard;</li> <li>— Classed by an IACS Recognised Organisation approved by the European Union.</li> <li>— Must comply with all international, community and national rules and regulations in respect of safety, security and environmental issues at all times.</li> </ul> <p><u>Passenger/ Vehicle Capacity:</u></p> <ul style="list-style-type: none"> <li>— minimum capacity of [100] passengers, if the duration of the one way trip (from pilot point to pilot point) does not exceed sixteen [16] hours.</li> <li>— minimum capacity of [100] passengers, cabin capacity for at least [60] persons if the duration of the one way trip (from pilot point to pilot point) exceeds sixteen [16] hours.</li> <li>— Passengers' Vehicle carriage capacity: Minimum capacity of [50] lane metres.</li> </ul>	<p><u>Provisional and Permanent Replacement of the vessel:</u></p> <p>In case the vessel is broken down or set off hire or is out of operation for any reason, the Successful Tenderer has the obligation to notify immediately in writing the Contracting Authority and must provide within twenty one [21] days for a replacement vessel. The twenty one [21] day period commences from the date the vessel is broken down or set off hire or is out of operation.</p> <p>The replacement vessel must meet or exceed the minimum vessel specifications.</p> <p>The replacement vessel does not have to be available and its particulars will not have to be included in the Tenders submitted. Such a vessel will only have to be provided if such a need arises and upon prior inspection/approval by the Contracting Authority.</p>
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**Duration of the journey**

The duration of the one way journey **may not exceed [30] hours** from pilot point to pilot point.

Performance Measure for Punctuality will apply as follows:

The vessel providing the maritime link meets the Performance Measure for Punctuality if the vessel arrives at the final destination Port at which it is due to call in accordance with the Published Timetable within 3 hours of the Published Timetable.

The vessel which does not meet the Performance Measure for Punctuality for a sailing as a direct consequence of a Force Majeure shall be deemed to have met the Performance Measure for Punctuality in respect of the relevant sailing.

<b>Deduction Regime for Punctuality</b>			
Classification of Service levels over the service year		Deduction from subsidy amount at the end of the service year to apply if the <b>average hours</b> of delay of the sailings are:	
		<b>less than [7] hours</b> (from Published Timetable)	<b>more than [7] hours</b> (from Published Timetable)
1	1-3 sailings do not meet the Performance Measure for Punctuality	2% deduction	4% deduction
2	4-7 sailings do not meet the Performance Measure for Punctuality	5% deduction	10% deduction
3	More than 7 sailings do not meet the Performance Measure for Punctuality	10% deduction	20% deduction

<p>9.</p>	<p style="text-align: center;"><b>Direct Sailing between Cyprus and Greece</b></p> <p>The intention of the Contracting Authority is <b>not to</b> include the possibility of introducing an intermediate port of call and to require a direct sailing between Cyprus and Greece.</p> <p>Note: The obligation on the Successful Tenderer to provide the subsidized Passenger Maritime Link of 26 subsidized return sailings does not preclude the Successful Tenderer from using the vessel for any other purposes that will not receive a subsidy, provided that the obligation to provide the subsidized Passenger Maritime Link continues to be satisfied. <b>For instance, the Successful Tenderer may select to extend the CY- Greece journey to a third country (such an extension will not be subsidized).</b></p>	<p>After the unsuccessful outcome of the Tender Procedure that took place in December 2020, the Shipping Deputy Ministry carried out consultations with a great number of stakeholders/operators (a) in order to ascertain the reasons why the operators did not show interest in participating in the procedure and (b) with the aim to improve the Tender Documents for a potential relaunching.</p> <p>During these consultations it was expressed that the possibility of introducing an intermediate port of call at one Greek island was not attractive for operators for the following reasons:</p> <ul style="list-style-type: none"> <li>- The extension of an <u>existing line (connecting Piraeus with Greek Islands)</u> to Cyprus was not an option since the vessel serving that line will not be able to additionally serve the CY-Greece maritime link taking into account their existing commitments/ timetable/ slots. In order to serve the CY-Greece maritime link the successful operator would be basically required to activate another vessel to meet its obligations (Greek cabotage itinerary),</li> <li>- For new operators not engaged in an existing line, there is uncertainty whether the successful operator will be able to obtain authorisation from the Greek authorities to perform cabotage transport between Piraeus and the Greek island Intermediate port of call,</li> <li>- The requirement of the European Union not to subsidize passengers on an existing service (i.e commercial passengers - those travelling between Piraeus and the Greek island Intermediate port of call) reduces considerably the subsidy whilst making the reporting requirements for the operator complex and more burdensome. (Note: the compensation is calculated in relation to the distance in nautical miles and in relation to the number of commercial passengers over the total number of passengers).</li> </ul>
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10.	<b>Maximum Fares</b>		
	MAXIMUM FARES IN RESPECT OF THE PASSENGER SERVICE (net of port charges/ taxes/ meals)		
	<b>CATEGORY</b>	<b>SINGLE FARE</b>	<b>RETURN FARE</b>
	SINGLE PASSENGER – “AIRPLANE SEAT”	[€50]	[€80]
	SINGLE PASSENGER – STANDARD SINGLE CABIN  Different (reduced) rates to apply for double /triple /quartable /pet friendly cabins	[€80]	[€120]
	CHILDREN: UP TO 24 MONTHS  BETWEEN 2 AND 12 years	free of charge  Special/ Reduced Rates to apply	free of charge  Special/ Reduced Rates to apply
	TRANSPORT OF PRIVATE PASSENGER’S ACCOMPANIED VEHICLE*  (with a length up to 5 meters)  * The maximum fares in respect of the transport of a private passenger’s vehicle are applicable only if the private vehicle is accompanied by the passenger himself.  Drivers of commercial vehicles will not be considered as passengers within the scope of this subsidised service.	[€ 75]	[€ 150]
TRANSPORT OF PRIVATE PASSENGER’S ACCOMPANIED MOTORCYCLES *  * The maximum fares in respect of the transport of a private passenger’s motorcycle are applicable only if the private motorcycle is accompanied by the passenger himself.	[€50]	[€100]	

<p><b>11.</b></p>	<p style="text-align: center;"><b>Establishment of compensation</b></p> <p>Compensation will cover all costs (indicative cost analysis is listed below) necessary to discharge the Public Service Obligations, as the activities will be confined to the provision of the SGEI.</p> <p><b>Indicative Costs</b></p> <p>I. All vessel's running costs e.g.:</p> <ul style="list-style-type: none"> <li>– crew costs (including hotel staff)</li> <li>– fuel (including amount for fuel price adjustments)</li> <li>– lubricants</li> <li>– repairs and maintenance of hospitality/ accommodation areas</li> <li>– ship and passenger insurance</li> <li>– port fees and dues</li> <li>– hire payment if applicable (i.e. in case the vessel is chartered by the Successful Tenderer).</li> </ul> <p>II. Operational costs e.g.:</p> <ul style="list-style-type: none"> <li>– crew, technical and commercial management fee of the vessel, as applicable</li> <li>– shore personnel costs dealing with the operation of the service</li> <li>– costs for the handling of passenger related matters</li> <li>– ticketing</li> <li>– marketing and promotion</li> </ul> <p><b>Revenues &amp; Reasonable Profit on ticket sales</b></p> <p>Revenue generated from ticket sales regarding the transportation of passengers and their accompanied vehicles will be deducted from the subsidy. The Successful Tenderer will enjoy a reasonable profit of 6% on</p>	<p>Tenderers should note that the public service obligation, hence the subsidy, applies only for the transport of the passengers and their accompanied private vehicles. If for any reason, the operator decides to transport cargo at any voyage during the discharging of the service, the compensation for that voyage(s) will be reduced using one of the following mechanisms:</p> <p style="text-align: center;">[Option 1.</p> $\frac{\text{Cargo transported in lane metres}}{\text{Total carrying capacity in lane metres}} \times \text{total voyage fuel cost}$ <p style="text-align: center;">Option 2.</p> <p>(i) transport of cargo up to 10 lane metres: subsidy reduction of [5%] on the tender offer for that particular journey where cargo had been transported,</p> <p>(ii) transport of cargo of more than 10 lane metres and up to 30 lane metres: subsidy reduction of [10%] on the tender offer for that particular journey where cargo had been transported,</p> <p>(iii) transport of cargo of more than 30 lane metres: subsidy reduction of [25%] on the tender offer for that particular journey where cargo had been transported.]</p>
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	ticket sales regarding the transportation of passengers and their accompanied vehicles.	
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SDM October 2021