**Ballast water**  
The Ballast Water Convention was ratified by the Netherlands on 10 May 2010. It is expected that by the end of 2012 a sufficient number of countries and a high enough percentage of the world fleet will have ratified the convention for it to actually become effective.

The KVNR has expressed its concerns regarding the number of approved ballast water treatments systems available, their expected capacity for integrated construction, the reception facilities for both ballast water and sediments and treatment systems for extraordinary vessels like (submersible) pontoons, dredgers and tankers.

On behalf of the Dutch government the KVNR has broached these areas of concern in IMO-MEPC 61. IMO has acknowledged the reservations and over the course of 2011 these issues will be further investigated. The KVNR, the government and shipping companies affected by said technical issues will work together in this matter. Given the continuous technological developments that are taking place, the above group will decide at the start of 2011 whether further IMO involvement is indicated.

In 2010, the State of New York proposed to initiate ballast water requirements of their own by 2013. Said requirements would be 100 to 1000 times more stringent than those intended by IMO and would apply to any and all passing vessels, even if no ballast water exchange is to take place at that time and place. The KVNR is closely involved in any action the Dutch delegation to the US and the United States’ neighbouring countries might take.

Furthermore, the KVNR has reservations regarding future enforcement. For instance, what will happen if systems that meet all requirements and regulations on paper fail to meet the required standards once they have been installed on board? The fact that testing for live organisms in samples taken may take a few months to complete is a matter for concern as well. The KVNR will remain closely involved in further developments.

**Bunker convention**

In 2001 the International Maritime Organisation (IMO) adopted a new International Convention on Civil Liability for Oil Pollution Damage, commonly known as the Bunker convention. It consists of uniform regulations concerning shipowners’ direct liability for damages caused by any maritime oil spillage, while reserving shipowners’ rights to limiting their liability. Following the required number of ratifications, the convention came into force on 21 November 2008.

The convention introduced compulsory insurance for registered owners of ships whose gross tonnage exceeds 1000 GT to cover them against oil pollution caused by their ships. As proof of insurance, shipowners need to carry valid insurance certificates issued by the government on their vessels.

This led to the odd circumstance of the Netherlands not yet having ratified the convention and therefore not being able to comply with the international requirement of issuing bunker certificates to shipowners and their ships under the Dutch flag. Until 1 April 2011 –the date of the Netherlands’ ratification– the issue of certificates was handled by foreign government agencies, including the UK shipping inspectorate MCA.

**Carbon reductions**

Around 2.7% of total worldwide carbon emissions are derived from the world’s shipping industries. Because of our increasing awareness of carbon emissions and the growing world trade, the shipping industry will have to contribute to worldwide reductions in carbon emissions. Measures to achieve said reductions are being discussed at international level in the UN, IMO and the European Commission (EC).

The European Commission has also demanded that IMO, over 2011, come up with ambitious measures for carbon reductions that are in line with those of other industries. Should IMO fail to arrive at measures for mandatory reductions the EC has said they will introduce regulations of their own to ensure that the shipping industry’s carbon emissions will be reduced.

Like the UNFCCC (United Nations Framework Convention on Climate Change), IMO is a part of the UN. During the climate negotiations that took place in Cancun in December of 2010, it was confirmed again that, preferably, measures governing the shipping industry should be arrived at within IMO. Also, the UNFCCC has explicitly claimed the shipping industry’s contribution to the funding of $100 billion needed to effect climate measures in emerging nations.

As far as Annex 1 and Non-Annex 1 countries go, IMO works along a different principle than the United Nations. The UN uses the Common But Differentiated principle, which, as opposed to IMO’s No More Favourable Treatment allows leeway for a different approach of emerging nations. In an international industry with a flag state principle the latter is an impediment to the level playing field.

All this adds up to a major headache for IMO (which is part of the UN) given that the UN has not as yet arrived at an internationally binding regime. Consequently, political discussions are taking place within IMO too. During the September 2010 IMO meeting the various potential options for measures for the shipping industry have been discussed in depth. In addition to operational measures like the SEEMP (Ship Energy Efficiency Management Plan, on a voluntary basis), the EEOI (still under development) and the EEDI (applies to new ships only) there are the so-called Market Based Measures (MBMs).

The political stand-off has caused extensive delays in IMO’s development of the above issues. Should worldwide binding measures fail to be arrived at during the July 2011 MEPC 62 meeting, regional measures will become more likely, as has happened in the air transport industry. That kind of situation would seriously affect the competitive potential of European shipowners and their ships under EU flags. Thus the risk of flagging out increases, leading to the erosion of the European Maritime cluster.

Within IMO the following technical/operational measures have been developed: the EEOI (Energy Efficiency Operational Indicator), SEEMP (Ship Energy Efficiency Management Plan) and the EEDI (Energy Efficiency Design Index). Their development is in the most advanced stage and they are more likely to be approved in the near future. The proposed measures above are not as yet in line with the European Commission’s expectations.

Then there are the MBMs (Market Based Measures) like a Levy (Fuel Tax Fund) and the ETS (Emissions Trading System). Of these there are a number of possible combinations. Technical/operational measures, too, may be combined with MBMs. Within the EU two methods of achieving carbon reductions for the shipping industry are under discussion, both of which are still in the developmental stage.

The first method is the emissions trading system, which is currently being used by a number of industrial sectors (like power plants) within Europe. Under this system companies are allotted emission rights, alternatively these may need to be purchased. If and when emissions are cut back any remaining rights may be sold to those companies that have already used up their allocations. Consequently, a market for carbon emission rights is being created (the trading system). Included in this method is a periodical (annual) incremental reduction of the total amount of carbon emissions allowed, compelling companies in this way to either reduce their carbon emissions or to buy additional –increasingly expensive– emission rights.

The second method entails a levy on maritime fuels. Significant increases in fuel prices are used as an incentive for shipowners to cut back on their fuel consumption and –consequently– their carbon emissions. Any revenue derived from said levy and/or the trading system might be used to encourage innovation within the maritime industry and for the financial support of other (emerging) nations that are introducing adaptation measures. Under this method, too, an incremental reduction of the limit of permitted emissions is currently being considered in order to enforce carbon reductions.

The KVNR is in favour of a system of worldwide levies, given that such a system would be relatively simple in execution, have lower transaction expenses and would provide stability.

At the start of 2010, the KVNR’s own carbon reduction targets were published. They are:

* by 2050 zero emission ships are to be reality;
* from 2020 the shipping industry’s growth will be carbon neutral;
* by 2050 carbon reductions of 50% compared to 2020 will have been achieved.

The intention is for said targets to be included in a wider-ranging carbon covenant with the government and other parties within the maritime industry in 2011.

**Cooling agents**

In refrigeration the use of halon gases or HCFCs is being discontinued. More and more they are replaced by HFCs. HCFCs contain ozone-depleting substances. While HFCs do not contain these, they are still very potent greenhouse gases. As opposed to HCFCs, there are no International Maritime Organisation (IMO) regulations regarding HFCs. Since 2006, however, there is a European directive covering the prevention and/or reduction of HFC leakages. Mobile refrigeration units have been exempt from these requirements up until now. In 2007, a study commissioned by the European Commission, resulted in unrealistic expectations regarding said prevention and/or reduction of leakages of cooling agents. Dutch companies and shipowners have already been observing regulations included in the proposed measures on a voluntary basis for many years but unfortunately the results predicted in the report in question have not materialised. All this could lead to the setting of unrealistic standards with repercussions for enforceability.

The KVNR, speaking also on behalf of the European Community Shipowners’ Associations (ECSA), has expressed shipowners’ concerns on this issue to the European Commission. The KVNR supports international regulation as an effective solution to the problem. For that reason, the KVNR has made an active contribution to the Dutch proposal to IMO to institute mandatory record-keeping regarding the use of ozone-depleting substances, incidents and preventative searching for leakages. Basically this could apply to any and all chemical cooling agents, including HFCs.

**Consultative Shipping Group**The KVNR and the other (inter)national shipowners associations have always aspired to achieve the largest extent of (economic) freedom possible for the shipping industry and free access to the market for all. In this scenario, the presence of protectionism, discrimination and procedural impediments is undesirable. The business of the Consultative Shipping Group (CSG), which consists of government representatives, is safeguarding said principles of Mare Liberum. The CSG has also proven its worth in maintaining relations with the American government. A CSG meeting took place in Washington in June 2010. The American government was one of the participants. During said meeting the effects of the ‘Deepwater Horizon’ environmental disaster were discussed, as well as the available options to prevent any protectionist measures (that have not materialised).

**Crew numbers**

The IMO Principles of Safe Manning have been reviewed by the International Maritime Organization (IMO). During 2008 it was decided that in accordance with instruction V/14 of the SOLAS convention, legislation regarding flag states’ required procedures in determining prescribed minimum safe manning should be created. The KVNR has been actively involved in both issues, through the Dutch government and the International Shipping Federation (ISF).

Types of ships, the way they are equipped, their trading areas and how they are managed vary enormously. There was a real risk that the review of the Safe Manning guidelines would abandon the principle of the minimum number of crew required on any given ship being determined on the basis of the circumstances pertaining to that particular ship. Another basic principle refers to the distinction between minimally required crew numbers being the flag states’ responsibility and actual safe crew numbers being that of the individual shipping companies.

Due in part to efforts made by the Dutch government and the KVNR through the ISF and in IMO over the course of 2010, both principles have been maintained. Therefore, manning a ship according to the two-navigator model should remain possible. For many years now the short sea fleet of the Netherlands has been demonstrating that this model can be employed safely.

**European Competition regulations**

Meeting any and all European and national competition rules is of vital importance. Even shipowners’ merest ‘technical’ infractions can result in fines amounting to millions of euros.

The EU DG Competition is of the opinion that foreign trade partners should follow the EU’s directive to make so-called liner conferences illegal in those parts of the world where they are currently still permitted. The advantages to the EU of abolishing liner conferences, however, remain unclear. Most probably the result will be a concentration of transport suppliers.

**Flagship**

Flagship is a European cooperation project, financed as part of the sixth framework programme. Its aim is to achieve a European shipping industry that is safer and more ecological and to increase said shipping industry’s competitive potential.

New regulations and accelerated technological developments pose new challenges to the shipping industry as a whole. A combination of complex systems and changes in the way ships are manned demand an innovative approach to technological developments, procedures and regulation for the next generation of ships.

How

As part of the Flagship project, research has been carried out into on-board systems, procedures, ship management systems, the influence of new technology on existing ships and more effective methods of communication. Because of Flagship’s integrated approach, said research’s outcome can be converted into innovative solutions regarding systems, processes and procedures that are applicable in the day-to-day management of many types of vessel. At the same time, new standards will be developed leading to innovation fitting into (inter)national legislation on implementation.

The KVNR and Flagship

Flagship has been divided into a number of different working modules. The KVNR has been actively involved in the Human Element module. To this end, an analysis of seafarer’s potential reluctance to accept the changes to current working practices that would be an inevitable result of the implementation of new technologies was started in 2007. In 2008, the effects of existing and new technology on health, general well-being and safety were looked into. This showed clearly which areas in manning structures might harbour potential risks. Following the two previous subprojects, the final subproject was initiated. This examined a number of on-board working processes and studied the extent to which said processes might be improved by the use of advanced technology. Initial results show that new technologies and changes to regulation may lead to a considerable reduction in on-board administrative processes. Flagship will be completed in the summer of 2011.

**HNS convention**

The Protocol for the 1996 International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances (HNS) by Sea was adopted in London in April 2010. The KVNR advocates the convention’s speedy ratification and effectiveness. The convention in question is intended to provide an international regime governing the liability of and compensation for those that have incurred damages and/or losses as a result of the carriage of hazardous and/or noxious substances by sea. This will be to the advantage of each and every stakeholder: to that of those incurring losses, to that of shipowners’ because damages payable will be limited to an insurable amount and to that of those organisations and/or governments involved in cleaning up afterwards.

The new Protocol is intended to clear up a number of hurdles for the ratification of the original HNS convention. Even though the convention was adopted 15 years ago, it has still not become effective. Said hurdles refer to the following point. The convention contains a so-called ‘second layer’ of compensation, in which has been determined that stakeholders in the cargo in question will contribute to any compensation payable for losses/damages in those situations where claims exceed shipowners’ limits as per the convention. Through the International Chamber of Shipping (ICS) the KVNR has been instrumental in achieving restrictions to the Protocol’s influence on shipowners’ limited liability in terms of the ‘first layer’ while at the same time retaining the ‘second layer’ of compensation which is to be payable by stakeholders in the cargo. Damages incurred as a result of the carriage of packaged hazardous cargo have been brought within the slightly expanded (15%) range of shipowners’ limited liability. The expansion in question is considerably less than the amounts that were originally proposed by the governments involved.

In combination with the Bunker convention and the Wreck Removal convention this convention has completed a basically sound structure of conventions covering any potential damages inflicted on the marine environment by shipping. Available compensation funds are easily accessible. Now we have to wait on the Wreck Removal convention and the HNS convention and its Protocol becoming effective.

**Innovation**

The government’s innovation incentives of recent years have been effective for shipowners. A large number of innovation projects under the headings of sustainability, safety and logistic efficiency have been started by said shipowners and their partners. Over 2010, the Maritime Innovation Subsidy (SMI) package once again proved to be very popular. The total available budget of €0.9 million for the larger innovation projects was allocated in its entirety. It is more than evident that innovation is a hot topic for shipowners because applications to the amount of €2.6 million were submitted! The budget for smaller projects will still be available until the start of 2011 but this arrangement, too, has been well-used by shipowners.

**The future of innovation**

2010 was the Maritime Innovation Subsidy (SMI) package’s final year, a good reason for the KVNR to practice forward thinking on the subject of a future incentive to continue to boost innovation. In association with several other branches of the maritime industry, the KVNR has written a maritime innovation agenda which was presented to a number of Members of the Second Chamber of Parliament in November 2010. Said agenda, which is wide-ranging, was very well-received. Its contents will be used to arrive at the new corporate incentive programme that is foreseen for 2011, the economic top sector policy. All this is clear proof that the new government acknowledges the maritime industry’s importance as one of the corporate top sectors of BV the Netherlands.

**2006 Maritime Labour Convention**

The Maritime Labour Convention (MLC), adopted by the International Labour Organization (ILO) in 2006, contains international minimum standards for seafarers’ on-board living and working conditions. It is expected that the total number of ratifications needed for it to become effective will be reached around June 2011, if so, the convention can come into effect around the middle of 2012. The Dutch government aspires to MLC ratification before 1 July 2012. Speedy ratification is vital because vessels registered in countries that have not ratified the convention may be subject to additional inspections in ports of nations that are party to the convention.

Dutch legislation will have to be amended on a number of issues to conform to the Maritime Labour Convention. The KVNR has contributed to the official preparations for the amendments. The proposed amendments have been submitted to parliament in 2010.

Once the convention has come into effect, the issue of certification (Maritime Labour Certificate) for and inspections of ships under the Dutch flag will be contracted out by the Transport and Water Management Inspectorate to the so-called classification societies (Recognised Organisations). The KVNR has drafted a matrix that may be used as a guideline for ships’ management. The matrix will show how, when and by who within the ships’ managers’ corporate structure compliance with the convention will be safeguarded and what measures need to be taken should non-compliance become evident.

The above matrix has been submitted to the government (the Directorate-General for Civil Aviation and Maritime Affairs and the Transport and Water Management Inspectorate). The KVNR will carry out any official and/or unofficial amendments that may be needed as a result of talks with parties including the Transport and Water Management Inspectorate and the classification societies and any eventual implementation legislation

**Pensions**

Profile

By the end of 2010, the Industrial Pension Fund for Merchant Shipping’s (BPFK) members totalled 208 employers, 4.465 participants and 18.348 former participants/sleepers. The funds issues pension payments to 32.061 pensioners.

Funding ratio

The BPFK takes very few risks with its investments. Despite the positive balance of the investment portfolio for 2010 and the positive correction carried out to compensate for the increased age of the population, the cash value of its assets, divided by the cash value of its liabilities or the funding ratio (in Dutch: ‘dekkingsgraad’) at the end of 2010 amounted to 113.9%. The slight reduction in comparison to that of the end of 2009 may be attributed to the increase in the entry for pensions payable. Said amount has increased due to the reduced long-term interest rate.

Pensions management  
From 1 January 2010, the administration of pensions has been contracted out to MN in Rijswijk who has also been managing the funds’ assets since 1 June 2008.

Calculation and collection of premiums

The system of advance payments and corrections at a later date was abandoned on 1 January 2010. A transfer was made to a system based on the submission of information and contributions through a digital system (ABzend). The changeover led to considerable teething problems, the majority of which had been resolved by the end of 2010.

From 1 January 2011, the calculation and collection of premiums has been in the hands of MN (this was previously carried out by the Stichting Scheepvaart, the Dutch Shipping Foundation).

Executive office

The executive office safeguards the “service level agreements” that have been reached with the various contractors and monitors the execution of asset and pensions management. In addition, the executive office maintains external contacts with ‘De Nederlandsche Bank’, the Netherlands Authority for the Financial Markets (AFM) and the Dutch Association of Industry-wide Pension Funds (VB, which at the end of 2010 was absorbed into the Federation of Dutch Pension Funds).

For more information on the Industrial Pension Fund for Merchant Shipping’s please visit [www.koopvaardij.nl](http://www.koopvaardij.nl). From 1 January 2011 the estimated funding ratio will be published on the website at the end of each month.

**Pilots**In addition to the customary regional consultations on rates, a new working group has been developing a new vision of the future of pilotage services. The Second Chamber of Parliament has decided that the objective of a competitive market by 2019 is to be abandoned. Given that the KVNR does not see a competitive market as an end but rather as a means to the end of achieving a certain effective and efficient service, the working group has drawn up an inventory of the potential resources for achieving this goal by alternative means. Said inventory will be used in the current talks on the future of the pilotage service.

**Port State Control**

A reduction in the number of Dutch vessels detained in the Port State Control regions of Europe and Canada, from seventeen in 2009 to fifteen in 2010, has been reported by the Transport and Water Management Inspectorate. This has led to Netherlands ascending from the 9th to the 5th position on the Paris MoU White List.

The main reasons for detention, according to the Transport and Water Management Inspectorate, are failures to meet the requirements of the International Safety Management Code (ISM) quality management systems. 25% of the ISM faults are related to personnel and the use of resources.

The Dutch short sea fleet, which has a high representation within Europe, makes frequent calls at many ports, resulting in a high frequency of inspections. For that reason, the KVNR is a staunch advocate of risk-based port state inspections.

The KVNR expects, therefore, that due to the new system of risk-based inspections, introduced in January 2011, the frequency of inspections will be further reduced if and when Dutch shipowners continue to keep up their good performance.

The total number of detentions of Dutch ships abroad decreased from 29 in 2009 to 25 in 2010, as demonstrated in the Analysis of Detention of Dutch Ships abroad, published by the Transport and Water Management Inspectorate. For all inspection results please go to:

<http://www.ilent.nl/Images/Rapport%20Analyse%20Aanhoudingen%20NL-schepen%20in%20het%20buitenland%202010_tcm334-318153.pdf>

**Professional requirements**  
The KVNR is an active participant in the International Shipping Federation, which is an important partner to the IMO review of the Standards of Training Certification and Watchkeeping Convention (STCW).

In June 2010 in Manila in the Philippines, this convention was extensively reviewed. Seafarers’ competency is the single most important factor in safe and efficient shipping and it has a direct influence on safety at sea and the protection of the environment. The STCW convention regulates the highest possible standards for seafarers all over the world. Under the convention, seafarers’ employers carry a lot of responsibility. The convention’s amendments relate to issues including the introduction of digital navigational charts and awareness of the marine environment. Also included is the introduction of new management training requirements and refresher courses for qualified seafarers. There will be new competency requirements for those seafarers employed on oil and/or chemical tankers. And, last but certainly not least, the convention contains amendments regarding seafarers’ working and resting times. The convention’s amendments have become known as the “Manila Amendments” and will become effective from 1 January 2012. In the interim period, Dutch manning legislation will have to be amended accordingly.

**Social insurances**

Responsibility for the execution of social insurances has been lodged with a single body: the Stichting Scheepvaart (the Dutch Shipping Foundation) in order to achieve synergy among the various regulations as well as to realise efficient management.

Within the Dutch Shipping Foundation a large number of organisations have been established to carry out legislation regarding social and health insurances. We refer to the Education and Training Fund for the shipping industry, Vereniging Zee-Risico 1967, Marbo B.V., Onderlinge Waarborgmaatschappij Zee-Risico 1996 and Onderlinge Waarborgmaatschappij AZVZ in particular. Said organisations have been created and are being governed by the various maritime sectors. The KVNR is an active participant in the organisations in question.

In 2010 a lot of emphasis was placed on the option for employers to assuming personal responsibility for the financial risks related to incapacitated employees, known as the WGA, as an alternative for public insurances. On the basis of a CBA in this context between the social partners, arrived at in September 2010, shipowners have access to the advantageous personal responsibility insurance issued by the Onderlinge Waarborgmaatschappij Zee-Risico 1996 U.A. Additional advantage is afforded if employers are associated with the Marbo b.v. occupational health and safety executive.

For more information on the Dutch Shipping Foundation please go to: [www.scheepvaartnet.nl](http://www.scheepvaartnet.nl)

**Sulphur**

Over 2010 IMO’s decision to limit the sulphur content of maritime fuels to 0.1% from 2015 in the so-called ECAs (the Baltic Sea, the North Sea and the English Channel) has been in the spotlight of national and international attention. Said measure’s potential effects on fuel prices and the resulting ramifications for short sea shipping’s competitive position compared to that of road transport in particular have been studied extensively.

Following the IMO decision the parties involved have carried out in-depth studies into said legislation’s effect after 2015. All studies show significant increases in fuel prices as a result of the sulphur requirement (increases of 70-90%) as well as a drastic deterioration of short sea shipping’s competitive position. A modal shift from maritime transport to road transport could potentially result in an increase of indirect costs too (noise, congestion, accidents, and the environment). According to multiple studies completed in the past year, a modal shift appears to be a realistic expectation.

The ministry of Transport, Public Works and Water Management has indicated that a modal shift from water to road is not a desirable consequence in their view and remains closely involved in this subject. The European Commission, too, has become concerned and has carried out their own study, entitled the Compass Study, which indicates that –under the circumstances– a modal shift is a given. The KVNR, through ECSA and the Industry Group, has submitted comments on the studies in question. Based on the results of the European Commission’s study, the Dutch government has indicated they are considering further measures and has become actively involved in this matter in the bodies including the EU's Council of Transport ministers.

Emission Control Area legislation and its requirement of a limit of 0.1% sulphur in maritime fuels per 2015, was created in IMO in 2008. Consequently, any amendments will also have to be achieved within IMO. In the meantime, the USA and Canada have proposed the creation of a new ECA which would stretch up to 200 nautical miles off their coast. The proposal has been approved by IMO and the ECA will become effective in August 2012. All this has resulted in complicating any amendments to the convention; moreover, reopening a compromise will lead to significant uncertainty.

The shipping industry’s sulphur emissions have been regulated within Europe by the EU’s sulphur Directive 2005/33. At the time of adopting said directive, the EC considered IMO’s decision-making processes on the sulphur issue to be too slow and for that reason they included two additional requirements. Vessels are not permitted to use fuels with sulphur levels exceeding 0.1% when docked and stricter regulations are to apply to passenger ships, even outside the ECA.

Said EU Directive is to be reviewed in 2011 and the KVNR will be working through ECSA to achieve the maximum flexibility for said legislation, thus allowing potential amendments to IMO regulations to be easily adopted. A toolbox, containing alternative solutions for the industry in complying with said regulations, is also to be set up. Possibly a modal shift and a deteriorated environmental performance on the part of the industry as a whole may be averted this way. Potential options include Equivalent Zero Sum, LNG, the use of scrubbers and incentives to innovation. But first and foremost, the EU directive’s requirements are not to go above and beyond those of IMO.

**The tonnage tax regime**Over 2010 much emphasis was placed on drafting a paper on the desired fiscal treatment of income derived from interest on assets. The resulting paper was used as a contribution to an ECSA document on this subject.

Four categories of ships –research vessels, cable and pipe laying vessels and crane ships– have been added to the tonnage tax regime. However, the transport part of their operation alone is eligible for the application of tonnage tax. This is in contrast to other countries where all of the profits derived from operating this kind of ships are eligible for the tonnage tax regime. Because of this distinction, the Netherlands are not as yet providing a level playing field.

**VAT**

Once again in 2010, the KVNR has actively participated in the ECSA working group that is closely involved in the issue of VAT levies on board ferries and cruise ships. The European Commission’s long expected evaluation of VAT levies on services (restaurants and catering) has been started and it has even been expanded to include the supply of goods.

The KVNR would like to see the continuation of the current zero-levy. Also in 2010, the European Commission has been preparing for the publication of their VAT green book in which the European Commission is to examine the entire VAT system. The KVNR, once again through ECSA, has put forward the industry’s point of view on this matter. It is vital that the European Commission continues to be acutely aware of the shipping industry’s specific characteristics and the many international aspects thereof. Should these aspects be insufficiently respected the odds that any new VAT system would be extremely complicated and unworkable are huge.

**Wage withholding tax facilities for seafarers**The KVNR continues its efforts to raise wage withholding tax facilities in the Netherlands to European levels. Currently the percentage is at 40%, the objective is to achieve 45%. A solution for the so-called cashing-in issue for shipowners with limited office support capacity is being sought as well.

Despite extensive lobbying over 2010, which also took place during the government formation period, the above objective failed to be achieved. The fact that within government circles this is a minor topic and that it is not easy to find the necessary financial resources in this time of spending cuts has definitely contributed to the lack of success in this issue.

**Wind farms**   
The KVNR has some serious concerns regarding the final allocation of wind farm locations in the North Sea, some of which are being positioned in the middle of busy shipping lanes. Apart from the fact that this causes major disruptions to shipping it is also a potential safety hazard.

For that reason, the ports of Rotterdam and Amsterdam, the Coast Guard, the Dutch Pilotage Corporation, the association for overseas pilots, the Association of Masters of the Merchant Navy, the Dutch Fish Sector and the KVNR jointly established the North Sea Shipping Advisory Group (SAN) in 2009. Within said advisory group the industry’s Nautical Vision is determined, including peripheral conditions for safe shipping and suitable potential locations for wind turbines.

Currently, the government is involved with the third round of tenders in order to allocate locations to four specific wind farms off the Dutch coast. If said four wind farms are not re-positioned the ramifications for the shipping industry will be considerable because said locations block a major shipping lane, including anchorages. Ships travelling north from Rotterdam will face a 21 nautical mile detour because of this. Ships’ increasing speeds in combination with their increasing size make it imperative that shipping lanes to the Netherlands, as well as those to and from other European destinations be kept clear of obstructions. In the KVNR’s opinion, which is shared with the SAN’s other members, it is eminently possible to build wind farms in the North Sea without getting into the way of the seas’ other users. However, shipping lanes will need to be defined first. The areas that do not interfere with shipping may then be allocated to wind farms.

At the moment the Netherlands have two wind farms that are located in the North Sea but these are not anywhere busy shipping lanes. The [NoordzeeWind](http://nl.wikipedia.org/wiki/NoordzeeWind) farm is off the coast in section Q8 near Egmond aan Zee. The farm consists of 36 wind turbines of three megawatt each. The farm was completed in August 2006 and was constructed by Shell and Nuon.

The second wind farm is the [Prinses Amaliawindpark](http://nl.wikipedia.org/wiki/Prinses_Amaliawindpark) and is located in section Q7 off IJmuiden. This farm consists of sixty Vestas V-80 wind turbines of two megawatt each and was opened on 4 June 2008.

**Work-related expenses**  
Thanks to a successful lobbying campaign in the Second Chamber of Parliament on-board board and lodging remains untaxed in the new work-related expenses arrangement. Initial proposals by the Secretary of State for Finance was to have abolished their tax-free status which would have resulted in additional annual expenses for the shipping industry amounting to at least €16 million.