



ROYAL ASSOCIATION OF  
NETHERLANDS SHIPOWNERS

2014

Setting course

ANNUAL REPORT



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## Foreword



2014 was a year of extremes for the Dutch shipping industry. Some of its segments, including container feeder shipping, dry bulk and multi-purpose shipping, are still suffering from the consequences of the exceptionally long-lasting recession. Other segments, including cruise shipping, gas transport and the offshore wind industry, have a more favourable wind. Over the course of the year the economy did pick up but due to the existing overcapacity, rates failed to recover.

2014, too, was the year in which we had to make preparations for the 0.1% sulphur limit in the Sulphur Emissions Control Areas. The KVNCR scrubber working group met on numerous occasions. The main questions were whether investments in scrubbers would pay off and whether they could also be installed on smaller vessels. Currently a close watch is being kept for any signs of loss of cargo to road transport. A modal shift to road transport seems limited at the moment, because of the low price of oil, even though some shipowners have already reported a 10-15% drop in the volume of cargo. Remarkably, governments were not interested in postponing the new regulations, but they themselves have failed to organise enforcement on time. Potentially this could disrupt the level playing field for shipowners

Also in 2014 the government's shipping policy came under review and a nationwide maritime strategy was being developed. An important development is the government's acknowledgment of the vital importance of the continuation of the tonnage tax regime and the wage withholding tax facilities for seafarers. The government's commitment to continue the existing facilities as they are is extremely welcome.

The quality of the register of the Netherlands demands a number of improvements. The benchmark for these should be the world's leading registers. The issue of crew documents in particular caused huge problems for shipowners and needed close consultation between the industry and the agencies involved.

2014 was also the year that showed a growing interest in maritime careers among young people in the Netherlands. The short passage and 'Sealegs Wanted' projects are proving popular. Because of the increasing numbers of students the essential need for innovation in the way cadetships are organised is becoming evident.

2014 was also the year in which cybercrime became an item on the agenda of our shipowners association as well as those of the European Community Shipowners' Associations (ECSA), International Chamber of Shipping (ICS) and the Baltic and International Maritime Council (BIMCO). I can thoroughly recommend the Management Guidelines for Cyber Security.

Unfortunately, in 2014 not a lot of progress was made in the piracy issue. While the Rutte 2 government is fully supportive of the shipping industry's social partners' desire to be allowed to deploy private armed security personnel, parliamentary decisions have not as yet been forthcoming.

The KVNCR as an association is doing well. The numbers of shipowners and the ships they register are still increasing. Our strategy of "uniting all those operational on the salty waters" has paid off. It has also become evident, according to the Oxford Economics study, that the shipping industry's European economic value and its driving force for employment outstrip those of European aviation.

And that is something to be proud of.

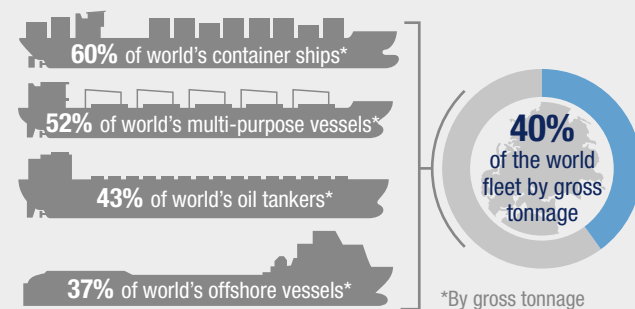
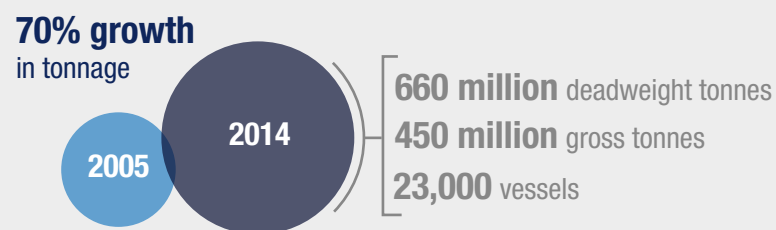
A handwritten signature in black ink, appearing to read 'Tineke Netelenbos'.

**Tineke Netelenbos**  
president of the Royal Association of Netherlands Shipowners

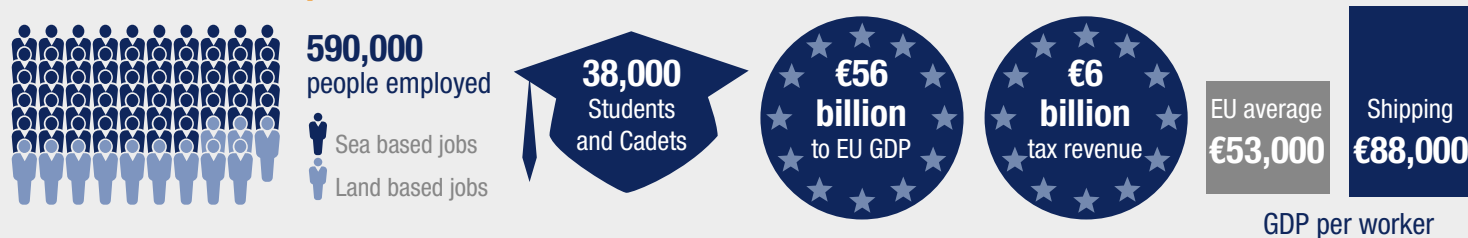


## The economic value of the EU shipping industry

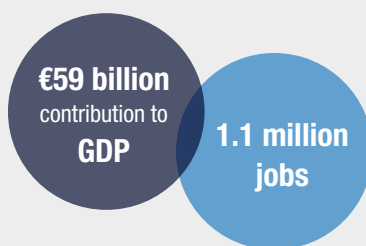
### The EU controlled shipping fleet in numbers



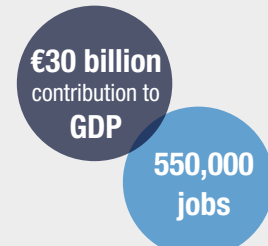
### Direct economic impact



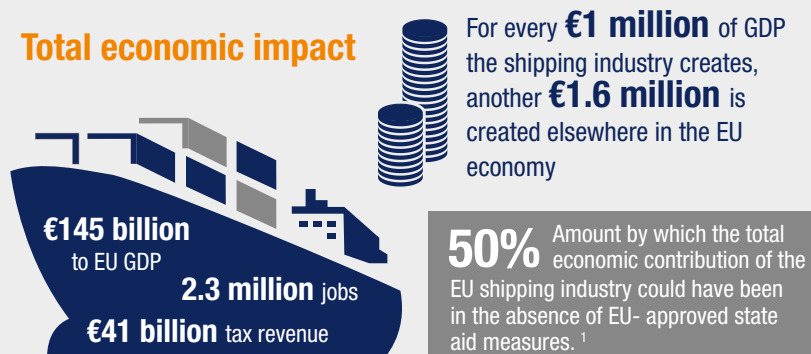
### Indirect impacts



### Induced impacts



### Total economic impact



## The Business Climate

### Europese zeescheepvaart van groot economisch belang

'Every 1 million euro generated by the European shipping industry, generates income of a further 1.6 million euro elsewhere in Europe'. This is the conclusion reached by the Oxford Economics study into the economic value of the European shipping industry carried out in 2014. It amounts to a contribution to the Gross European Product of 145 billion euro. According to the study, 40% of the world's fleet is under management of European shipowners and said fleet has expanded by 74% in terms of gross tonnage between 2004 and 2014. Direct employment increased by 25% over the same period. The European shipping industry provides employment to 2.3 million, both ashore and at sea. That amounts to more jobs than provided by aviation and it has a higher added value per employee.

### Wagenborg's walk-to-work ship launched

Dutch shipowners are playing an increasingly large part in the offshore industry (oil, gas and wind power). Work boats, providing services for the offshore industry's segments of oil, gas and wind power, represent an increasing proportion of the fleet of the Netherlands. On 6 October 2014, Wagenborg Shipping launches their walk-to-work vessel 'Kroonborg' at the Koninklijke Niestern Sander shipyard. The new vessels emphasises the new commercial opportunities for shipowners in the offshore market. The 'walk-to-work' ship will be providing support to NAM/Shell UK's maintenance and service activities on the North Sea. It is capable of accommodating 60 people in a combined function of workshop, storage facility, hotel and transport.

# Developments in fleet and markets



## Size of the Dutch fleet

Including limited partnerships (CVs), usually only accommodating ownership, and captain-owner enterprises, there are about 900 businesses in the shipping industry in the Netherlands. Altogether, Dutch shipowners manage 1,983 vessels, 1,082 of which are under the Dutch flag and 901 under other flags.

Dutch shipowners are world leaders in heavy lift and reefer shipping. The fleet of the Netherlands is strongly represented in maritime transport between European ports and the sea-river trade. Total employment in the fleet under Dutch management amounts to 28,500. The direct added value of the shipping industry amounts to € 986 million (at the end of 2013). In other areas of the Dutch economy a further € 617 million of economic value is created by the shipping industry, bringing the total added value to € 1.6 billion.

## Shipping markets still sketching a gloomy picture

Over 2014, the markets' perspective is a gloomy one; most shipping markets continue to be down. Shipowners are focussed on cost management. The container shipping market even notes a triple dip. Dry bulk ships operational in short sea shipping are not experiencing any recovery either. The Baltic Dry Index (BDI) for bulk shipping slumped even further at the end of 2014.

World trade grows by 4% in 2014. The Eurozone's economy expanded by 0.3% over 2014. These figures are too small to be considered a sign of recovery. This is highly unfortunate for shipowners in the Netherlands whose main area of operations is in European waters. Company results fail to meet expectations by a large margin. The feeder market, too, fails to show any recovery, due to the continuously low level of consumer expenditure within Europe. However, the reduction in fuel prices in the second half of 2014 provides a glimmer of light for those shipowners that own their ships or those whose charter contracts do not contain bunker clauses. Entrepreneurs' confidence shows a slight increase. There is some hope that 2014 could be the year of the turnaround, however this turns out not to be the case.



## King Willem I Award for KOTUG

On 3 December 2014, Her Royal Highness Queen Máxima visits KOTUG, an international maritime service provider in Rotterdam. She takes a short cruise on board the Rotortug which has been equipped with hybrid technology. This enables the tug to move, fully powered by electricity, soundlessly, while being energy-conserving and emission-free. On 13 May 2014 KOTUG is presented with the King Willem I Award, for merits including sustainable enterprise, by Queen Máxima, in her capacity of honorary chairman of the King Willem I Foundation.





Reefer shipping experiences an erratic and unpredictable year. Both climatological and political conditions have their influence on results. The customary seasonal peak in the second quarter fails to materialise. In October there is a period of freezing weather in Chile, resulting in smaller citrus fruit harvests. The banana market, too, is disrupted. Fortunately the lack of a peak season is compensated for by unprecedentedly large catches of squid. Ships are being recycled, albeit on a very small scale. Because there are no newbuildings the world fleet is decreasing slightly.

For the first time since 2010 worldwide demand in (oil) tanker shipping is outstripping supply. However, the battle for a share in the market continues and is being fought on price. Growth does not meet the expectations. Chemical tanker shipping, too, fails to recover. Maritime transport of chemicals and associated products decreases by 1.2% worldwide in 2014 as a result of falling demand from China.

Fortunately there are a number of market segments that are showing recovery or are doing well. European cruise shipping is showing a positive trend. A record number of 6.39 million Europeans book cruise holidays in 2014.

In ferry shipping between the continent and the United Kingdom the growth of recent years, in terms of passengers and cargo, continues to manifest itself on the North Sea routes. Profit margins of ferry shipping on the North Sea routes, are however under pressure due to the low rates on the English Channel.

2014 is a fair year for gas transport with positive company figures. Also, a few new ships become operational. Offshore experiences a year of resounding figures and excellent fleet utilisation, particularly where wind power at sea is concerned,

#### Preparing for the 0.1% sulphur limit on 1 January 2015

From 1 January 2015, ships on the North Sea, the Baltic Sea and the English Channel, the so-called Emission Control Area (ECA) are prohibited from using any fuel whose sulphur content is higher than 0.1%. In order to be able to meet this requirement, shipowners have the choice of either fuelling their ships with low-sulphur Marine Gas Oil (MGO), which is far



#### Using LNG as fuel

In 2014, Anthony Veder commenced operations with the first two ethylene tankers ('Coral Star' and 'Coral Sticho') fuelled by liquefied natural gas (LNG). Another vessel has been converted to LNG use. In order to provide said vessels with fuel, an LNG bunker station has been built in Teesport. In this way Anthony Veder is contributing to the further implementation of the use of LNG as fuel. The use of LNG will result in extensive cuts in the vessels' emissions to air.





#### The merchant fleet of the Netherlands in times of war

On 16 April 2014, Princess Margriet, Dutch merchant shipping's godchild and KVNR honorary member, is presented with the first copy of the DdM Foundation's book 'The Merchant Fleet of the Netherlands in Times of War' by Chairman Hylke Faber. During WWII, the Dutch shipping industry played a crucial part in the transport of allied troops and materiel. However, the price paid by merchant shipping was extremely high. Around 3,400 seafarers perished and the size of the fleet was cut by more than half. The book tells of the experiences of seafarers on board those ships during the Second World War.



more expensive than conventional fuels or having to invest in desulphurisation installations (scrubbers). However, in 2014 these investments are almost impossible to realise, given the banks' extreme reluctance to supply finance as well as the lack of scrubbers' availability, particularly for smaller vessels. 2015 will show the effects of the more stringent sulphur regulations on the shipping industry, and the significant influence of the strongly reduced fuel prices over 2014.

#### Facts and figures

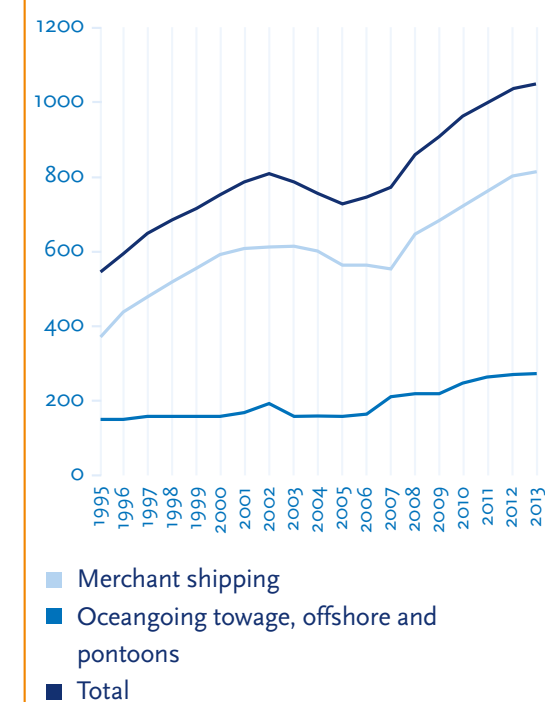
The figures published in this annual report have been derived from the 2014 Dutch Maritime Cluster Monitor and reflect the situation per the end of 2013. The number of ships under the flag of the Netherlands has increased by almost 70% in the period between 1997 and 2013, from 641 to 1,082 on 1 January 2014. The graph below shows the totals for merchant shipping and oceangoing towage. Dredgers have not been included.

The oceangoing towage segment's turnover in 2013 was almost € 5.2 billion. The direct and indirect added value over 2013 amounted to € 1,603 million: almost 49% below the 2006 level. The low added value shows that company results are still under pressure. The Dutch shipping industry provides a total of more than 30,000 jobs (per the end of 2013) including foreign seafarers and shore personnel.

#### The need for clarification of the State Aid Guidelines

The European Maritime Transport State Aid guidelines provide European shipowners with a level playing field in their competition with shipowners outside the EU. It is essential to European shipowners' and their fleets' competitive position that the Guidelines are enduring and uniform. During the guidelines' evaluation in 2012 European shipowners expressed their need for clarification on a number of points and they drew up a number of specific documents to this end. The points requiring clarification are the position of work boats, income derived from interest on temporary reserves, the ratio for owned and chartered tonnage and activities qualifying for the application of the tonnage tax regime. At the request of the European Commission, in April 2014, a paper is written on bareboat chartering out. This is the basis for more discussions between a delegation of the European Community Shipowners' Associations (ECSA), which the KVNR is part of, and the European Commission Directorate-General for Competition (DG Comp).

#### Fleet under the flag of the Netherlands



Sources: Ministry of Infrastructure and the Environment and Lloyd's Fairplay.

## Shipping politics



### A nationwide maritime strategy emphasises the shipping industry's booster function

The new maritime strategy was submitted to the Second Chamber of Parliament by the Ministry of Infrastructure and the Environment on 15 January 2015. Minister Schultz van Haegen describes the maritime strategy as unique because it was arrived at in close collaboration with all the maritime partners. This strategy is intended to make a major contribution to the Netherlands' internationally leading, maritime position in the years to come. The KVNVR welcomes the strategy and emphasises its vital importance. The paper mentions the shipping industry's booster function in innovation and the development of knowledge. Over the course of 2015, the maritime strategy for the shipping industry will evolve further and a work programme will be created; once again this will be done in close consultation with the KVNVR and other interested parties. The work programme is to contain concrete action points for the period 2015 – 2017.

### Evaluation of the flag of the Netherlands' shipping policy and competitive position

The evaluation of the existing shipping policy, carried out by the Ministry of Infrastructure and the Environment is the prime starting point for the maritime strategy. According to the government, the main points of interest are the fast and efficient implementation of international regulations, the promotion of investments from abroad and the preservation of an appealing business climate in comparison to rival foreign registers. The findings of the shipping policy's evaluation are submitted to the Second Chamber of Parliament. During the General Debate of 22 January 2015, parliament approves the evaluation's findings.

The Benchmark Registers report, part of the evaluation, states that there is room for improvement to the shipping register of the Netherlands. Also, more information and advice regarding existing and new regulations should be provided. In the view of the KVNVR, these steps towards improved standards should be taken without delay.

Fiscal facilities in the Netherlands, too, including the tonnage tax regime and the wage withholding tax facilities for seafarers, have been





re-assessed. According to the report, said facilities are major contributors to the preservation of the level playing field. It enables Dutch shipowners to compete with shipowners from outside the European Union on the world's markets. Since the fiscal facilities in question have been introduced, the Dutch fleet has experienced a period of expansion. It increased from 641 ships in 1997 to 1,082 ships in 2013. Therefore, the government has declared that the facilities are to be continued without a sunset clause. The KVNR welcomes the evaluation's findings and emphasises the fiscal facilities' crucial importance to the whole of the maritime cluster.

The government is aware that work boats in the offshore industry are a major growth area and require particular attention. However, in the practical application of fiscal regulations a number of ambiguities are becoming apparent. The government will be discussing these with the KVNR.

The government acknowledges the major problems experienced by trade and industry in regard to finding finance for environmental investments. The KVNR feels that the economic impact of environmental measures should be assessed, before any international agreements are made. The piling of one set of new environmental regulations on top of another in particular is causing shipowners serious problems. Also, the KVNR advocates the government's active involvement in making existing funds and/or investment facilities accessible to shipowners.

#### Review of the European maritime shipping policy

The European Commission has decided to review its maritime transport strategy and in 2014 has commissioned two studies. The first one focusses on the position of the European shipping industry in a worldwide context, and the second one's main focus is the position of short sea shipping. As part of the second study, shipowners – including Dutch shipowners – are interviewed. The study poses questions on the current European guidelines' effectiveness in view of the shift of ownership within the world fleet to Asia in particular. The European Commission is seeking to explain this; therefore the review's importance has become even greater than previously anticipated. To



#### Members of the Second Chamber of Parliament visit the Holland America Line

On 21 June 2014, the Holland America Line and the Dutch Maritime Network organise a joint maritime conference, entitled 'The Dutch Flag, A Bright Future' on board the cruise ship 'Rotterdam' which is at that time moored at the Wilhelminakade in Rotterdam. Five VVD members of the Second Chamber of Parliament and a considerable number of personal and parliamentary party staff attend the conference. In her presentation 'The Flag of the Netherlands, So What?' KVNR President Ms Tineke Netelenbos makes a case for the preservation of the level playing field, an essential prerequisite for the continued presence of shipowners in the Netherlands.





date there is no information on how the European Commission will incorporate the studies' findings in its policy or what official shape said policy will take.

#### Compulsory pilotage new style

In May 2014 the Minister of Infrastructure and the Environments writes a letter to the Second Chamber of Parliament on the subject of the review of compulsory pilotage. In the letter, the Minister states that Compulsory Pilotage New Style is to result in a system where pilotage will only become compulsory as and when necessary. The Minister advocates simplification of compulsory pilotage as well as generosity. The Minister is seeking advice from the harbour masters on the further development of the proposals made, and is requesting they consult users on the matter.

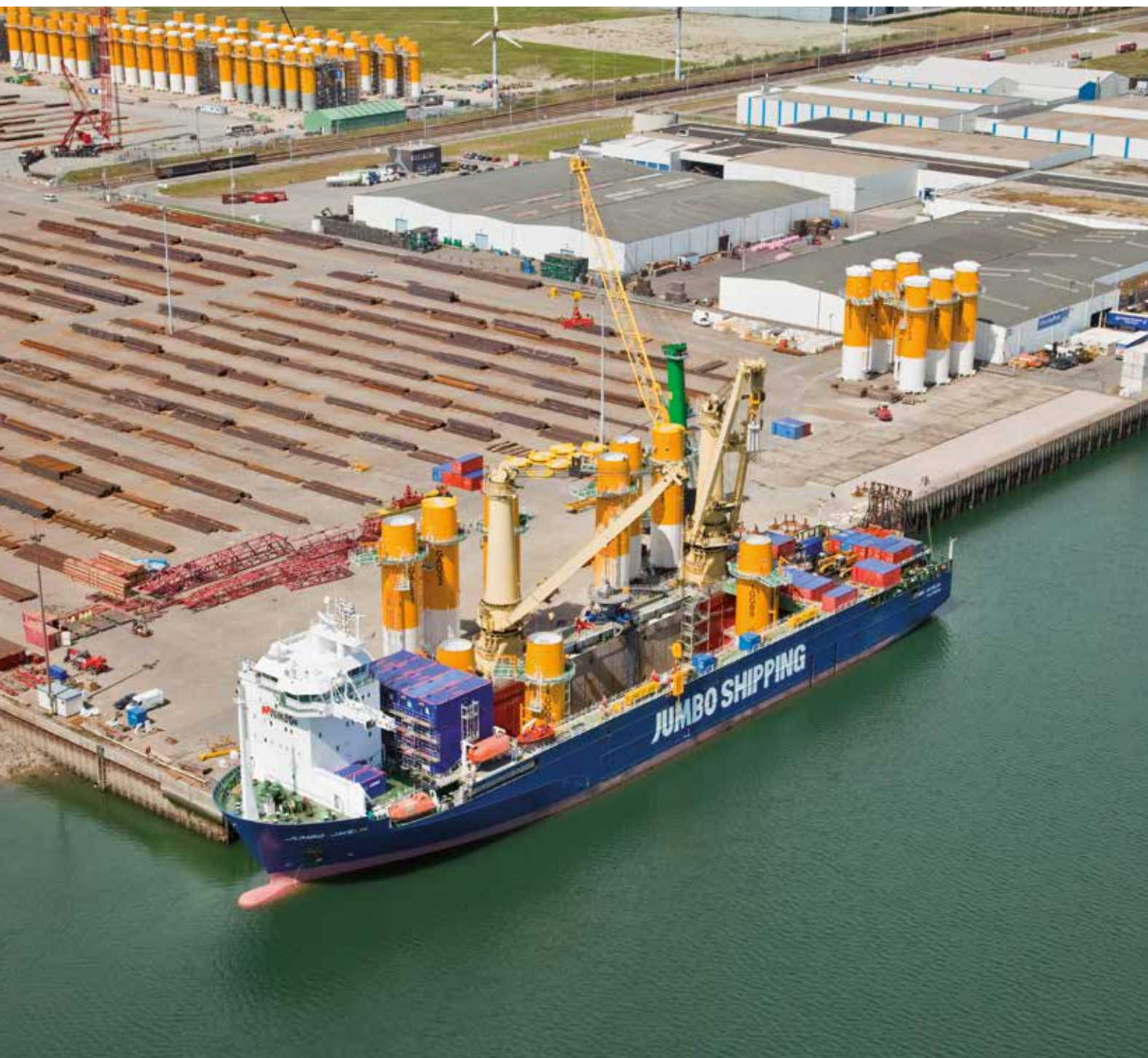
Regional proposals, published at the end of 2014, represent a significant deterioration of conditions in comparison to the current situation. Both Rotterdam and Amsterdam demand a frequency of calls requirement of twelve passages per route, per ship annually for smaller oceangoing vessels. No mention is made of any appropriate transitional regime for register vessels, i.e. those ships entered in the register for compulsory pilotage for small oceangoing ships that are therefore exempt from pilotage, even though the Minister had expressly requested this.

During the consequent consultations, the KVNR continues to emphasise that the increased frequency of calls represents a very considerable increase in the burdens of compulsory pilotage, which is contrary to the Minister's intentions. This applies to tramp shipping in particular, which indeed the majority of the fleet of the Netherlands is involved in.

#### Rotterdam Rules uniform maritime goods transport regulation

A new convention concerning maritime transport legislation was adopted by the United Nations General Assembly on 11 December 2008. It is an extended and modernised version of existing international legislation governing maritime goods transport arrangements. The convention was signed in Rotterdam in September 2009, and is known as the Rotterdam Rules. The intention is that in





due course this convention will replace the The Hague-Visby Rules and the Hamburg Rules. The result will be uniform regulations for maritime goods transport. The convention will come into force one year after it has been ratified by twenty UN member states. Despite the positive worldwide reception, it is expected to take a while before the Rotterdam Rules come into force. So far, 24 nations, including the Netherlands have signed the convention, but it has been ratified only by Spain, the Democratic Republic of the Congo and Togo. In the KVN's opinion, the convention should only be ratified by the Netherlands if and when the major trading nations, like the US and China, do so as well. Norway and Denmark share this view.

In order to avoid having to go through the entire legislative process at the time the US and China ratify the convention, the Ministry of Security and Justice has made a start on the implementation legislation. A part of this process is the creation of a Rotterdam Rules Committee within the Dutch Maritime and Transport Law Association. Participants include the KVN and TLN/Fenex. The committee has been asked by the government to assess the substance of any draft bill. The committee has submitted their advice to the Ministry and the bill is in the final stages of preparation. It is expected it will be submitted for consultation by mid-2015. At that time the KVN will still be able to make comments. Welcome to the Nederlandse Vereniging voor Zee- en Vervoersrecht (Dutch Maritime and Transport Law Association) Welcome to the Nederlandse Vereniging voor Zee- en Vervoersrecht (Dutch Maritime and Transport Law Association) Welcome to the Nederlandse Vereniging voor Zee- en Vervoersrecht (Dutch Maritime and Transport Law Association) Dutch Maritime and Transport Law Association Dutch Maritime and Transport Law Association Dutch Maritime and Transport Law Association Dutch Maritime and Transport Law Association Dutch Maritime and Transport Law Association Dutch Maritime and Transport Law Association

#### **Transatlantic Trade and Investment Partnership to increase trade promotion**

Negotiations between the United States of America (US) and the European Union (EU) in regard to the Transatlantic Trade and Investment Partnership (TTIP) are in full swing. Both the KVN and





the European Community Shipowners' Associations (ECSA) are in favour of any trade agreement that will promote trade between the US and the EU. A number of negotiation sessions between the European Commission and the relevant American officials take place over the course of 2014. Maritime transport is included in the agenda.

As it is, European and American shipowners are already making use of the largely liberalised international maritime transport market between the EU and the US. Since the liberalisation is largely the result of national regulations it needs to be formalised in the trade agreement to ensure legal certainty. In addition, European shipowners have encountered a number of major practical problems when trading and transporting goods to and/or within the US. The restrictions resulting from the Jones Act are the most well-known and oppressive. According to this act, any transport between American ports may only take place on vessels built within the US that are registered under the US flag and carry American crews. ECSA has provided the European Commission with a list of maritime problems for Europe to use during negotiations with the US. Services rendered to offshore oil and gas extraction are on the list too. Furthermore, the focus should be on increased cooperation in the areas of safety, the environment and security. It is expected that negotiations will continue throughout 2015 and that there will be a vigorous debate in the European Parliament.



#### **Van Oord Is the winner of the 2014 KVNR Shipping Award**

Van Oord is the winner of the 2014 KVNR Shipping Award with their new offshore installation vessel 'Aeolus'. This ship has been fully equipped for the efficient installation of wind turbines out at sea. The fact that Van Oord has had the ship built in-company is particularly noteworthy. Tineke Netelenbos, chairman of the panel of judges, calls it: 'Impressive and bold. A spectacular ship which represents the great strides forward made by the offshore industry in the Netherlands. It could also lead to international spin-offs.'



## ‘Coastal shipping plays a major part in the European logistic system’



In January 2015 Minister Melanie Schultz van Haegen (Infrastructure and the Environment) presented the Maritime Strategy 2015-2025 for the Netherlands. Sufficient reason to ask her a number of questions to include in this annual report.

**A nationwide maritime strategy! For quite some time now the industry has been asking for a coordinating minister for maritime affairs. Does this strategy mean that such a minister has finally arrived?**

‘When I started work on a new maritime strategy, it became obvious very early on that to simply draw up a strategy from the perspective of my own responsibility for the shipping industry, shipping lanes and ports would be tantamount to a missed opportunity. The close interdependence of the various sectors of the industry, including shipping, the offshore industry, shipbuilding, maritime education and maritime ancillary services, necessitates the close coordination of the policies of the various departments involved. In fact the same applies to all of the different themes within the strategy: human capital, innovation, trade, accessibility and safety, the environment and security threats. Coordinating with the various ministries in the early stages –which is what we are doing in this strategy– is a major step in that direction. Just to make matters clear: while I have taken the initiative with this strategy, I am not a coordinating minister. My colleague’s from the other ministries involved will retain their own responsibilities.’

**It seems a paradox: the presentation of your rather ambitious strategy at a time of government cutbacks.**

‘The sheer fact that the government is retreating and downsizing means that we are duty-bound to work together strategically and prioritise together. Not only with the ministries, but particularly with

the golden triangle of trade and industry, knowledge institutes and the government. And it can work really well. I think the concerted efforts made in maritime innovation within the Maritime Top Sector Consortium for Knowledge and Innovation (Topconsortium voor Kennis en Innovatie – TKI), as part of the Top Sector Water, is a prime example. The government, trade and industry and the knowledge institutes have managed to integrate well. And successfully too, since in 2014 a considerable number of new projects and research programmes have been realised.’ The STW research project ‘ShipDrive’ where TU Delft researchers work side by side with entrepreneurs from the maritime industry on ships’ hybrid propulsion, is a good example. The subject matter of attuning electric engines with fuel engines is very complex. To make ships cleaner, but also more efficient for their users, expert knowledge on this matter is imperative.

**With all this attention focussed on the other sectors in this broad strategy are we not at risk of turning the shipping industry into the poor relation?**

‘The shipping industry is an essential part of the maritime industry as a whole. There are strong connections between the Dutch shipping industry and the other sectors: Dutch shipowners are very active in joint design and development with local shipyards and ancillary suppliers, not only within the Netherlands but also through international schemes. Moreover, the fleet of the Netherlands is considered to be the ‘breeding ground’ for experienced nautical personnel which is so desperately needed for manning maritime positions in ports and ashore. In order to give attention to the sectors in question, the maritime strategy also includes a number of special short-term programmes. The work programme shipping has been adopted in the spring of 2015. It contains a number of concrete priorities, arrived at in consultation with the industry, for the next three years. These

include raising the appeal of our shipping register and an exploration into if and how work boats can become eligible for the fiscal facilities for the shipping industry.

**The strategy is a little all-embracing. For instance it contains no specific provisions for coastal shipping – which is an industry Dutch shipowners are very strongly represented in.**

‘If you have a nationwide strategy for a very varied industry that you wish to outline for a period of ten years, of necessity you will have to limit yourself to the main principles. Hence the development of short-term work programmes. As far as coastal shipping is concerned, let me reassure you: it has my attention. Coastal shipping plays an important part in the European logistic system, but in European ports it is still being treated as inter-continental transport, despite the introduction of the EU Blue Belt programme, aimed at the realisation of a single European area without borders, that is, without customs formalities within the EU.

Moreover, at the moment the shipping industry is facing a number of environmental requirements that are due to come into force. Said requirements were agreed upon some time ago and include the more stringent sulphur and ballast water treatment requirements. At the same time, it has become very hard for shipowners, particularly smaller ones, to obtain finance for this kind of environmental investments. Therefore, we will be organising a high-level meeting of the 28 member states on this subject during the Netherlands’ EU presidency in the first half of 2016. Its objective is to work out how to address coastal shipping’s problems. Not just by seeking to improve the implementation of regulations, but also by looking into smart finance constructions, possibly with European funds. And, by

looking at best practices both at home and abroad.’

**The Netherlands have opted for ‘Better Regulations’ as the theme for their term of presidency. The shipping industry is fairly highly regulated. Will this theme help in that respect?**

‘This spring I took part in a Port State Control inspection. To be honest I was aghast at the number of certificates ships’ masters have to be able to produce and all the regulations that have to be complied with. At the same time I realised it was the result of the increase in social, safety and environmental awareness that has come about in recent decades. In a complex environment like a ship, fairly voluminous and detailed rules and regulations are unavoidable. These are made even more complicated by the shipping industry’s worldwide sphere of operations and the need to provide clear international standards. However, this does not mean that we could not—in consultation with the industry—explore a simplification of the regulations, or maybe even eliminate some obsolete ones. This issue is not just going to be addressed within Europe during our presidency, but in IMO as well. The Netherlands have been trailblazers within IMO for a programme aimed at the reduction of administrative burdens. This action could bear fruit in the near futures, since it has been included in IMO’s work programme.’

**So, all in all you are optimistic?**

‘Of course, something can always throw a spanner in the works, like the lack of any real economic recovery. But what is important to me is that all those involved join in this concerted effort to ensure that the worldwide position of this amazing industry that is the shipping industry becomes a strong one in all respects. The maritime strategy and the work programme Shipping are to provide a solid foundation for that objective.’





## Sustainability

### Introduction: the shipping industry's booster function for innovation

The KVNIR aspires to achieve a leading international, sustainable, maritime position, based on full cooperation between the national government and the maritime cluster. The new Maritime Strategy (January 2015) announces that, internationally, the maritime cluster of the Netherlands ranks among the top three. In the opinion of the government this must continue to be the case, and rightly so. The Maritime Strategy further states that the shipping industry has a booster function for innovation and the development of knowledge. The KVNIR wishes to encourage innovation in the shipping industry. Innovation is essential to the reinforcement of economic growth and the shipping industry's competitive position, and in order to comply with new regulations regarding safety and the environment.

In 2014 the KVNIR once again draws attention to the 'piling up' of environmental regulations. The KVNIR is making efforts to ensure that the shipping industry grows even more 'green' but does point out that sufficient thought needs to be given to the economic feasibility of any proposed measure. The continuing adverse conditions in the various cargo markets added to banks' extreme reluctance to supply funding for the necessary environmental investments will require careful consideration and decision-making on the part of the government. Fortunately, the government has acknowledged the KVNIR's concerns.



## Emission cuts



### Sulphur

#### Implementation and enforcement of more stringent sulphur regulations

The European Commission launched the European Sustainable Shipping Forum (ESSF) in order to be able to accomplish the efficient and coherent implementation of the EU sulphur directive –which includes the 0.1% sulphur limit– by 1 January 2015. To this end, a number of working groups has been created in which the KVNVR is an active participant. In 2014, one of the working groups has been involved in the implementation and enforcement of the sulphur directive. The working group in question has developed an implementation order which is to ensure the European member states' effective and fair enforcement of the sulphur directive. The order requires enforcement agencies to inspect a certain minimum number of vessels. Inspections are carried out by means of the on-board administration like engine room logs and bunker delivery notes as well as fuel sampling or remote sensing. While the KVNVR is positive about a European implementation order, they still have reservations about the effectiveness and fairness of enforcement, which is needed to achieve a level playing field for all shipowners whose vessels are operational in the so-called Sulphur Emission Control Areas (SECAs). The KVNVR will continue to make every effort to accomplish this.

#### Monitoring the economic consequences of the coming into force of the EU sulphur directive

Another ESSF working group addresses the issue of monitoring the 0.1% sulphur limit's economic consequences. For the shipping industry to be able to make a sound substantive contribution, the European Community Shipowners' Associations (ECSA) published a questionnaire in the autumn of 2014. This was the first, the so-called baseline measurement, of a series intended to provide insight into the economic impact. The baseline measurement is intended to record the situation existing prior to the coming into force of the more stringent sulphur regulations. It comes as no surprise that most of the respondents indicated that they would be switching over to low-sulphur fuel. The figures available to date show a loss of volume (depending on the route) of a maximum of 15%. In 2015 the questionnaire will be published quarterly for the KVNVR membership.





## Carbon

### Monitoring, Reporting and Verification (MRV) of carbon emissions

In order to provide insight into the shipping industry's carbon emissions, the European Parliament and the Environment Council, decide in December 2014 that a European Monitoring, Reporting and Verification system (MRV) for carbon emissions is called for. Said system would have to be operational from 2018 for vessels over 5000 GT. It is to be applicable to any and all vessels (regardless of which flag) travelling to and/or from any European port. The decision to also define and record vessels' transport work is an extremely controversial feature. The KVNVR opposes this decision since it is not an essential feature of any MRV system, it concerns commercially sensitive information and the problems involved in defining the transport work are large and substantive. This is particularly the case for general cargo and multi-purpose ships, which represent a considerable proportion of the Dutch fleet. The KVNVR regrets this European solo effort and would rather that Europe had awaited worldwide decision-making on this type of system. The International Maritime Organization (IMO) is currently working on this. While the KVNVR is not opposed to MRV systems on principle, they do feel the system chosen should be robust and easy to implement for shipowners.

### KVNVR commissions study into robust MRV system

In anticipation of the European decision of December 2014, maritime research institute MARIN is commissioned by the KVNVR to carry out an exploratory study of the various proposals that are on the table during the Brussels negotiations. In particular, the study focusses on the possible definitions of 'transport work'. The study's findings show that the proposed formulae for defining vessels' transport work and with it their energy efficiency, tell us more about shippers' and customers' behaviour (e.g. the quantity and type of cargo and the required speed) than about the environmental performance of the ship in question. A follow-up study into the possibilities for a definition of transport work that is best suited to the fleet of the Netherlands is to be commissioned in 2015. Over the course of 2015 the study's findings may be used in the development of the transport work concept in Brussels.



#### Nitrogen oxide

##### MEPC 66 findings on Nitrogen Control Areas (NECAs)

During the 66th session of the IMO Marine Environment Protection Committee (MEPC) it was decided that in the two designated NO<sub>x</sub> Emission Control Areas (NECAs) the NO<sub>x</sub> Tier III limit is to become applicable to newbuildings that are completed on or after 1 January 2016. The two existing NECAs are off the coast of the United States and the Caribbean coast. For those NECAs yet to be designated –the North Sea and the Baltic Sea are being researched for this purpose– different rules will apply to their coming into force. Either the date of adoption by the MEPC may be the date of entry into force for the NO<sub>x</sub> Tier III limit or the MEPC may decide upon a later date. Due to IMO's submissions' procedure, the timespan from the moment of submitting any proposal to the actual designation of an area of sea as a NECA and formal adoption by the MEPC could easily be as much as eighteen months.

##### Follow-up process for the North Sea area

In order to designate the North Sea area as a NECA, the nations surrounding the North Sea will have to unanimously approve the designation. The Ministry of Infrastructure and the Environment organises a biennial meeting on the subject of the North Sea NECA. During said meeting, all interested parties, including the KVNR, are invited to share their thoughts on the North Sea nations' potential submission of the North Sea area as a NECA. The KVNR feels that both the Baltic Sea and the North Sea should be designated as NECAs simultaneously, in order to ensure that the required additional investments to be made by shipowners are as effective as possible in terms of environmental benefit. The Baltic nations are preparing for a possible designation of the Baltic Sea as a NECA, but so far Russia has dissented. There, too, the decision will need to be a unanimous one to realise a NECA.

During the General Debate on the shipping industry in the Second Chamber of Parliament, on 21 January 2015, the Minister of Infrastructure and the Environment has indicated that the Dutch government is committed to the simultaneous designation of both the North Sea and the Baltic Sea as NECAs. The KVNR welcomes this government commitment.



## Innovation



The shipowners association actively supports its membership in their efforts to innovate through the Platform Clean Shipping, the KVNR Shipping Award and the Dutch Maritime Network's Innovation Council. The Shipping Award is the way for the KVNR to show that the shipping industry is an amazing one, where innovations are carried out and where environmental and corporate social responsibility are high on the agenda. The award is an accolade for the winning shipowner whose innovative efforts have been outstanding and is, at the same time, an incentive to other shipowners to step up their efforts too.

### Faculty for shipping studies reinvigorated

In 2014 the Faculty for Shipping Studies is being reinvigorated. During the New Year's meeting in the Nieuwspoor in The Hague, on 15 January 2014, Mr ir. E. Rikken (left in the photograph on page 36) of Vroon shipping on behalf of the Faculty for Shipping Studies, and Prof. Dr. T. Baller (right in the photograph on page 36), dean of the Engineering, Maritime and Transport Technology and Materials Science and Engineering faculties, on behalf of the TU Delft sign a cooperation agreement to this end. This specific course of education is intended to increase TU students' awareness and familiarity with the world of shipowners and to boost the number of university graduates employed in shipping offices. The agreement is for a period of five years. The KVNR will be funding the course through the Faculty for Shipping Studies Foundation.

### Informative afternoon on innovation

On 12 March 2014 the Maritime Top Sector Consortium for Knowledge and Innovation (Topconsortium voor Kennis en Innovatie – TKI) and the Netherlands Enterprise Agency (Rijksdienst voor Ondernemend Nederland – RVO) host a joint informative afternoon for small and medium-sized enterprises (MKB) where information is provided on the various innovation incentive arrangements for the maritime MKB. In order to reinforce the innovative potential of the MKB in the top sectors, a total of € 30 million has been made available for the MKB innovation incentive arrangement for top sectors (MIT)



# Quality, safety and security 2.3



## Port State Control: The Lowest Number of Detentions for the Last Fifteen Years

In 2014, fourteen Dutch ships were detained within the Paris MoU area (an area of collaborating port states, including Europe, Russia and Canada). This is the lowest number of detentions for the last fifteen years. This positive result may be attributed to the measures taken in 2013 by shipowners, the Human Environment and Transport Inspectorate (ILT) and the KVN R aimed at reducing the number of detentions. In 2013 there were 30 detentions, in 2012 as many as 35. Thanks to this very considerable improvement, more than halving the number, the Netherlands show they are on their way to a return in the top ten of the ranking on the white list of all fleets of quality. In the other inspectorate areas, too, the number of detentions is very limited. In fact, in the Tokyo MoU area there are none at all!

Every year, more than 18,000 inspections are carried out on board ships in the ports of the Paris MoU area. The ships are inspected by port state control authorities to ensure that they are in compliance with international requirements regarding safety, security and the environment. Seafarers' on-board living and working conditions are also inspected.

On the basis of these inspections an annual list is published containing those flag states that have scored well (white list), or poorly (grey list) or downright badly (black list). The KVN R's aspiration is for the flag of the Netherlands to be in the top ten of the white list; this would mean that the flag would be one of the best registers of quality.

## Position of the Netherlands on the Paris MoU White List

	Number of detentions	White list ranking
2007	17	12
2008	23	12
2009	16	9
2010	15	5
2011	18	4
2012	35	15
2013	30	19
2014	14	not available

Source: Port State Control on Paris MoU





### Limiting waste with Green Deal

On 10 September 2014, Minister Schultz van Haegen (Infrastructure and the Environment), the KVNR, representatives of five Dutch ports, waste collecting companies, ships' suppliers, the Human Environment and Transport Inspectorate (ILT) and the North Sea Foundation all sign the Green Deal Ships' Waste Chain. The parties are committed to reducing the amount of waste generated on board by means of waste prevention during the process of supplying ships. Plastic waste will be even more carefully separated and stored on board, and will be collected separately in ports. The plastic collected will be recycled as much as possible.

### Worldwide regulations for ship dismantling

On 30 December 2013, the European Council and the European Parliament adopted a new EU directive regarding the dismantling of ships. The new EU directive applies to any and all ships registered under the flag of any one of the European Union member states and it contains general requirements to be met by shipowners. For instance, ships may only be dismantled at ship recycling yards that have been accredited by the EU. Moreover, the requirements of the directive include a variety of inspections and certificates as well as keeping an inventory of any and all hazardous materials. The hazardous material inventory requirement also applies to vessels under any non-European flag calling at any European port or anchorage.

The KVNR continues to urge that the worldwide Hong Kong convention, regulating ship recycling, become effective as soon as possible. This would prevent any disruption of the international competitive relationships between those vessels under EU flags and non-EU flags and/or those between shipowners that are resident in the EU and their rivals outside the EU. Therefore the KVNR welcomed the Dutch government 2014 announcement that the ratification process for the Hong Kong convention was to be applied for in the near future. 2014 also shows the continuation of the positive trend among KVNR members that more and more of their ships are being dismantled responsibly. Only three of them appear on the annual list, composed by the Shipbreaking Platform containing ships that have been dismantled on the beaches of South-East Asia.

### Dutch Safety Board safety culture in shipping investigation

Due to a number of fatal accidents on board ships within a very short period of time, the Dutch Safety Board (Onderzoeksraad voor Veiligheid - OVV) decides to start an investigation into the safety culture in shipping in June 2014. The accidents in question involved entering enclosed space, going on deck under adverse weather conditions, mooring and unmooring and working in unsafe conditions.

The OVV will also seek to gain insight into the current attitude towards safety within the shipping industry, both in shipping offices and among seafarers. The investigation will address the following question: 'How is it possible that experienced and responsible seafarers fail to always observe the necessary safety precautions when working in high-risk situations and what can be done about this?' In order to gather information from shipowners and seafarers the OVV publishes an online questionnaire which is distributed among the KVNR membership. In November 2014 the OVV hosts a workshop on the subject of safety culture which is attended by both shipowners and seafarers. The following themes are addressed:

- Dealing with (unknown) hazards on board, both those in the work environment and those resulting from cargo transport;
- Effective risk management (monitoring, analysis, safety mind-set);
- Learning from past incidents (investigation, evaluation, mutual calling to account).

The findings are expected to be published in the summer of 2015.



### Raising 'Cyber Awareness' in the shipping industry

The government intends to take a tougher stance on ICT threats and cyber-attacks. Employers' organisations MKB and VNO-NCW are in full support of the government's ambitious plans. The shipping industry, too, is becoming increasingly vulnerable due to a growing dependence on ICT. With the KVNR, MKB Cyber Advice Netherlands, would like to explore how they can be of help in raising 'cyber awareness' in the maritime sector. On 30 October 2014, MKB Cyber Advice Netherlands host a mini-conference entitled 'Digital Resilience'. During the KVNR Annual General Meeting on 19 November 2014, too, terrorism and cyber criminality are the centre of attention. The main speaker is Mr Dick Schoof, the National Coordinator for Security and Counterterrorism (NCTV).

## Piracy



Partially due to the lack of any central authority in Somalia and the poor state of security in Somali waters and those surrounding them, piracy has been a major and urgent problem since 2006. One of the world's busiest shipping lanes, which is used by many Dutch ships, crosses the waters in question. The social partners (KVNR and the Nautilus International trade union) have been asking for armed protection against piracy in and around Somalia. In the first instance, it was military protection that was asked for since the protection of Dutch merchant ships is perceived to be a government responsibility. As time went on, it became evident that protection by a military team, a so-called Vessel Protection Detachment (VPD) was not always an option. For that reason the social partners are now also asking permission to deploy armed private security personnel on the ships of the Dutch fleet. All European states have by now approved the deployment of armed private security personnel on their ships. As a result the Netherlands are now in an isolated position since they have not as yet granted permission for the deployment of private security personnel.

### Major Wavering on Permission for Private Security

The Second Chamber of Parliament continues to waver on the subject of permission for the deployment of armed private security personnel. A number of political parliamentary parties, including the PvdA (Labour Party) feels that the State should retain the monopoly on the use of force. This parliamentary party continues to urge that improvements be made to the concept of VPDs.





#### **‘It is never about seafarers and their families.’**

“Whenever piracy is mentioned, The Hague always gets worked up about rules and regulations. But it is never about us, seafarers, and their families’, Mascha Bongenaar, of the organisation for maritime family liaison (Vereniging Maritiem Gezinskontakt -VMG) says, on the presentation of the ‘piracy petition’ to the Second Chamber of Parliament. ‘Attacks still happen. And every time a ship has to pass through that area, women, children, friends and family are in a state of uncertainty, sometimes for weeks. And that is hard for anyone.’”

The PvdA parliamentary party’s announcement, in April 2014, that a motion would be submitted asking the government to completely dismiss the option of deploying armed private security personnel, causes a lot of emotion among the KVN, Nautilus International and the people they represent. Following massive publicity pressure, the motion’s submission is delayed. The permanent parliamentary commission for Defence decides once again to pose further questions on the matter and wants to have further discussions with all Ministers involved. As a result, decision-making is delayed once again and with the delay the realisation of the deployment of armed private security personnel will take even longer.

In reality there are but few transports that make use of military protection (VPD). In 2012 there are 32, in 2013 40 VPD actions take place and in 2014 the military protect merchant shipping on 59 occasions. The estimated number of passages through the area by ships under the flag of the Netherlands is between 300 and 350 per year. This means that many shipowners have been compelled to take other protective measures since they were unable to call on a military team.

The social partners continue to warn of the very real danger of piracy attacks on merchant ships in the waters off Somalia. The considerable reduction in the number of attacks and successful hijackings is due mainly to large numbers of shipowners hiring armed private security personnel and the continuous military presence in the area. There is absolutely no sign of the ‘demise of East African pirates’ that has been mentioned in the media. The two organisations are confident that as soon as armed protection is taken out of the equation, the numbers of attacks and hijackings will increase explosively. Given this, the announcement made in the course of 2015 that naval deployment is to be scaled down is an extremely alarming development.

#### **Petition signed by hundreds presented to the Second Chamber of Parliament**

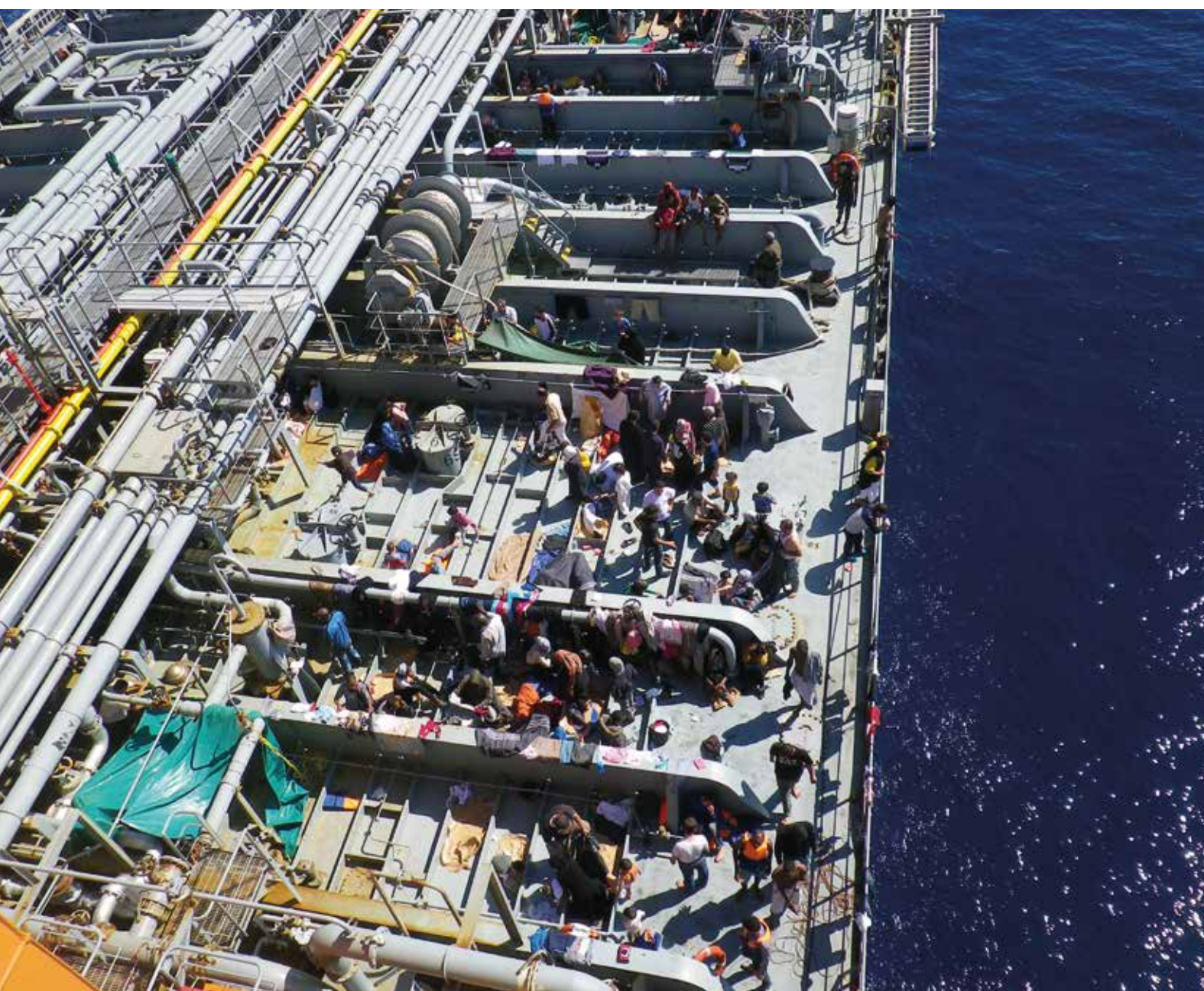
On 13 May 2014, Mascha Bongenaar, of the organisation for maritime family liaison (Vereniging Maritiem Gezinskontakt -VMG), presents Ms Angeliën Eijssink (PvdA), of the Defence Commission in the Second Chamber of Parliament with a petition. The VMG, on behalf of hundreds of seafarers, their families and shipowners urges the government to allow the deployment of armed private security personnel on board of Dutch ships. The petition is signed by more than 2,100 Nautilus International members and 100 shipowners. Dozens of seafarers gather outside the Second Chamber building on the Plein in The Hague to show their support of the petition’s contents.

On 17 December 2014, the permanent parliamentary commission for Defence meets in a General Debate on the subject of piracy. Several political parties ask the Minister of Defence to submit their policy view to the Second Chamber of Parliament. On 16 January 2015, the Defence Commission request that the Minister inform the Second Chamber of Parliament, no later than 6 February 2015, on the progress in granting permission, or declining it, for the deployment of armed private security personnel on board merchant ships. On 6 February 2015, the Minister of Defence replies that the policy view is to be submitted to the Chamber by early April 2015 at the latest. This has now been postponed until May 2015.





## Migrants at sea



In recent years the shipping industry has increasingly become involved in the migration problem. In 2014, a record number of migrants try to cross the Mediterranean Sea in an attempt to reach Europe. The figures appear in the United Nation's refugee agency UNHCR report published on 10 December 2014. The dangerous crossings take the lives of 3,419. On 6 December 2014, at sea between Greece and Italy, Spliethoff's 'Erasmusgracht' takes 393 Syrian migrants on board. The migrants are on their way to Italy and have been abandoned at sea by the captain of their ramshackle vessel. On 2 September Anthony Veder rescues 51 migrants from the Mediterranean Sea under similar circumstances and takes them to Italy.

In 2014, the International Chamber of Shipping (ICS) publishes a set of guidelines on how to deal with large numbers of migrants during rescue operations at sea. The so-called Guidance on Large Scale Rescue Operations at Sea contains specific information for captains and crews regarding measures they can take to limit the increasing risks to health and security the rescues expose them and their ships to. Over the course of 2015 the guidelines are to be reviewed.

Besides the legal requirement of saving lives at sea there are also the moral ramifications. Because of the huge numbers of migrants, sometimes hundreds per rescue, there is a real risk of health and security problems. These include problems caused by lack of sufficient food and water on board, lack of sanitary facilities and rescue equipment and the outbreak of or contamination with illnesses. Moreover, there is a growing fear of terrorists hiding among the migrants in order to get into Europe that way. The existing legal requirements regarding the rescue of people at sea appear not to have been written with this kind of circumstances in mind. The role currently played by merchant shipping needs to be taken over by national authorities that have specially equipped (naval) vessels at their disposal to deploy.







## Maritime labour market

### The situation on the maritime labour market

Despite the economic crisis, the number of ships registered under the flag of the Netherlands continues to increase slightly. The increase does mean more employment within the Dutch fleet. There is a particularly high demand for technical personnel and engineers of all ranks. Over the past year, the number of seafarers on the Dutch fleet has increased by more than 1,000, from 27,000 to more than 28,000.

Only a proportion of this increased demand for seafarers can be met with Dutch nationals. The Task Force for the Maritime Labour Market (TAZ) makes every effort with special actions to interest as many young people in a maritime career as possible. The KVNR, the maritime trade union Nautilus International, the Association of Masters of the Merchant Navy (NVKK), the pilotage service and nautical education establishments are all active TAZ participants.

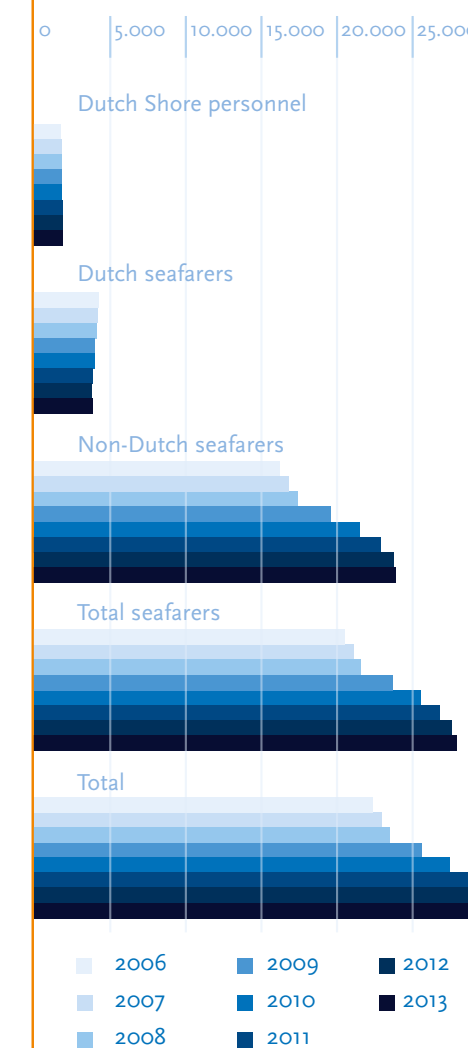
For a number of years now the KVNR has been running the 'Sealegs Wanted' campaign. Part of said campaign is the so-called introductory cadetship, offered by shipping companies, which allow young people to get a taste of the profession of officer in merchant shipping. An assessment carried out by the KVNR shows that 62% of those that have experienced one of the introductory cadetships will enrol in nautical education.

Another feature of the campaign is seafarers' classroom visits to groups 7 and 8 of primary schools.

The actions carried out by TAZ and the KVNR are important to the entire maritime cluster. Merchant shipping and the offshore industry are the 'nursery' for the whole of the nautical industry. Without nautical experience there can be no harbour masters, pilots or teachers at maritime colleges. The same experience is also a gateway to positions in shipbuilding and shipping companies. All in all, nautical education is lifelong job security.

# 3

### Employment in the shipping industry 2006-2013



Source: The 2014 Dutch Maritime Cluster Monitor



## Nautical education



### Standards of nautical education

The new STCW Manila Amendments (Standards of Training Certification and Watchkeeping) have been integrated in the higher vocational education (HBO) curriculum and in the intermediate vocational education (MBO) qualification modules. These adaptations to the curricula, in combination with the requirements handed down by the Ministry of Education, Culture and Science have resulted in a very full and heavy workload for all nautical students in comparison to those in other courses of education. This conclusion has led to questions on the future layout of nautical education as a whole. More research will be carried out in 2015, and employers in the maritime industry will have an important contribution to make in this.

The amendments to the STCW convention not only mean changes in curricula, but also require major investments on the part of educational establishments. One example is the specifically equipped classroom required for the subject of high-voltage electricity. The classrooms in question allow hands-on training and examination by simulator. Also, schools need to be in possession of sufficient ECDIS (electronic navigational charts) equipment and approved simulators that can be used for (part of) examinations as well as by students to clock up some hours they would otherwise have to do during cadetships. Nautical academies have entered into partnerships, both with each other and third parties to be able to fund said investments. In mid-November it becomes evident that the Berechja College in Urk is unable to carry on independently and will therefore become part of De Friese Poort, which in turn is affiliated with the Maritime Academy Holland.

### Enrolment in nautical education

Nautical education in the Netherlands continues to be a major supplier for the Dutch merchant fleet. The annual survey among nautical academies (per 1 October 2014) proves the success of the maritime cluster's promotional activities. Once again, there has been



### A Well-Considered Choice for the Shipping Industry Thanks to Introductory Cadetships

The KVN and the Dredging and Offshore Industry Association were delighted when Minister Schultz van Haegen of Infrastructure and the Environment announced her decision to prolong the subsidy arrangement for introductory cadetships in the shipping industry until the end of 2017. In her motivation the Minister says: 'A sufficient supply of well-qualified personnel is essential to maintain the appeal of the Netherlands as a maritime nation and to the safety on board Dutch ships and in Dutch coastal waters. These introductory cadetships allow young people to make a well-considered choice for the maritime industry. Therefore I will continue this fine project for the next three years.'





an increase in the number of students enrolled in nautical education, both in HBO (+121) and MBO (+115) education. While the number of diplomas issued in MBO has increased (+94) the number in HBO has dropped (-36). As yet, there is no explanation for the drop in the number of HBO diplomas issued.

Source: KVNR, statistics nautical academies on 1 October 2014.

	Total number of students	Number of graduates
HBO	1126	105
MBO-4 (all ships)	1522	223
MBO-3 (small ships)	413	73
<b>Total</b>	<b>3016</b>	<b>401</b>

Source: KVNR, statistics nautical academies on 1 October 2014.

#### Cadetship issues

The increase in numbers of students leads to an increase in the number of on-board cadetships required. Adding in travelling expenses and board and lodging, the cost of cadetships in nautical education is considerably higher than that for regular internships. Given the current harsh conditions in the cargo markets a number of shipowners can no longer afford the expenses of cadetships. In addition, on-board accommodation for cadets has become limited and changed regulations require an increased number of crew, resulting in a further decrease in the number of cabins available for cadets. In 2013 the KVNR mediated on behalf of a small number of cadets seeking placements. In 2014 the number of prospective cadets still trying to find a placement with a shipping company at the beginning of the summer holidays had gone up. Despite most of the shipping academies being hard to reach during the summer holidays, eventually a placement for their first cadetship was found for most of the cadets.



#### Thirteenth selection of PIT cadets

Between 19 May and 6 June 2014, the thirteenth selection of cadets of the partnership between the Philippine nautical academy Palompon Institute of Technology (PIT) and the KVNR takes place in Palompon, Leyte in the Philippines. Twelve of the KVNR's shipowner members have selected 131 cadets: 66 nautical officer trainees and 65 maritime engineering trainees. During the closing ceremony, KVNR board member Mr Erwin Meijnders (HRM director at Spliethoff) presented the KVNR award to the best officer student and the best engineering student.





On the basis of the KVNR's experiences in helping cadets trying to find placements a dialogue was started with the academies to improve the process. This has resulted in tighter agreements for students, academies and shipowners alike.

Based on the educational establishments' figures, an increase of about 100 cadets is expected for the summer of 2015. KVNR members and nautical academies are involved in finding solutions to keep these issues manageable. Every effort will be made to find placements for all students that want cadetships. In addition, consultations have started with the Ministry of Infrastructure and the Environment to explore the option of reducing the number of mandatory practical hours, by replacing them with time on the simulator. One aspect of this exploration will be finding out how much leeway international regulations will allow. Obviously, any positive outcome of this research will not affect the number of placements required in the short term.



#### **The Philippines have weathered the storm**

At the beginning of 2014, classes for the students at the nautical academy Palompon Institute of Technology (PIT) in the Philippines are resumed after the devastating typhoon Yolande that tore across the Philippines on 8 November 2013. Thanks to the financial aid rendered by Dutch shipowners, repairs are started quickly. Third-year students were able to commence their cadetships in the summer as per usual. Palompon Institute of Technology (PIT) president Delia Combista presents the KVNR with a plaque as an expression of gratitude. KVNR president Tineke Netelenbos receives this major token of appreciation during a Netherlands Shipping Training Centre board meeting in the Philippines.



## Manning

# 3.2



### Amendments to the Seafarers Act come into force

On 3 May 2014 amendments to the Seafarers Act come into force. This completes the implementation into Dutch legislation of the 2010 Manila Amendments to the IMO Standards of Training Certification and Watchkeeping (STCW) convention. It represents the completion of a three-year process in which the KVR has been involved since the early stages. As a result of the reduction in capacity at the Ministry of Infrastructure and the Environment, the simultaneous implementation of the International Labour Organization (ILO) Maritime Labour Convention and uncertainties within the Ministry regarding the role and the responsibilities within the policy-implementation-enforcement chain, the original intended completion date of 1 June 2013 proves unfeasible. Despite that, the actual date of implementation does provide sufficient time to fully adapt seafarers' certification to the new standards before the end of the transitional period on 1 January 2017. To achieve this it is vital that enforcement takes place in a framework of sound coordination between the Human Environment and Transport Inspectorate (ILT) and Kiwa, the issuing agency for crew documents. Also, ILT should ensure that any new and/or reviewed training courses are approved in good time. Although the amendments should result in some relief, on the whole the act results in an increase in the administrative burden for those charged with its implementation (ILT, Kiwa and trade and industry). An increase on top of the previous increase in administrative burden following the implementation of the Maritime Labour convention in the Seafarers Act on 20 August 2013.

### Level of service in issue of crew documents drops

2014 may be characterised by the major problems experienced by Kiwa in the issue of crew documents. Amendments to the Seafarers Act and the simultaneous introduction of IT modifications are the cause of the problems. In the summer of 2014 they lead to a steep drop in the level



### Real-life training

From now on, shipowners and their seafarers have the opportunity to attend maritime training courses, based on real-life scenarios, at Falck Safety Services' training centre on the Rotterdam Maasvlakte. On 2 October 2014, KVR president Tineke Netelenbos, carried out the official opening of the new training unit.





of service at Kiwa. By the end of 2014 the level of service has recovered somewhat but is still not at the desired level. The KVNR draws ILT's attention to the importance of sound service by Kiwa and urges that the level of service be closely monitored. Since the autumn of 2014, the KVNR and a number of individual members have been engaged in an intensive dialogue with Kiwa on the subject of improvements to their level of service. In the KVNR's opinion, high-quality sound implementation of legislation is a crucial prerequisite for an appealing register of quality.

The amendments to the Seafarers Act lead to a pricing structure for newly introduced documentation that is not based on the agreements made in 2009 between Kiwa and the –then– Ministry of Transport, Public Works and Water Management, but rather on a cost price model developed by Kiwa. The lack of transparency in applying said cost price model and the relatively high prices of the new category documents have given rise to concerns on the part of the KVNR. Said concerns have been shared in writing with Kiwa and ILT. Given the absence of market forces, Kiwa is the sole party to be assigned the certification of seafarers by the Ministry. Therefore, the KVNR considers that transparency and independent verification of both costs and efficiency of the underlying procedures are absolute preconditions for the application of any cost price model.

#### **The industrial Pension Fund for Merchant Shipping's (BPFK)**

In 2014, the employers' associations affiliated with the KVNR, the Association of Employers in the Merchant Marine and the Social Maritime Employers' Association are involved in exhaustive discussions with the Nautilus International trade union on the subject of a new pension arrangement per 1 January 2015. This has been necessitated by the government's drastic changes to pension legislation per that date. Pensionable age has been raised to age 67

and the percentage of pension that may be accrued annually has been reduced.

An agreement is reached in November of 2014 allowing the pension arrangement to be brought into line with the new pension legislation. Also, the definition of pensionable wage has been modified and a simplification in the way premiums are calculated has been arrived at: instead of three different premiums with different systems of calculation there is now but one. The early retirement arrangement is to be discontinued. Any entitlements that have been accrued will be honoured. The premium budget, including that for the early retirement arrangement, will remain the same as in 2014.

#### **CBA matters**

In 2014, too, there have been negotiations on the extension of CBAs. The main CBA for Dutch seafarers, the one for merchant shipping, has been extended for a period of three years. Wages are to be increased by 5.75% over the whole of the period. The anticipated developments of indexation figures in the coming years have been taken into account. If and when indexation figures and/or contractual wages for the market segment as a whole for the period between January 2015 and January 2017 should be too divergent from the aforementioned wage increase, wages may be renegotiated on 1 April 2017. A new feature is the inclusion of masters in the CBA. Because of this inclusion, inspections of compliance with the Maritime Labour Convention carried out abroad will go more smoothly. The CBAs scope has been increased to over 9000 GT. An identical increase in wages has been agreed on with Nautilus International and the foreign trade unions. The result is a limitation on the increase of wage expenses.

#### **Working and Resting Hours Arrangement – experimenting with a new watch model**

Article 6.5:4 of the Working Hours Decree Transport contains a







requirement that following every six hours of work a fifteen-minute break is to be taken. The so-called break provision is over and above international STCW and Maritime Labour convention requirements and purely from that point of view it should be eliminated from regulations. Also, the break provision is a bar to any alternative to the 6 on/6 off watch model that is used on many of the smaller ships. These alternative models could have a positive influence on the amount of rest seafarers on watch duty are able to get. For that reason, the Ministry of Infrastructure and the Environment and the Ministry of Social Affairs and Employment, following consultation with Nautilus International and the KVNRR, have jointly commissioned an experiment with a 5 on/ 7 off watch model to be carried out. Six ships will participate in the experiment, which is to take place in the first half of 2015. A positive outcome is intended to result in a liberalisation of Article 6.5:4 of the Working Hours Decree Transport.

#### **A quick solution for transport problems industrial personnel**

More and more often, industrial activities offshore, like construction of wind farms, take place further off the coast. The distance installation and maintenance crews need to travel to reach the projects in question, increases accordingly. Therefore a growing demand for the option of transporting larger numbers of technical offshore personnel on international passages has arisen. The personnel in question does not actually work on board and are only being transported and/or accommodated on board until such time as they reach their destination to start their work outside the ship.

Current IMO regulations, however, provide a stumbling block. If and when any vessel is classified as a SOLAS (Safety of Life at Sea convention) vessel, these technical personnel can only be classified as passengers. Any vessel carrying more than twelve passengers, is subject to the much more stringent SOLAS requirements for passenger ships. In practice, though, there is a growing need for transporting more than twelve technical personnel, without

automatically being classified as a passenger vessel. On the other hand, often it proves impossible to be classified according to the SPS-code (Special Purpose Ship). The SPS code is intended for special personnel that carry out on-board duties related to the ship's special purpose. Technical personnel that is only being transported and/or accommodated can hardly be classed as special personnel.

Currently, IMO is trying to work out a solution, and the intention is to create a new category for industrial personnel. The definition of industrial personnel states that they are self-reliant persons on board, who have received elementary safety training and are being transported and/or accommodated for the benefit of their industrial activities in the offshore industry without carrying out their main work assignments on board the vessel in question. According to this definition, industrial personnel is designated neither as special personnel, nor as passenger. The prime provision is that industrial personnel do not carry out their main work assignment on board. An incidental benefit is that the Maritime Labour Convention is not applicable to industrial personnel.

The KVNRR is ready to welcome the new category of industrial personnel and will continue to make every effort to effect corresponding amendments to the SOLAS convention in order to create a definitive solution.





## Dossiers

The dossiers accompanying the 2014 annual report may be found at [www.kvnr.nl/publicaties](http://www.kvnr.nl/publicaties)

Asbestos  
Ballast Water  
Bunker fuel quality  
Cooling agents  
Guidelines  
European port policy  
E-maritime  
Hatch cradles  
LNG  
Nairobi Convention on the Removal of Wrecks  
Pensions  
Pilots  
PIT/NSTC  
Polar Code  
Professional requirements  
Ship recycling  
Social insurance  
State Aid Guidelines  
Tonnage tax regime  
VAT  
Wage withholding tax facilities  
Wind farms

## Colophon

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A current list of members of the KVNR Board and office staff, as well as a complete list of members may be found on [www.kvnr.nl](http://www.kvnr.nl)

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