Asbestos
Despite the use of materials containing asbestos on both new and existing vessels having been internationally banned for many years, they are still frequently being encountered on board existing vessels and even on newbuildings built at shipyards outside the European Union. Declarations confirming the absence of any asbestos, issued by shipyards and verified by classification societies at the time of ships' completion, do not automatically guarantee the actual absence of materials containing asbestos at the time of ships' delivery to their new owners. Nonetheless, shipowners are responsible for crews' health.

On 1 December 2012, therefore, the Dutch Human Environment and Transport Inspectorate (ILT) implemented an international instruction. It contains strict requirements for newbuildings and ships being flagged in to submit to an asbestos inspection. Any asbestos discovered in the course of any such inspection is to be removed on the spot. Existing vessels currently registered within the Netherlands are required to have specified any asbestos related risks in their mandatory Risk Inventory and Evaluation (R.I.&E); any asbestos present is to be removed within a period of three years. So far the Netherlands are the only IMO member state to have implemented such an instruction containing specific regulations regarding the ban of the use of materials containing asbestos on board ships.

The KVNR is in full support of any efforts made to ensure the effective enforcement of the ban on asbestos. However, requirements regarding the removal of any asbestos discovered need to be realistic and feasible.

Also, the KVNR considers enforcement by ILT exclusively to be less than ideal. Joint enforcement by all IMO member states alone can exert the highest level of pressure on shipyards, their suppliers and the classification societies. Were ILT to be sole enforcers, the Dutch shipowners' level playing field would be disrupted too, resulting in the loss of appeal of the Dutch flag as a whole. The dialogue with ILT regarding the enforcement campaign is still in progress.

Ballast water
The Ballast Water Management convention is aimed at the prevention, the restriction and, ultimately, the eradication of the transfer of harmful aquatic organisms and bacteria by controlling and managing ships' ballast water and sediment discharges.

Since the introduction of steel hulled vessels around 120 years ago, water has been used as ballast to stabilize vessels at sea. Ballast water is pumped in to reduce stress on the hull, to provide transverse stability, to improve propulsion and manoeuvrability, and to compensate for weight lost due to fuel and water consumption

While ballast water is essential to safe and efficient modern shipping, transferring it from one location to another may lead to ecological damage that may often be irreversible.

The International Convention for the Control and Management of Ships' Ballast Water and Sediments (Ballast Water Management or BWM Convention) was adopted by consensus on 13 February 2004, following more than 14 years of complex negotiations by IMO member states. The convention will come into effect 12 months after it has been ratified by 30 member states and 35 per cent of the worldwide merchant fleet's tonnage. The quota regarding countries has been achieved in 2011, but in 2012 the tonnage did not move beyond 26% of the world's gross tonnage. It is expected that the convention will achieve the required degree of ratification in 2014.

During the 64th IMO Marine Environmental Protection Committee (MEPC) meeting in 2012, it became clear that a large number of vessels worldwide have not yet been equipped with ballast water treatment systems. Concerns regarding shipyards' capacity for meeting the demand for installing said systems on time were expressed. For that reason, the committee created a correspondence group to draw up a proposal for an IMO Assembly Resolution regarding the implementation of the Ballast Water Management Convention's Regulation B3.

Carbon reductions

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

In 2012, Euro Commissioner Siim Kallas (Vice-President of the European Commission and EU Commissioner for Transport) and Connie Hedegaard (EU Commissioner for Climate Action) announce that their plans for a European carbon reductions system for the shipping industry are to be abandoned for the time being. Instead, the emphasis will be placed on the development of a carbon "Monitoring Reporting and Verification" (MRV) system.

(Link: http://ec.europa.eu/commission_2010-2014/hedegaard/headlines/news/2012-10-01_01_en.htm)

This announcement was welcomed by shipowners both at home and abroad. Whatever regional system of carbon reductions the Euro Commissioner was to have introduced, the cost of maritime transport would have increased significantly and registration under any EU member state's flag would have lost all appeal.

Since the European Commission appears to have abandoned their solo approach for the time being and has opted to join worldwide initiatives, concerns regarding the potential deterioration of the European trade and production companies' and shipowners' competitive position have been temporarily relieved.

In the KVNR's opinion any European maritime emission trading scheme would run into the same kind of problems as the scheme devised for aviation. Other alternatives proposed, including a one-sided additional European levy on maritime fuels would only increase the European economic disadvantage and would result in a modal shift of goods transport from water to the road.

Carbon Covenant

The carbon covenant was signed by the KVNR at the end of 2011. Said covenant includes the KVNR's own carbon reduction targets from early 2010: by 2050 zero emission ships are to be reality, from 2020 the shipping industry's growth will be carbon neutral and by 2050 carbon reductions of 50% compared to 2020 will have been achieved. The KVNR has also made a number of commitments. Over 2012 the KVNR has been proactively involved in international debates on the development of more carbon reducing measures and has agreed to supply the Dutch government with the latest information on developments in this matter.

Cooling agents
The use of halon gases or HCFCs (halogenated hydrocarbons) in refrigeration is being discontinued. More and more they are being replaced by HFCs. HCFCs contain ozone-depleting substances. While HFCs do not contain these, they are 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 its requirements up until now.

A new European Commission proposal regarding this directive was published at the end of 2012 containing an expansion of the directive's scope to include a number of different types of mobile refrigeration units. While the emphasis is firmly on overland transport, because of the original proposal's wording maritime transport will also be affected. The KVNR is involved in talks with the ministry on this matter and, together with ECSA, will continue to monitor the situation within Europe. It is expected that both the European Council and the European Parliament will be publishing their proposals in the spring of 2013.

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 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.

Also on behalf of the European Community Shipowners' Associations (ECSA), the KVNR has expressed shipowners' concerns in this regard to the European Commission. The KVNR advocates a policy of international regulations in order to arrive at an effective resolution to the problem. For that reason the KVNR has contributed to the Dutch proposal to IMO suggesting that the use of, incidents involving and preventative searches for seepage of ozone-depleting materials be recorded in in a log and that keeping said records be mandatory. Said record-keeping should basically apply to the use of any and all chemical cooling agents, including HFCs.

Early in 2012, the KVNR received an investigative report from the Ministry of Infrastructure and the Environment containing a realistic representation of the state of affairs. As a result of considerable investments, seepage has been reduced. Newbuildings are beginning to be fitted with systems other than Freon 22 (HCFC). At the end of 2012, the ministry indicated that priority would be given to the directive's European review process.

Crew documents
In 2012, Kiwa Register introduced the new online *Kristal* system to process applications for certificates of competency and seaman's books. The new system's option of submitting applications in English has granted the KVNR's wish for such a provision. On the whole the new system is intended to contribute to the improvement of Kiwa Register's level of service, which unfortunately continues to be plagued by a number of persistent technical problems. The KVNR urges Kiwa Register to expedite a resolution of these problems and is involved in discussions with Kiwa on improvements to their standards and services as a whole. The addition of payment options like direct debiting or invoicing clients on receipt of documents is at the top of the KVNR's wish list.

Crew numbers
In November 2011, IMO adopted Assembly Resolution A.1047(27) concerning the Principles

of Minimum Safe Manning. Said resolution contains amended guidelines to determine minimum crew numbers. It replaces resolutions A.890(21) and A.955(23).

The new guidelines continue to adhere to the principle that the minimum number of crew required on any given ship can only be determined on the basis of the circumstances pertaining to that particular ship. In this context, manning a ship according to the two-navigator model (master and first officer) should remain possible. This has been achieved partly thanks to efforts made by the Dutch government and the KVNR. The revised guidelines do not give cause to amend the system currently applicable in the Netherlands, including the manning plan, as prescribed in the Maritime Crew Act.

Energy Efficiency Design Index (EEDI)

Link to legislation http://www.schonescheepvaart.nl/wetgeving-regelgeving-markteisen)

On 1 January 2013 the EEDI comes into force; it will be a mandatory requirement for all newbuildings. Since this design requirement applies to newbuildings only, the EEDI's impact will continue to grow more significant as the years go on. According to a 2011 IMO report, carried out by Lloyds' Register and Det Norske Veritas, by 2050 the EEDI will result in an annual carbon reduction of 1,013 million tonnes. **(Link rapport IMO - LR and DNV (Bureaublad. Inf 2)).**

EEDI requirements are based on ship type; to be more precise, they are based on the total of actual emissions divided by the amount of energy expended (gram CO_2/ [ton-mile]) and ships' deadweight. The calculations are based on the averages for each ship type. This equation works well for standard vessels, including large bulk carriers, tankers and container ships, and the correlations that are found are high. The more variation in individual ship type and sphere of operations (market) there is, the harder it becomes to compare the various performances.

Around 65% of the fleet of the Netherlands may be classified as general cargo vessels. Said type of ship is able to carry multiple kinds of cargo including ore, containers and project cargoes including wind farm components and yachts. Due to the significant variations in design, the performance rates calculated with the EEDI equation (which is couched in more general terms) are very disparate too. This resulted in a very low rate of correlation (R^2) of only 0.33 and led to the question of whether ships, whose performance was below standard, according to the EEDI calculations, were really that inferior or whether there were other factors that needed to be taken into account.

In order to arrive at an answer to this question, a Dutch working group was established, consisting of representatives from KVNR, the Holland Shipbuilding Association, designers, shipping companies and a research agency. The working group eventually reached the conclusion that there were three other compensation factors that needed to be added to the equation in order to achieve improved correlation (R^2 of 0.55) and to make the system more equitable. A proposal to this end has been approved in principle by the IMO MEPC 64 meeting of October 2012. It will be submitted for finalisation to the May 2013 MEPC 65. (The Dutch proposal has been accepted by MEPC 65).

LINK News item http://www.kvnr.nl/cms/showpage.aspx?id=2203

Environmental Ship Index (ESI)
The Environmental Ship Index (ESI) is one of the many mechanisms used to measure ships' environmental performance. Said performance indicators provide a simplified outline of the standards of vessels' environmental performance, thereby making it easier for third parties, like [potential] clients and ports, to assess vessels.

The ESI stems from within the WPCI, the World Port Climate Initiative, and the project is under the direction of the Port of Rotterdam. Initially, the emphasis was mainly on western European ports, but in recent years the ESI has expanded to include other ports, both within Europe and outside of it. Ships' performance is rated on the basis of their actual SO_x and NO_x emissions. Since 2012, ships are also rated on and awarded points for their calculated carbon performance. Any ship scoring a sufficient number of points will receive a discount on their port dues in participating ports. Many Dutch shipowners have joined the scheme, which provides them with an additional opportunity to showcase their sound environmental performance for the benefit of third parties.

The ESI rewards those shipowners whose performance outstrips current IMO standards. Given that said standards are subject to continuous review over time, ESI standards, too, will need to be reviewed on a regular basis. To this end, a sounding board group, in which shipowners and employers' associations, including the KVNR, are represented, meets periodically. In 2012, improvements and simplifications to the methods of calculation of sulphur emissions have taken place, and extensive negotiations have taken place on how to include the carbon performance. The KVNR has made it quite clear that surrendering commercially sensitive information like the quantity and nature of cargo carried would be undesirable. Ultimately, the method arrived at was the allocation of points for the registration of fuel consumption and distance travelled. This modification caters to the objections that had previously been voiced within the ESI sounding board group.

A number of initiatives for indices have been provided by other parties within the transport market; the parameters tend to place the emphasis on the environmental aspects relevant to each different group. We refer to the Clean Shipping Index (CSI, http://www.cleanshippingindex.com/), the Green Award which has been around for quite some time (http://www.greenaward.org/), Rightship's Existing Vessel Design Index (EVDI http://site.rightship.com/environmental-rating.aspx) and the carbon performance ladder (http://www.skao.nl/) to name but a few.

In all of these systems, different parameters are used in testing and other methods of calculation are used for said parameters. Not every system uses the IMO method of calculation for carbon.

In July 2012, IMO decided to include the EEDI in the existing Marpol Annex 6 legislation. Accordingly, from 1 January there will be prescribed carbon emission standards for newbuildings. At the beginning of 2012, a specialist meeting took place, organised by the Platform Clean Shipping aimed at minimising the existing disparity between the various indexing methods. The KVNR would like to see a standardised method of calculation, adhering to the IMO method as much as possible. Currently there are a number of different conversion factors for fuel consumption and the resulting carbon emissions. Administrative methods, too, ought to be coordinated in order to reduce paperwork to a minimum. The KVNR would also like to see that any index used can prove its added value to the parties participating in it. Some systems do not make this clear and accordingly participation can turn out to be more of a liability than an asset.

http://www.imo.org/ourwork/environment/pollutionprevention/airpollution/pages/technical-and-operational-measures.aspx

Even though the proliferation of systems and the tailoring of indices to future legislation are matters to be avoided, the KVNR does perceive the added value of the option of rewarding first movers and 'green' enterprises for their sound performance

Weblink: http://esi.wpci.nl/Public/Home

European guidelines for maritime transport (evaluation of)
The European guidelines for state aid for maritime transport provide the framework for permitted forms of state aid for maritime transport (the state aid guidelines). Said guidelines allow the reduction of fiscal and social levies for seafarers and shipowners, lowering said levies to current worldwide levels. This enables the European fleet to be competitive all over the world; it also safeguards the continued affordability of European seafarers and increases the appeal of Europe as a place of business for shipowners.

The European Commission reviewed the community guidelines for State aid for maritime transport in 2004, the so-called maritime guidelines. Said guidelines contain the proviso that they be evaluated seven years after becoming effective. At the beginning of 2012 the method of evaluation was announced, that of public consultation.

Public consultation
The European Commission published an extensive and in-depth online questionnaire. Said questionnaire contained specific questions on the management of income derived from interest, the ratio of ships owned to that of ships chartered, qualifying vessels and qualifying activities. Two questions on conditions connected to the guidelines' application were also included. We refer to potential regulations concerning EU crew and cadetships.

Response
The (European) maritime industry was unanimous in its response to the questionnaire: the guidelines are to be continued unchanged. The argument is supported by figures. It is crucial to European shipowners' competitive position that no new, additional conditions that would disrupt the worldwide level playing field be imposed on the guidelines' application. Non-EU nations are increasingly offering comparable, or even superior, fiscal facilities without any limiting conditions. The KVNR, too, responded along those lines.

Special Issue Papers
European shipowners have, however, asked for clarification on some of the guidelines' aspects. There is a need for uniform policies regarding matters like the position of work boats, income derived from temporary reserves, the ratio of owned to chartered ships and qualifying activities. These issues have been addressed in four special issue papers, which are an integral part of the ECSA (the European Community Shipowners' Associations) response. The KVNR has been actively involved in the composition of said papers and was responsible for writing the special issue paper on income derived from interest

Substantial response
The public consultation has resulted in a vast number of replies. The European Commission appears to be aware of the fact that not all of their positions in recent years have been consistent with one another.

Hatch cradles
For a number of years now, the general commission for the prevention of accidents involving seafarers (ACVAZ) consisting of the social partners, has been studying the occurrence of accidents involving hatch cradles on board oceangoing ships. Their conclusion was that not enough instruction material has been available to ensure the safe operation of said machines. As a result, it was decided to publish a DVD containing safety instructions. Said DVD, providing insight in the cause and prevention of accidents, was made available to shipping companies, vessels equipped with hatch cradles, schools and training facilities over de course of 2012.

During training courses a number of situations are shown on the DVD, including:
- the hazards of wrongly attaching hatches;
- using markings as an aid to attaching hatches;
- the risks of collision with people and/or objects;
- blind spots in various operational positions and other hazards.

The film is in English, with Russian, Indonesian and Dutch subtitles. It is available both on DVD on online, free of charge, on request from the ACVAZ secretariat.

LNG
Within the shipping industry regulations regarding engines' emissions to air continue to become more numerous and more stringent. Legislation covering SO_x, NO_x and carbon emissions already exists, and far-reaching talks on the direct regulation of Black Carbon and particulate matter as well are in progress.

LNG does not contain sulphur particles and NO_x and carbon emissions, too, may be reduced by its use. Those particular characteristics make LNG a very interesting type of fuel for use in the shipping industry. However, as a result of the technical and operational consequences inherent in the use of LNG it is not a solution for every type of vessel, both existing and newbuildings, nor for use in all regions. Besides the fact that LNG's availability and price are uncertain, a large number of questions remain to be answered before LNG can truly become an alternative for the heavy fuel oils that are currently used.

MLC
The Maritime Labour Convention (MLC) was adopted by the International Labour Organization (ILO) in 2006. Said convention regulates oceangoing vessels' on-board living and working conditions and is aimed at the improvement of the situation of seafarers all over the world. Existing conventions had become outdated as a result of the many changes within the shipping industry. The Maritime Labour Convention with its more stringent regime of inspections, certification and enforcement offers a broader and more solid foundation for the international minimum standards.

In 2012, the KVNR and the other social partners make every effort to support the government in the implementation of the necessary amendments to Dutch legislation in order to be able to meet the deadline. Despite said efforts, it proved impossible to prevent

the process of contracting out and drawing up the necessary amendments to Dutch legislation and regulations taking far longer than had been anticipated. The previously set deadlines were overrun on a number of occasions. Therefore, the time remaining for Dutch shipowners in which to have their ships certificated by the classification societies has become too short. Before 20 August 2013, the date of the MLC coming into effect worldwide, around 800 Dutch vessels will need to be certificated. The expectation is that a considerable number of said vessels will fail to achieve certification by that date due to the delays in completion of the amendments to Dutch legislation. From August 2013, any vessel not in possession of the Maritime Labour Certificate may become subject to additional inspections in foreign ports, resulting in potential additional expenses and paperwork for both shipowners and crew. Moreover, is may have an adverse effect on the reputation and appeal of the Dutch register as a whole. In the interests of fair competition, the KVNR has requested ILT to commence inspections of any non-Dutch vessels calling at ports in the Netherlands that do not have an MLC certificate immediately after 20 August 2013.

Monitoring, Reporting and Verification (MRV)
In the view of the European Commission, the gathering of data and knowledge regarding emissions (MRV), is a necessary first step before moving on to the next one: the introduction of Market Based Measures. Both the KVNR and ICS have grave concerns concerning the entanglement of the debate on Market Based Measures and that on MRV. The debate on monitoring emissions is to be viewed entirely separately from that on any Market Based Measures (including emission trade systems and a levy on bunker fuel). Both ICS and the KVNR would oppose any absolute limit set for carbon emissions. No other industry has had such a limit imposed on it and it will be extremely difficult to enforce.

A new plan for this European debate is expected to be announced in the spring of 2013.

In the spring of 2012, the European Commission put the design of a European MRV system out for tender. (LINK OPDRACHT: http://ted.europa.eu/udl?uri=TED:NOTICE:162359-2012:TEXT:EN:HTML)

The resulting design commission was awarded to Dutch consulting company ECOFYS at the end of 2012. The study's start has however been postponed until after the summer of 2013. The European Commission's legislative proposal is expected to be published before the summer of 2013.

The situation continues to be monitored by ECSA and the KVNR.

(LINK ECSA Position Paper:
http://www.ecsa.eu/files/Position%20Papers%20/EU_Legislative_proposal_on_CO2_Emissions_Monitoring_reporting_and_verification_MRV_ECSA_Position_Paper.doc)

NO_x
Since 2011 the nations surrounding the North Sea have been debating a potential proposal to IMO to establish a NO_x Emission Control Area (ECA) in the North Sea. The proposal would contain a mandatory requirement from 2016, for vessels built after that date to comply with the most stringent NO_x Tier 3 standards. Two studies into this have been published in 2012. Both contain analyses of the environmental and economic ramifications. On the basis of current analyses, the KVNR is unable to endorse the establishment of a NO_x ECA in the North Sea.

Publications issued by the Rijnmond environmental agency (DCMR) have shown that the air quality in the Rijnmond region, an area with a significant presence of industrial and transport activity, has improved considerably in recent years and is currently well below European standards. Other reasons for not burdening the industry with additional costs for using European waters are shipowners' extremely difficult economic circumstances and the high number of environmental investments they will have to commit to in the years to come in order to meet new, more stringent, environmental standards (sulphur, ballast water). Moreover, a number of the KVNR's essential queries regarding the studies in question, have not yet been answered. Also, current reports have shown serious methodological flaws. The KVNR would like to suggest that the NO_x dossier be reviewed in five years' time and to assess its value and necessity by means of thorough impact assessment.

In 2008, the International Maritime Organisation (IMO) adopted regulations regarding the reduction of NO_x emissions by the shipping industry. Said regulations are part of Marpol Annex 6, Regulation 13; they prescribe limits for NO_x emissions that are to apply to newbuildings after a given date.

The NO_x Tier 3 requirement in particular, which is to apply to newbuildings within Emission Control Areas (ECA) from 2016, is set to pose a significant challenge to the entire maritime industry and its suppliers.

NO_x is created as a result of a chemical reaction at high temperatures between two substances, nitrogen and oxygen, that occur naturally in air. Combustion engines, like the ones used in shipping, are therefore one of the sources of NO_x emissions. Generally however, the higher combustion temperatures lead to more efficient fuel consumption which in turn results in lower carbon emissions. Over recent years technological developments that might lead to reduced NO_x emissions while at the same time having a minimally adverse, or even positive, effect on other emissions, like those of carbon, have been in the process of being developed.

ECA developments

The more stringent Tier 3 requirement will only be applicable within the (NO_x) ECAs. IMO has the option of creating NO_x and/or SO_x ECAs. In the waters within 200nm off the coast of the USA and Canada, a SO_x and NO_x ECA has been effective since 1 August 2012. This is the world's first ECA that not only regulates NO_x emissions but also those of SO_x.

Within Europe far-reaching discussion on the creation of NO_x ECAs in the same locations as the current SO_x ECAs, have taken place. Negotiations on the Baltic Sea ECA in particular are well-advanced. Helcom, the Helsinki Commission (Baltic Marine Environmental Protection Committee) has completed the studies into the economic and ecologic repercussions that are required by IMO. The political decision has been postponed due to objections on the part of a number of Baltic countries. Should a proposal be forthcoming, it will ultimately have to be approved in IMO. The studies required by IMO prior to the creation of a NO_x ECA within the North Sea and the English Channel, were started in 2011.

In 2011 and 2012, ECSA and the KVNR have criticised the Terms of References, the interim report and the ultimate findings of said studies extensively. Even though the studies have been completed in 2012, in 2013 an additional study is to be carried out into the effects of a NO_x ECA on the existing SO_x ECA in the same area. The KVNR will make every Effort to prevent major adverse effects on the shipping industry; the position of short sea shipping compared to that of overland transport in particular will be of prime importance.

Pensions
In 2012, the Industrial Pension Fund for Merchant Shipping's (BPFK) members totalled 203 employers, 5,100 participants and 16,700 former participants/sleepers. The fund issues pension payments to 32,100 pensioners.

The Industrial Pension Fund for Merchant Shipping is the designated entity for the execution of pension arrangements for seafarers of Dutch nationality and/or EU residents serving on vessels under the flag of the Netherlands.

Pension management
The administration of pensions has been contracted out to MN in The Hague who also manage assets.

Calculation and collection of premiums
The calculation and collection of premiums is in the hands of MN and is carried out monthly, and is based on the submission of information and contributions through a digital system (ABzend).

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 Federation of Dutch Pension Funds and other relevant parties.

Pilots
At the end of 2011 the KVNR states its objections to the joint proposal by the Pilotage Service and the harbour masters regarding Compulsory Pilotage New Style. As a result, in January 2012 the minister promises the Second Chamber of Parliament she will play a directing role in this issue. Any and all interested parties are to be heard.

In order to start off the debate, the KVNR submits a proposal. Said proposal contains the KVNR's vision on Compulsory Pilotage New Style (LNS) as it should be according to those using the pilotage service. KVNR members have expressed a willingness to cooperate in the new system of exemptions, provided that compulsory pilotage continues to become more flexible and that there will be an appropriate transitional regime for those certificated in inland and oceangoing shipping. In the course of 2013, further consultations between the market parties will take place.

The appeal, lodged by the KVNR and other market parties against the 2011 pilotage rates was heard in June 2013. The rates in question included provisions for steep retroactive compensation. The system currently in use is subject to quality flaws, resulting in significant anomalies in rates. The Trade and Industry Appeals Tribunal (CBB) is expected to publish its ruling in September. The KVNR is not in principle opposed to the option of retroactive compensation but only on the proviso that any rates increases are moderate ones.

Over the end of 2012 and the beginning of 2013, legislation regarding the monitoring of registered pilots (Wet markttoezicht registerloodsen) was evaluated by the Policy Research Corporation (PRC). Talks were held with the KVNR, the Eemshaven Cooperative and other interested parties. The Minister will present any results that may emerge to the Second Chamber of Parliament. Due to the monitoring system, pilotage services have become more

efficient but will continue to be a major topic. The current system of determining rates lacks any incentive to keep costs down. Nor is there any consideration for users' need for more distinction within the pilotage service. For that reason the KVNR advocates the continuation of the current system of monitoring, including the role of the Authority for Consumers and Markets. However, in the KVNR's view it is possible to increase the degree of monitoring.

Piracy

The debate on how to combat piracy rages on in 2012. The KVNR would prefer the Royal Netherlands Navy's protection for the Dutch merchant fleet. Because the navy is unable to offer protection to each and every vessel in the fleet, in the view of the KVNR shipowners should be permitted to deploy armed private security personnel on board their ships. However, the government will not permit this.

The KVNR has great appreciation for the government's 2012 measures to make naval protection for merchant shipping both more flexible and more affordable. The navy's method is to place so-called Vessel Protection Detachments (VPDs) aboard merchant ships. Even after the improvements' implementation, certain types of Dutch merchant vessel are still unable to avail themselves of the VPDs' services because the timespan between application and deployment is still too long and because of the cost, which in many cases continues to be double that of private security. At this stage, virtually every other European nation has allowed the deployment of private security teams. This makes the Dutch flag less appealing in comparison; flagging out has become a real risk. The KVNR advocates an approach in which shipowners use VPDs unless this is impossible, either due to lack of flexibility and/or the expense being too great. This would bring the Netherlands into line with other nations both inside and outside of Europe. The shipowners' stance is short and to-the-point: the fleet's security is the responsibility of the government and the navy, unless they are unable to provide said security. In that case, government-certified private security personnel must be allowed to carry out this duty instead.

PIT/NSTC

Between 10 and 27 April 2012 the 11th edition of cadets were selected in Palompon in the Philippines. They are all students at the local nautical academy, the Palompon Institute of Technology (PIT), operating in partnership with the KVNR.

14 of the KVNR's shipowner members have selected 152 cadets: 76 nautical officer trainees and 76 maritime engineering trainees

Since the partnership started in 2001, nearly 1,200 cadets have been selected. The PIT and KVNR partnership is considered to be a definite success. Almost three-quarters of students graduated from all of the editions continue to be employed in an officer capacity by the various shipowners. Thanks to their incomes, said seafarers, originating largely from the poverty-stricken island of Leyte, have made significant contributions to the improvement of the local economy.

In 2005, PIT, STC and the KVNR jointly established the Netherlands Shipping Training Centre (NSTC) which offers maritime training courses in Palompon. The NSTC currently offers eight training courses, including the following STCW courses: 'Basic Training, Proficiency in Survival Craft and Rescue Boat', 'Advanced Fire Fighting' and 'Medical First Aid'.

Polar Code
Ships travelling in Arctic and/or Antarctic waters are exposed to a number of distinct risks. They face challenges posed by adverse weather conditions and a relative lack of accurate navigational charts, communication systems and other navigational aids. These areas' remote locations make rescue and/or salvage operations difficult and expensive. Low temperatures may damage a large number of ships' parts, ranging from deck installations to intake filters.
Where ice is present, this may result in additional strain on hulls, propulsion systems and appendages.

IMO is currently developing an international safety code for ships operational in polar waters (the Polar Code), addressing an entire range of subjects like design, construction, equipment, training, search and rescue missions and environmental protection. The Maritime Safety committee's Ship Design and Equipment subcommittee has been charged with the coordination of said activities and is to report to the Maritime Safety Committee (MSC) and the Marine Environment Protection Committee (MEPC). So far, a number of regulations have been drafted over the course of 2012. They outline the requirements which vessels in polar waters, with their severe ice formation, will need to meet before being allowed to cross said waters.

Port State Control
The KVNR aspires to achieve a consistently high ranking for the Dutch fleet in the lists of the Port State Control areas of Paris MoU (Europe and Canada), Tokyo MoU (Asia and Australia) and US Coast Guard. Said PSC inspections are carried out on the basis of agreements set out in a Memorandum of Understanding (MoU).

The detention of 35 Dutch vessels in Paris MoU ports in 2012, out of a total number of 970 inspections, gives cause for concern and demands an in-depth analysis. In 2011, there have been 18 detentions. The eventual White List ranking will depend on other fleets' performances. ILT and the KVNR are making a concerted effort to turn the tide of increasing detentions. Measures include a joint letter to inform shipowners and a thorough analysis of the causes. Said analysis shows a wide variety of reasons for detention. They include technical faults and documentation issues. Local inspectors' assessment of crews' working and resting hours –specifically in Spanish ports– plays a major part as well. Ships from countries like the United Kingdom and Denmark, too, have suffered increasing numbers of detentions. The KVNR has asked ILT to bring up the issue of the high frequency of both inspections and detentions in Spanish ports and the Spanish inspectors' prejudice regarding the two-man watch model within EMSA.

However, there is absolutely no question of an overall deterioration of crews' and vessels' standards. Anyway, if this were the case it would not lead to such a sharp increase of detentions over the course of one single year. In the Tokyo MoU area, the number of detentions in 2011, 4 out of 139 inspections, was a very satisfactory result. In 2012, there have been 6 recorded detentions out of 196 inspections. Two-thirds of detentions take place in Australia.

Professional requirements
Nautical education's professional standards are required to meet those set by the IMO STCW convention (Standards of Training, Certification and Watchkeeping). An EU guideline allows the European Commission to monitor the correct implementation of the STCW convention, and therefore, indirectly, the standards of nautical education as well.

Qualification modules for MBO (Intermediate vocational education) nautical education have been adapted over the course of 2012 in order to comply with the 2010 Manila Amendments to the STCW convention. Courses for those students enrolling from the 2012-2013 academic year on are thereby fully compatible with the amended requirements of the STCW convention. Schools whose students have enrolled prior to 2012 are free to make any changes needed to bring those courses into line with the amended STCW convention should they wish to do so. Should they not wish to do so, additional training covering any missing aspects will be required following those students' qualification. Dialogue between government, schools and the industry on the changes required to bring HBO (Higher vocational education) nautical education into line with the Manila Amendments are still in progress.

Ship recycling

Like the European Parliament (EP) the KVNR is committed to ship recycling that is safe for both man and the environment. Since the shipping industry is a global one, the regulations governing it need to be effective worldwide too. The Hong Kong Convention –yet to become effective– will provide the framework for said regulations.

The Hong Kong Convention was adopted in May 2009 and its accompanying directives were completed in 2012. The convention contains requirements that the entire ship recycling industry as well as all ships will need to comply with covering the entire timespan from construction to final dismantling.

Shipowners have to ensure that an inventory of harmful materials and substances on board is made and kept up to date. Ships may only be sold for demolition to those shipyards that meet the relevant IMO requirements and that have been approved by both the flag state and the ship recycling state. This makes the convention a worldwide solution to a worldwide problem. It will however take quite a few years for the convention to come into effect. In anticipation of said effectiveness the industry itself has drawn up a number of voluntary guidelines to ensure sound recycling practices.

Ship recycling is to dismantle ships into smaller parts which may then be re-used. The scenario for most ships at the end of their working life is to be broken up either on a beach, a slipway or a dock. This used to take place in the traditionally maritime nations, but nowadays the majority of vessels are being demolished in countries like India, Bangladesh and Pakistan. The manner of dismantling, however, leaves considerable room for improvement both in regard to the protection of workers in this industry and the environment. IMO and the European Union are trying to regulate the conditions of ships' dismantling by means of legislation.

Hong Kong Convention

The new International Convention for the Safe and Environmentally Sound Recycling of Ships (the Hong Kong Convention) was adopted in Hong Kong in May 2009. It contains requirements that ships need to comply with covering the time from keel-laying to dismantling. Ships' owners need to take a number of measures with the approval of the flag state. An inventory of harmful materials and substances on board is to be made and kept up to date. Ships may only be sold for demolition to those shipyards that meet the relevant IMO requirements and that have been approved by both the flag state and the ship recycling state. The Hong Kong Convention will come into effect 24 months after it has been ratified by 15 member states representing 40 per cent of world merchant shipping by gross tonnage. During the first 10 years the combined maximum annual ship recycling volume of the countries that have ratified is to be in excess of 3 per cent of their combined tonnage.

Besides the Hong Kong Convention there have been a number of guidelines drawn up that are to enlarge on the Convention's interpretation and more are being envisaged for the future:

- 2011 Guidelines for the Development of the Inventory of Hazardous Materials;
- 2011 Guidelines for the Development of the Ship Recycling Plan;
- 2012 Guidelines for Safe and Environmentally Sound Ship Recycling;
- 2012 Guidelines for the Authorization of Ship Recycling Facilities;
- Guidelines for Survey and Certification of Ships under the Hong Kong Convention;
- Guidelines for Inspection of Ships under the Hong Kong Convention.

Basle Convention

There is also the Basle Convention, which the EU is a party to. Under the Basle Convention, exporting hazardous waste from OESO nations to non-OESO nations is prohibited. Said prohibition has been included in EU regulations since 1997 and is known as the Waste Shipment Regulation. Ships containing hazardous materials may therefore not be exported for demolition outside of the OESO.

The European Parliament's environmental committee's amendments proposing a specific ship recycling fund were rejected in a plenary European Parliament session on 18 April 2013. The committee's other amendments, however, were accepted. Prior to the plenary vote the KVNR, in a joint effort with other parties (European shipowners' associations and the ports of Europe) were involved in a successful and intensive lobby to Members of the European Parliament against the proposal for a ship recycling fund based on port calls within the European Union. The EP also accepted a new amendment, as an alternative to the proposed ship recycling fund based on port calls. Said amendment calls for new draft legislation to be drawn up before 2016, providing incentives to the industry to dismantle ships in a safe and environmentally sound way (an incentive-based scheme). The KVNR advocates a system of a temporary waste disposal levy, payable at the time of ships' construction, and to be lodged in a worldwide fund by shipyards at the time of ships' delivery. Said monies could be used to improve working conditions in ship demolition yards outside of the EU.

Ships' Nationality Act

On 30 December 2011 the Ministry of Infrastructure and the Environment submitted a bill to the Second Chamber of Parliament containing new regulations regarding the attainment and loss of vessels' nationality. After conferring with the Dredging and Offshore Industry Association and maritime lawyers their joint comments were presented to the Second Chamber of Parliament by the KVNR.

As well as a number of suggestions for actual questions, the parties have offered comments on vital points, referring to:

- The Act's clause allowing for "bareboat-out", given that this is crucial to the shipping industry in the Netherlands;
- The necessity of improving safeguards and procedures related to the deletion of any ship's entry in the flag's register.

Progress 2012-2013
Minister Schultz van Haegen recently answered a large number of [essential] questions posed by the Second Chamber of Parliament in 2012. A number of Members requested a second, written, round of answers as a result of the first response received. This is most likely to be followed by a plenary session debating the bill in the Second Chamber.

The KVNR and the Dredging and Offshore Industry Association look favourably on the Ships' Nationality Bill because it allows for the option of bareboat-out. However, the bill will need to become more specific on rescission of nationality and the concrete grounds for said rescission. Any system for dealing with loss of nationality should not be an imperative one.

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 number of organisations are actively involved in carrying out legislation regarding social and health insurances. These include:
- the Education and Training Fund for the shipping industry,
- the Vereniging Zee-Risico 1967,
- AZVZ Services BV
- The Board of Merchant Shipping.
- the Zee-Risico 1996 foundation

The insurance portfolios of both OWM Zee-Risico 1996 and Marbo were sold to Anker Verzekert in 2012. Within Anker, those insurance policies previously carried by OWM Zee-Risico 1996 are still treated as a separate entity. The same applies to those previously carried by Marbo.
Since 1 July 2012, the sectorial organisations' administration has been carried out by Anker. The execution of the aforementioned social insurances and the management of the relevant organisations are the subject of periodic conferences with Anker. The KVNR is an active participant in both the conferences and the organisations.

For more information: Stichting Scheepvaart

Sulphur content of maritime fuels
The consequences of the 0.1% sulphur limit for maritime fuels, which is due to be introduced in the Baltic Sea, the North Sea and the English Channel on 1 January 2015, continue to cause lively discussions, both at home and abroad over the course of 2012.
The KVNR's initial aim was to push the introduction back to 2020, giving shipowners more time to take mitigating measures like the installation of scrubbers or making the switch to LNG. However, this has proven to be politically unfeasible. The question arises whether to pursue the introduction of exemptions for specific types of ship and/or certain routes that are particularly vulnerable to a modal shift from maritime transport to overland transport. Following extensive debate, the KVNR board has decided to refrain from aiming for exemptions, in view of the degree of disruption these would cause to the competitive relationships between ships. It would also be very difficult to arrive at well-motivated parameters.

The KVNR board has decided to apply every effort to achieving aid measures for those shipowners willing to make investments in order to avoid negative consequences, but has come to the conclusion that financial arrangements, both at EU and domestic level, are rare to non-existent.

We would like to refer you to the ECSA website: http://www.ecsa.eu/index.php/position-papers and the topic of the New Year's reception: http://www.kvnr.nl/cms/showpage.aspx?id=1516

The European Parliament (EP) has approved the amended EU sulphur guideline, which the KVNR has mixed feelings about. On the one hand, the extremely drastic proposals made by the EP's environmental commission have not been accepted by the environmental ministers. To the KVNR's expressed approval, the Dutch minister and civil servants have strongly opposed said proposals. On the other hand, new European regulations for a global industry, above and beyond what has been agreed on in IMO, have been introduced after all. We refer to the European Guideline that only allows for one 18-month period of testing for new technology (like scrubbers). This is more stringent than IMO Marpol which allows two 18-month periods. Equally, the worldwide limit of 0.5% will be applicable in all EU waters from 2020, regardless of the results of the 2018 IMO evaluation.

In 2012 the KVNR has tried, through the International Chamber of Shipping (ICS), to bring forward the feasibility study into low-sulphur fuels, agreed on for 2018. Even though the study is linked to the worldwide introduction of the 0.5% sulphur requirement in 2020 and not to the 0.1% sulphur requirement governing the Baltic Sea, the North Sea and the English Channel, which is due to become effective in 2015, an earlier study would still provide added insight into the availability of low-sulphur fuels in 2015. There have been some concerns as to whether the supply will be sufficient. Should that fail to be the case, the difference in price between the fuels currently in use and low-sulphur fuels will be even greater. Unfortunately, support within IMO for the study was marginally too small.

The European Commission has indicated that they are willing to enter into a dialogue with the industry, by means including the establishment of the "European Sustainable Shipping Forum". Said forum will comprise 4 working groups that will address the following issues: LNG, scrubbers, innovation and technology and financing mechanisms. Both ECSA and the KVNR will be participating.

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SWD:2013:0004:FIN:EN:PDF
http://www.ndptl.org/c/document_library/get_file?folderId=19620&name=DLFE-1549.pdf

The tonnage tax regime

The tonnage tax regime was introduced in 1996 to allow shipowners in the Netherlands to operate under competitive conditions comparable to those of shipowners entered in open registers outside the EU. Under the tonnage tax regime, taxable income derived from shipping is determined according to a fixed rate. Taxation (income tax and/or corporate tax) is based on calculated taxable profit. According to his system taxation on profits is independent of fiscal profits actually achieved in any one calendar year.

Income derived from interest

In May 2012, in their reply to the questionnaire on the European State Aid Guidelines evaluation, the KVNR drew attention to the desired fiscal treatment of income derived from temporary reserves. The KVNR's paper on this matter has been used to contribute to the ECSA special issue paper on the same subject.

Service vessels' qualification
In the view of the KVNR, any and all service vessels providing services at sea should be included in the scope of the guidelines for maritime transport.
They are, after all, oceangoing ships, involved in international competition and manned by crew trained to STCW standards. All this was put on paper during the evaluation of the European State Aid Guidelines for maritime transport in 2012.

VAT
In 2012, the European Commission carried out an evaluation of current practices regarding +the levy of VAT on restaurant and catering services on board cruise ships and ferries. This long-awaited evaluation, however, also examines VAT levies on the provision of other on-board amenities and services, like retail activities. The evaluation's principal conclusion is that, despite coordinated legislation and regulations, the various member states' actual practices of levying VAT are extremely complex and diverse. In view of the complicated nature of this matter, any proposal regarding amendments the European Commission may choose to make is not expected before 2015. Any future amendments can only be implemented following unanimous approval by all member states.

Wage withholding tax facilities
The arrangement regarding Wage withholding tax facilities for seafarers is part of the European Guidelines for State Aid for maritime transport. Said guidelines allow the reduction of European seafarers' social contributions to levels corresponding with those prevalent worldwide. As a consequence, said seafarers' labour market position as well as Dutch shipowners' competitive potential will be reinforced. In September of 2012, the KVNR board of directors initiated an administrative dialogue with the government on the subject of the future of the shipping industry within the Netherlands. In the course of said dialogue a number of the wage withholding tax facilities' technical fiscal points were also discussed. These issues are currently being looked into.

Wind farms
The North Sea Shipping Advisory Group (SAN) is involved in matters relating to the immense wind farms planned in the European economic area, whose impact on shipping heading for the ports of Rotterdam and Amsterdam might be considerable.

One of the major issues is the minimum safe distance which has been set at 500 meters, as it has been for offshore platforms. According to North Sea users, this distance is insufficient. During a number of in-camera sessions between the NWEA (Dutch Wind Energy Association), the Directorate-General for Public Works and Water Management and SAN a solution was arrived at. One wind farm was moved and a second was merged with an existing wind farm. Three other wind farms were moved in such a way as to eliminate any interference with shipping. All in all this is an excellent result for shipping.

The amendments to all 11 submissions have now been adopted by IMO NAV 58 and the Directorate-General for Public Works and Water Management has started the process of converting them to implementation. On 1 August 2013, a large proportion of existing North

Sea shipping routes will be changed. The approach to IJmuiden will, as has already happened near Rotterdam, be subject to a new traffic separation system (VSS). New anchorage locations will be installed and a number of existing anchorage locations will be changed. The locations of former munitions dumps are to become ‘areas to be avoided’.