

Asbestos

An international ban on any new application of asbestos on board ships has been effective since 1 July 2002. Nevertheless, asbestos is still being detected on board newbuildings as well as in newly installed parts on board of existing ships.

For that reason, the International Maritime Organisation (IMO) has published a [guideline](#) explicitly describing how to deal with the removal of asbestos which should never have been used to begin with. As well as guidelines on the removal of asbestos, the IMO publication also contains management measures. The IMO approach is a risk-based one and is aimed at seafarers' minimal exposure to asbestos fibres.

The Human Environment and Transport Inspectorate (ILT) have set [additional requirements](#), over and above those of the IMO guideline, for Dutch merchant vessels. In respect to newbuildings, the industry is perfectly happy with the requirement that any asbestos detected on board must be removed prior to the ship's completion. However, the additional demands have proven to be a problem for existing ships because any asbestos, installed after 1 July 2002, detected on board this category of vessels must be removed within a period of 3 years, or –in exceptional cases– within 5 years. This includes any asbestos which does not pose any danger to seafarers' health and which they would never, in the normal course of vessels' operations, would come into contact with.

Besides any practical problems resulting from ILT's asbestos requirements, the competitive position too is at risk. Removing all asbestos from any operational vessel is an extremely costly proposition, particularly if this has to be accomplished within 3 years. Other flag states do not have asbestos requirements comparable to those set by ILT, leading to a disruption in the global playing field for shipowners in the Netherlands. The Dutch flag will lose some of its appeal to shipowners.

The KVNR endorses efforts made to effectively endorse the asbestos ban, in view of crews' health and well-being. However, any requirements set for the removal of asbestos detected have to be feasible. For that reason, the KVNR advocates a risk-based approach to the removal of asbestos on board ships, which is to protect seafarers' health, repair the level playing field for Dutch shipowners and bring the removal of asbestos from ships into line with the removal of asbestos from buildings and appliances within the Netherlands.

The above information is correct as of 12 May 2014

Ballast water

The international 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.

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 can 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 was achieved in 2011, but in 2013 the tonnage did not move beyond 31% of the world's gross tonnage.

Shipowners are worried that approved ballast water treatments systems may not function properly at all times and under any circumstances. They question the soundness of IMO testing procedures. In addition, there is apprehension as to the way in which port state inspectors will enforce the convention and how ballast water samples will be taken once the convention has come into force.

In addition, new regulations concerning ballast water have come into force in the United States. Both the American Coast Guard and the Environmental Protection Agency have set their own requirements, which, unfortunately, are contradictory. Moreover, not a single system for ballast water treatment has received definite approval by the American Coast Guard. The result is no small amount of uncertainty for those shipowners that are operational within American waters, and who will therefore have to meet American ballast water requirements by installing a ballast water treatment system on board their vessels.

The above information is correct as of 12 May 2014

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.

Early in 2014, both the European Parliament and the European Council approved the compromise reached by the parties in question. A number of proposals made by the European Parliament that might have had negative consequences for the maritime transport were not included in the final text.

Provisions in the new directive that are relevant to the maritime transport include:

- Those companies that use equipment containing HFCs are to take any technically possible and economically feasible measures to prevent spillage and/or leakage of said HFCs.
- If and when any leakage is discovered, repairs are to be made without undue delay. This broad definition ought to provide a sufficient degree of flexibility to accommodate special circumstances. For instance, should a leak occur in a filled cargo hold's bulkhead, repairs may be carried out in such a way as not to endanger either the cargo or the vessel's operational status (article 2, item 3).
- Any repairs or demolition are to be carried out by certified agencies, or agencies that can provide equivalent certification. This provides the option of having maintenance and/or repairs carried out at shipyards outside Europe.

- In addition, quotas for F gases will become more stringent. This will apply to all sectors that make use of said gases. It is likely that prices for the gases in question will be rising.

The directive will come into force on 1 January 2015.

The above information is correct as of 12 May 2014

Crew documents

The Human Environment and Transport Inspectorate have subcontracted Kiwa for the issue of crew documents. Partly due to IT related problems, in 2013 Kiwa's services failed to meet expectations. Because of the late publication of a government measure, Kiwa had to issue thousands of Security Awareness and Designated Security Duties certificates in a very short time in the final months of 2013. This proved to be an impossible task, and the issue of said certificates continued until February 2014.

The KVNR has emphasised the importance of the smooth and flawless implementation of the issue of crew documents, since seafarers cannot board their ships without them and ships may be detained if they cannot produce the required certification. Another matter the KVNR has drawn attention to is the importance of price in relation to quality of service as well as to the level of prices charged by other flag states.

Crew numbers

As a result of both the Maritime Labour Convention (MLC) and the STCW Manila Amendments coming into force, increased attention has been drawn to enforcement of the requirements concerning working and resting hours. A themed inspection campaign has been announced by the Paris and Tokyo MoUs on Port State Control for the autumn of 2014.

This happens to coincide with the increasing criticism of the two-man watch model that has been expressed by a number of port states. In this model, which is being used by approximately one-third of the fleet of the Netherlands, watches are stood by the ship's master and one officer. The fact that a 6 hours on/six hours off rota in theory does not comply with the resting hours requirements and might thus have a negative effect on seafarers' fatigue is being used as arguments.

A system of two watches of seven and five hours respectively and two periods of rest of five and seven hours respectively might provide an acceptable alternative. However, transport health and safety regulations contain a requirement that following every six hours of work a fifteen-minute break is to be taken. The so-called break provision is a bar to any alternative watch model and, moreover, it is a national one, over and above international requirements. And that is contrary to the Ministry of Infrastructure and the Environment's policy. The KVNR urges the Ministry to scrap the break provision. At the request of Nautilus International, this will be preceded by an experimental phase. In view of the theme inspections announced by the Paris MoU and the Tokyo MoU in the autumn of 2014, the KVNR strongly recommends that said experimental phase be initiated soon.

The above information is correct as of 12 May 2014

EEDI and SEEMP

From 1 January 2013, new regulations apply to the energy efficiency of vessels over 400GT, as described in chapter 4 of MARPOL convention's Annex 6.

The new requirements are set out in IMO resolution [MEPC.203\(62\)](#) and are additional to those already applicable according to Annex 6. This type of efficiency measure leads to reduced fuel consumption, and therefore reduced carbon emissions. Said regulations require the introduction of a new international energy efficiency certificate (IEE certificate) which is to be issued once the appropriate ship's energy efficiency management plan (SEEMP) is on board. Another requirement is that pertaining to an energy efficiency design index (EEDI). The EEDI has to be calculated for each new or extensively refitted ship; said EEDI has to be in compliance with the EEDI applicable to the ship in question. In the future, the EEDI required will become incrementally more stringent. To this end, four phases have been defined:

- Phase 0 from 1 January 2013 to 31 December 2014
- Phase 1 from 1 January 2015 to 31 December 2019
- Phase 2 from 1 January 2020 to 31 December 2024
- Phase 3 from 1 January 2025

Even though vessels are to become more energy-saving and the most obvious way to achieve this is to reduce their propulsion capacity, they also need to be able to muster sufficient propulsion in order to retain their manoeuvrability in adverse weather conditions.

At the urging of a number of parties, including the KVRN the Netherlands have indicated to IMO that the [temporary IMO guideline's](#) requirements regarding minimal propulsion capacity for smaller vessels are problematical. Partly due to this successful lobbying campaign, for the duration of phases 0 and 1 the requirements regarding minimal propulsion capacity set out in the temporary IMO guideline will only apply to newly built or refitted bulk carriers, combination tankers and tankers whose DWT is 20.000 ton or more

The above information is correct as of 12 May 2014

E-Maritime / E-Navigation

Ships' bridges are being fitted with more and more electronic equipment. And more and more information is being requested and exchanged ship-to-shore and vice versa. During the IMO Maritime Safety Committee (MSC 81) meeting which took place from 10 to 19 May 2006, it was decided to add this issue to the agendas of both the NAV (Navigation) and the COMSAR (Communication Search And Rescue) sub-committees. Since then, said sub-committees have merged into a single one: NCSR (Navigation Communication Search and Rescue).

Summing up briefly, e-Navigation is to be the standard for the exchange of data from ship to shore and vice versa.

During the next NAV and COMSAR meetings in 2006, e-Navigation strategy had to be formulated. The objective was to draw up a strategic plan containing the following elements:

- The integration of current and future navigational aids, in particular electronic aids.
- A comprehensive system contributing to the improvement of safe navigation (and thus indirectly contributing to maritime safety and protection of the marine environment).
- The reduction of administrative burdens, particularly those of officers standing watch on the bridge.

- From a technical point of view, the basis for this has already been laid but needs to be developed further in order to be able to link all the separate components, including digital navigational charts (ECDIS) to provide ships' masters and officers with the correct/appropriate information at the right time.
- E-Navigation is to be structured in such a way that both new and current communication technology may be integrated into the system. It will have to be an all-encompassing, accurate, safe and cost efficient system with the capacity to serve all ships worldwide.

Several IMO meetings later a lot of progress has been made and a strategic plan for implementation has been accomplished. It has been brought back to five solutions concerning ships' equipment:

S1: Improvement and coordination of bridge design; bridges are to become user-friendly.

S3: Increased reliability and continuous accuracy, reduced vulnerability of bridge equipment and the information used for navigation.

S4: Continuous accuracy and correct display of information available by means of graphic displays received through the communication systems.

The improvement of ship-to-shore and shore-to-ship communication:

S2: resources for uniform and automatic reporting.

S9: Improved VT communication

Proposals for e-Navigation components' testing have now been developed. Major issues are the man-machine interface, data quality and usefulness. The standardised reporting of results derived from tests (test-bed) in order to achieve a sound overview is another issue of interest. The parties to be involved in the tests, too, are being carefully considered: seafarers, pilots, shipowners, VTS, coast guard, classification societies, flag state, training centres, shipbuilders, shippers, hydrographers, maintenance companies etc. The background of those involved in the testing is being considered as well: how much experience have they amassed and in which fields.

The software's language, too, has been determined: IHO (International Hydrographic Office) S(andard)100. This agency has previously set the standard for both ECDIS and digital navigational charts as well.

Data exchange encompasses any and all data exchanged from ship to shore and vice versa. It includes information to and from shipowners and/or shippers. It also includes remote assistance from engine suppliers monitoring engines' performance and/or helping to solve technical problems.

It has been decided to carry out data exchange by means of a Maritime Cloud. This would eliminate the need for continuous broad band connections and the accompanying expense. However, the legal ramifications of the Maritime Cloud will still need to be explored in more depth. Simultaneously, the process of reviewing GMDSS (equipment requirements for emergency communication) is taking place. The reviewed GMDSS may possibly be able to use e-Navigation technology. The reverse also applies insofar as e-Navigation will need to explore state-of-the-art technology and not limit itself to the forms of communication currently used within GMDSS.

The testing guidelines are expected to be determined in 2014. In the years to come potential solutions should be tested and, from 2019, the familiarisation requirements for seafarers should be drawn up. Once all that is completed software and/or equipment can be installed

The above information is correct as of 12 May 2014

ESI

The Environmental Ship Index (ESI) originates 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 outside of Europe. Ships' performance is rated on the basis of their actual SO_x and NO_x emissions. If and when a certain number of points have been accrued, ships may be entitled to a discount in port dues in participating ESI ports. A considerable number of ships are already reaping the benefits from said discount (10%) since they currently meet WPCI requirements in full.

There are a number of other indices besides the ESI, including the Clean Shipping Index (CSI). The KVNR would like to see those other indices' added value made evident, like that of the ESI and CSI. Some systems appear to be somewhat vague and sometimes the cost of participation in said systems outweighs the benefits derived from them.

The KVNR does however acknowledge the added value of the options for rewarding "First movers" and "green businesses" for the investments they have made in cleaner ships.

The KVNR's objective is to achieve uniformity in the way indices' calculations are carried out. These should adhere to those of IMO as much as possible. At present different conversion factors are being used and more international uniformity is needed. Administrative systems, too, should be coordinated more than they are. The latter is intended to reduce administrative burdens to a minimum.

The above information is correct as of 12 May 2014

European Port Policy

In 2013, the KVNR supported the EU legislative measures regarding ports. The KVNR fully endorses the premise of free provision of services within seaports. Said premise has been included in the European Commission's draft directive.

In addition the KVNR has drawn attention to the Netherlands' involvement, in their capacity of flag state, in said Directive, which necessitates a careful consideration of parties' interests. Said interests include those of Dutch companies who would also like to be able to provide their services in other European ports.

It had already become known that the Directive in question would not be applicable to services related to cargo handling and passenger services. By the end of 2013 it becomes clear that most European member states would also prefer pilotage services to be excluded from the Directive.

As a result, port users' organisations within Europe express their collective dissatisfaction with this paring down of the European Ports Directive, in a letter sent early in the New Year. If all port service providers are to be excluded from the Directive's scope, improvements in efficiency and quality within European ports will be non-existent. The lack of dynamics in market forces is what is holding back European ports' economic development. Even the safeguards regarding financial transparency, offered in the Directive will not be able to overcome these objections.

The above information is correct as of 12 May 2014

European guidelines for maritime transport Evaluation

In 2004, The European Commission adopted the community guidelines for State Aid for maritime transport, 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.

In their response to the questionnaire, (European) trade and industry requested that the guidelines be continued unchanged. Their argument is supported by figures. A long period of silence followed the response to the questionnaire, to be broken in the autumn of 2013.

Unchanged continuation

In October 2013, Mr Almunia, the European Competition Commissioner, decided to prolong the State Aide Guidelines without making any changes, based on the following considerations:

- The guidelines have had a clearly positive effect, and
- Their application has not led to any implementation issues; any problems resulting from their wrong interpretation cannot be attributed to the guidelines' substance. There have been very few complaints about the guidelines' implementation.

Special Issue Papers ECSA

During the course of the guidelines' evaluation, European shipowners have asked for clarification on some of the guidelines' aspects. Special Issue Papers on these issues are now being used as the basis for meetings with the Directorate-General for Competition (DG Comp) on this matter.

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. In April 2014, a fifth position paper on bare boat chartering out has been added.

The above information is correct as of 12 May 2014

Hatch cradles

At the end of October 2010, the Human Environment and Transport Inspectorate (ILT) started their hatch cradle campaign, which consists of two phases.

The first phase of the hatch cradle campaign (from October 2010 to the beginning of 2012) has been completed. It consisted of the acquisition of information from shipowners regarding hatch cradle equipment used on board their vessels

The resultant information has been analysed to determine which of the Maritime Court of the Netherlands' recommendations to manufacturers, shipowners and users have actually been observed and which have not. The first phase's results have been published in the Interim report on the hatch cradle campaign.

The campaign's second phase (from May 2012) is aimed at compliance with the health and safety at work act and observance of the recommendations made by the Maritime Court of the Netherlands. To this end, those shipowners who failed to respond to ILT's initial request for information have received a letter. Said letter gives a ship-by-ship rundown of the points of insufficient compliance with the health and safety at work act and includes directions as to what modifications will have to be made to the hatch cradles in question. It also contains a clear timetable for said modifications. Eventually, each and every ship is to meet all requirements in full and shipowners will have to have removed all potential hazards.

Early in 2013, the general commission for the prevention of accidents involving seafarers (ACVAZ) produced a [film](#) about the potential hazards of working with hatch cradles. ACVAZ

is a safety committee consisting of representatives from the shipping industry. Their film is intended for those seafarers whose jobs bring them in contact with hatch cradles and is aimed at the reduction of the number of accidents involving hatch cradles.

The above information is correct as of 12 May 2014

MLC

On 20 August 2013 the Maritime Labour Convention (MLC) comes into force, seven-and-a-half years after having been adopted in Geneva.

Said convention safeguards seafarers' on-board living and working conditions above minimum level. Since the convention also applies to vessels of non-convention parties calling at ports of convention parties, in principle it will ensure a level playing field for shipowners

Together with the other social partners, the KVNR has, even as in previous years, made substantial efforts to support the government in the convention's timely ratification and implementation. Thanks to said efforts Dutch ships are equipped with the certificate proving compliance with the convention's requirements, to be shown during inspections in foreign ports, from the time the convention comes into force. The seven accredited classification societies, who carry out inspections and certification on behalf of the Ministry of Infrastructure and the Environment, too, have made major contributions in making timely certification of all vessels possible.

Besides bringing legislation up to date, the convention also extends its sphere of influence: including those people on board ships that do not carry out non-maritime activities, in the scope of the legislation.

This leads to a number of problem areas, including the vagueness as to who is and who is not covered by said legislation and the difficulty for shipowners in proving compliance with legislation regarding those on board who have been placed there by third parties, like charterers.

Said problem areas particularly affect those shipping companies that are active in the maritime service segment of the industry, on behalf of offshore activities like wind farms. The KVNR has appealed to the government to think about solutions to these issues, which are mainly to be found in the area of the legislation's implementation. It is important to observe how the countries around us are dealing with these issues, as a preventative measure against said activities moving away from the flag of the Netherlands to the registers of other nations in north-western Europe.

The above information is correct as of 12 May 2014

LNG

Within the shipping industry environmental requirements that have to be met concerning 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 (soot particles) and particulate matter as well are in progress.

LNG does not contain sulphur particles and NO_x and carbon emissions, as well, may be reduced by as much as 75% and 25% respectively by its use.

Those particular characteristics make LNG a very interesting type of fuel for use in the shipping industry from an environmental point of view. 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, whether they be existing ships or newbuildings.

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. LNG infrastructure, too, is a major aspect. At present the government and port authorities are not taking enough initiative to be able to guarantee a reliable LNG infrastructure. However, said infrastructure is crucial to making LNG a serious alternative maritime fuel!

The above information is correct as of 12 May 2014

Nairobi International Convention on the Removal of Wrecks

2007 saw the adoption of the International Convention on the Removal of Wrecks 2007. In short, it is aimed at improving coastal nations' options regarding the speedy and adequate removal of ships' wrecks. It also gives said nations more leeway to act against foundering ships or ships about to run aground and/or any cargo that may or may not have come adrift which is endangering shipping, the marine environment and/or any other coastal nations' interests.

The convention contains a provision regarding mandatory insurance (and certification) as well as optional direct action against insurers. Shipowners' limited liability is not being affected by the convention.

The Netherlands are intending to ratify the convention and draft legislation for its implementation has been prepared.

Said draft legislation includes the so-called opt-in provision, allowing the convention to be applicable not only within the exclusive economic area but also within territorial waters and inland waterways.

The KVMR has contributed to the draft legislation and continues to work closely with the Ministry of Infrastructure and the Environment in this matter.

Limited liability wreck removal

Questions have been asked in the Second Chamber of Parliament concerning limitation of shipowners' liability in view of the fact that the State of the Netherlands was unable to get full compensation for the cost incurred in the removal of the Baltic Ace. The Minister of Infrastructure and the Environment reported to the Second Chamber that she would be considering the options so as to prevent this situation arising again in the future. At the ministry's request the KVMR indicated that in its opinion there is no need to increase limits, particularly in view of the future increase that has already been planned for 2015. In any case, it is vital that the Netherlands remain in line with their neighbouring countries as far as limitations for liability are concerned.

The above information is correct as of 12 May 2014

Pilots

New national structure of pilotage rates

In 2013 the KVNRR responds to a number of legal amendments necessary to the introduction of the new national structure of pilotage rates. The completed rates arrangement is largely in line with the agreements made by the market parties in 2012. However, a number of newly proposed rates are not. A separate rate for so-called remote pilotage services should continue to be applicable, according to the KVNRR, since that rate may be reduced considerable given the higher degree of efficiency involved. Another issue is the new arrangement's lack of transparency for smaller types of ships.

2013 Consultations

In the consultations concerning the 2014 pilotage rates that took place in 2013, the KVNRR appealed to the pilotage service's better nature and asked them to not to implement major rate increases for 2014. According to the legally applicable cost-plus system, a lower estimated number of ships' passages results in a higher rate for pilotage services. The KVNRR feels that the application –unchanged and in full– of said model in times of continuing economic adversity does not make sense. Instead the Pilotage Service should be proposing a moderation of their rates if and when the estimate for the number of ships' passages should be lower. Moreover, the KVNRR emphatically states that the inclusion of a one-off retroactive compensation in the rates for 2014 is unacceptable. In the view of the KVNRR, any potential retroactive compensation which is to users' detriment should be included in rates incrementally.

More significant regional effects than shown in figures

In order to arrive at an agreement on a uniform, nationwide structure for pilotage rates at the end of 2012, Rotterdam was granted an extra frequent-user discount for container feeder vessels. Said segment is involved in strong competition with the port of Hamburg. The proposal for 2014 pilotage rates shows, on the basis on the movement of vessels recorded in 2012, that said discount has a more significant regional impact: -2.5% for Rotterdam, as opposed to -1%. In the current cost-plus system this is to be compensated for by the other port regions. According to the KVNRR, the discount in question should be financed from within the home port region, since it represents their economic interests.

Further consultations

At the request of the Port of Amsterdam and Zeeland Seaports, the WTL2 working group reconvened in September 2013 to discuss the Rotterdam frequent-user discount. During said meeting, the Port of Amsterdam appealed to the Port of Rotterdam to (temporarily) waive their right to the additional discount. However, Rotterdam insists on adhering to the original agreement. It has now become known that Zeeland Seaports has lodged an objection to the decision on 2014 rates made by the Netherlands Authority for Consumers and Markets (ACM).

Appeal retroactive compensation

In June 2013, the KVNRR and other market parties win their appeal against the 2011 ruling on pilotage rates made by the Netherlands Competition Authority (NMA) –now known as the Netherlands Authority for Consumers and Markets (ACM). A bill has now been passed in the Second Chamber of Parliament, officially allowing retroactive compensation, in order to avoid financial claims on the government. While the KVNRR is not in principle opposed to the option of retroactive compensation, it would, however, like to see said compensation linked to terms and conditions regarding moderate rate increases. In the KVNRR's view, cost management and low pilotage rates are a priority.

The evaluation of legislation regarding the monitoring of registered pilots

In 2013, legislation regarding the monitoring of registered pilots (Wet markttoezicht registerloodsen) was subject to evaluation. Policy Research, the agency who carried out said evaluation, concluded that the efficiency-related benefits that were introduced in the

past have not benefited the industry as a whole. According to the research, they have in fact led to pilots' wage increases, rather than a reduction in rates for the pilotage services' users. The KVNR has expressed these and other opinions in a position paper. The current cost-plus system, which is legally applicable to pilotage services, contains no incentive to limiting rates. Nor does it reflect users' need for increased differentiation in pilotage services. Therefore the KVNR is a proponent of increased monitoring of the market as well as the option of the Minister being authorised to intervene in the determination of pilotage rates in exceptional circumstances. The KVNR has declared its explicit objection to an equalisation fund. Said type of fund would result in an even more complicated method for the calculation of rates and –instead of achieving the aspired higher degree of transparency in the rates structure– would lead to a considerable number of implementation and management issues. The evaluation's results will be submitted to the Second Chamber in 2014.

Compulsory Pilotage New Style (LNS)

In November 2013, the Ministry of Infrastructure and the Environment released the first draft of the outline of their proposal for Compulsory Pilotage New Style (LNS). Said draft will be developed over the course of 2014 but for now parties are invited to submit their comments. The draft shows that the ministry, the harbour masters and the pilotage service all interpret increased flexibility as further regionalisation.

The KVNR is strongly opposed to this approach and has appealed for objective nationwide criteria in their response to the draft.

Members' practical experiences with the current regional system of exemptions have been very negative and it has led to compulsory pilotage for more –instead of less – (smaller) ocean-going vessels. Also, it will create a patchwork of regional criteria for pilotage exemptions. The KVNR has been advocating a new system for compulsory pilotage exemptions for that is to be uncomplicated and transparent (PEC system)

European developments

The European Commission published its European Ports Directive in May 2013. Said directive is aimed at the liberalisation of port services. Initially, pilotage services were included in the directive's scope. However, in December 2013, it was proposed that pilotage services be excluded from the EU directive's scope.

The following users of port services felt that this was sufficient reason to express their collective dissatisfaction with this paring down of the European Ports Directive:

- The European shipowners association ECSA
- The European association for transport and logistics CLECAT
- The European Shipping Company ESC
- The European Community Association of Ship Brokers and Agents ECASBA

If and when –following the exclusion of cargo handling and passenger services– pilotage services are excluded from the directive as well, improvements to efficiency and quality within European ports will become non-existent. The lack of dynamics in market forces is what is holding back European ports' economic development.

European regulations are called for in order to:

- Safeguard Dutch providers' access to port services (including towage) in European ports;
- Improve standards of services for Dutch shipowners, specifically those services provided in southern EU member states' ports.

The debate on the European Ports Directive will be continued following the 2014 elections.

The above information is correct as of 12 May 2014

Piracy

In February 2013, the social partners within the shipping industry, the KVNR and the maritime workers union Nautilus International are delighted with the Clingendael Institute's report entitled 'State or private protection against maritime piracy' regarding the protection of merchant shipping against piracy. Clingendael states that the government should adapt their policy in this regard and allow shipowners, under strict conditions, to protect their vessels and crews by deploying armed private security personnel on board in cases where protection by Ministry of Defence military teams proves to be impossible because of cost, size of the team and/or lack of flexibility.

The KVNR is satisfied with the promise, made during the General Debate of the Ministry of Defence's Permanent Parliamentary Commission on 10 April, that the options for deployment of private security personnel on Dutch flag ships will be examined. The Minister of Defence's acknowledgement that not all ships may be protected by military teams (VPDs) despite all improvements made to the VPD concept was a deciding factor.

The commitment in question has eliminated the fundamental block to private security. On 23 April, the government informs the Second Chamber, in writing, that they are about to draft the necessary legislation. To this end an extensive consultation of all interested parties is to be carried out in the second half of 2013. It is expected the bill will not be submitted to the Second Chamber until the end of 2014.

Because of this prohibition of the deployment of private armed security personnel, the Netherlands become totally isolated in 2013. Virtually all European maritime nations have allowed armed security by now, or they are in the process of amending their legislation to make it possible. Belgium and Germany have completed the process in 2013. Major maritime nations like Denmark, Norway, Cyprus, Malta and the United Kingdom all allowed the deployment of private security personnel some time ago.

Since the introduction of the ISO 28007 standard in October 2013, the security industry has started to become certificated. It is becoming more and more difficult –if not impossible– for certified security companies to provide illegal protection for vessels under the flag of the Netherlands. Therefore, Dutch shipowners are being compelled to engage non-certified companies. Shipowners find themselves over a very uncomfortable barrel. On the one hand, there are health and safety regulations requiring them to provide a secure working environment, on the other hand there is legislation prohibiting the deployment of armed private security personnel. Registering under a different flag then becomes an option. However, this takes time and money and may also lead to increased labour expenses regarding Dutch seafarers in their employ since they are no longer eligible for the application of wage withholding tax facilities. In that case there is a very real chance that the Dutch seafarers in question will be replaced by less costly foreign (often non-EU) officers.

The Second Chamber of Parliament continues to be hesitant in allowing the deployment of armed private security personnel. A number of parties, including the PvdA (labour party) insist that the monopoly on the use of force remain with the State. Therefore, this party keeps urging further improvements to the VPD concept. The PvdA announcement in April 2014 that a motion for the government to altogether abandon any plans to allow the deployment of armed private security personnel is about to be submitted, causes a considerable stir among the KVNR, Nautilus and their members. Under considerable public pressure the motion hearing is postponed. The Permanent Defence commission once again

decides to ask practical questions in regard to this dossier and wishes to consult with all responsible Ministers on the matter. Therefore, decision making is once again delayed. With it, the option of deploying armed private security personnel will be delayed too, if it ever becomes a real option at all. The KVNR and Nautilus will continue to make every effort to realise the option for those shipowners and vessels that cannot, for whatever reason, use a military team (VPD) for protection. This so-called 'use VPDs unless' approach determines that if for whatever reason protection by a military team is not possible, private security is to be used.

In reality there are not many transports that take place with military protection. In 2012 there were 32 and in 2013 40. The number of Dutch vessels traversing areas affected by piracy is estimated at 300 to 350.

The above information is correct as of 12 May 2014

Professional requirements

Far-reaching amendments to the IMO STCW convention, which regulates minimum standards of seafarers' training, certification and watch keeping, took place in 2010. They are referred to as the 2010 Manila Amendments and came into force on 1 January 2012. There are a number of transitional arrangements for various matters; some have expired on 1 July 2013 and 1 January 2014 respectively, and the rest is to expire on 1 January 2017.

The 2010 STCW Manila Amendments have become integrated in Dutch manning legislation with an amendment that came into force on 3 May 2014. Said amendment also brought manning legislation as a whole up to date. Nautical education in the Netherlands, too, has been modified to comply with the new professional requirements, starting with the 2012-2013 academic year. Those students who started their education prior to that date, and those seafarers already in possession of certificates of competence will need to take additional training courses in some areas in order to meet the new professional requirements. In 2014, the KVNR will be drawing specific attention to the need for a sufficient number of said training courses to be provided as well as the sound implementation of the new legislation as a whole. Consensus within the policy-implementation-enforcement chain will be a vital contributory factor. With reference to the training centres located in the Netherlands, it is important that the Human Environment and Transport Inspectorate (ILT) are prompt in approving their courses, thus allowing them to compete with similar training centres abroad.

The above information is correct as of 12 May 2014

PIT/NSTC

Between 2 and 19 April 2013, the selection of the twelfth edition of cadets of the Philippine nautical academy Palompon Institute of Technology (PIT) takes place in Palompon, Leyte in the Philippines.

Fifteen of the KVNR's shipowner members have selected 142 cadets: 66 nautical officer trainees and 76 maritime engineering trainees. On behalf of the Ministry of Infrastructure and the Environment Ms Lidewijde Ongerling, of the Directorate-General for Mobility & Transport and Mr Bart de Jong, Head of Unit for Maritime Shipping attend as special guests. In her speech, Ms Ongerling refers to the Philippines' status as second-country-of-origin for officers in the fleet of the Netherlands and the accompanying pivotal position of the PIT / KVNR joint venture.

For an extensive report of the natural disaster that struck the Philippines in November 2013, we would like to refer you to the 2013 KVNR annual report.

The above information is correct as of 12 May 2014

Polar Code

Ships travelling in Arctic and/or Antarctic waters (a.k.a. polar 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).

The Polar Code has been subdivided into four parts:

- Part I-A includes mandatory measures regarding safety;
- Part I-B recommendatory provisions regarding safety;
- Part II-A includes mandatory measures regarding pollution prevention;
- Part II-B recommendatory provisions regarding pollution prevention.

Ships intending to operate in polar waters are required to be in possession of a Polar Ship Certificate. Said certificates distinguish between the vessels' operational conditions and the measures to be taken by specific ships to prevent incidents. Ships' classification is included in the certificates issued. Category A ships are and built to operate in polar waters at least in medium first-year ice. Category B ships are designed and built to operate in thin first-year ice. Category C ships are designed and built to operate in open water (no more than 10% of the water covered in ice) or in ice conditions less severe than those included in Categories A and B.

In addition, vessels will be required to carry a Polar Water Operational Manual, containing the necessary information regarding the vessel's operational capacity and limitations in order for master, crew and passengers to be able to make considered decisions as and when needed.

It is expected that IMO will complete the Polar Code by the end of 2014.

The above information is correct as of 12 May 2014

Seafarers' 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.

Pension arrangements and financial position

For more information please visit [Bedrijfspensioenfonds voor de Koopvaardij](#). The estimated funding ratio will be published on the website at the end of each month.

^{*)} this information is correct as of 15 May 2014. At that time the 2013 BPFK annual report had not yet been made available.

The above information is correct as of 12 May 2014

Ship recycling

The KVNIR is committed to a process of 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 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.

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. For instance, 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.

At the end of 2013, the European Council and Parliament adopt a [new EU directive](#) regarding ship recycling. Following an intensive lobbying campaign by interested parties, including the KVNR, the ship recycling fund proposal is rejected by the European Parliament by a very narrow margin, and therefore deleted from the directive. The KVNR had significant misgivings about the financing of the proposed European fund in particular. A levy for each call in each and every European port, which was to have fed the fund, is detrimental to short sea shipping with its high proportion of Dutch shipowners.

The 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 above information is correct as of 12 May 2014

Social insurances

The shipping industry is in a somewhat exceptional position as far as social security is concerned.

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, this organisation operates in line with the Civil Code provisions for social security conditions for non-European seafarers.
- AZVZ Services BV, facilitates health insurance policies with Zorg en Zekerheid (Leiden) health insurance company. AZVZ's main demographic includes maritime companies and employees in the shipping industry and their families.

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. The Dutch Shipping Foundation and its participating bodies have contracted out their administration to Anker. The execution of the aforementioned social insurances and the management of the relevant organisations are the subject of periodic conferences between the Dutch Shipping Foundation and Anker.

The KVNR is an active participant in both the Dutch Shipping Foundation and the organisations' boards.

More information on [the Dutch Shipping Foundation](#)

The above information is correct as of 12 May 2014

The tonnage tax regime

Position paper on the fiscal position of work boats

In 2013 the KVNLR wrote a draft position paper on the fiscal position of work boats. In this paper, the KVNLR advocates the point of view that all work boats that meet the European guidelines' objectives should be eligible for the application of the tonnage tax regime and the withholding tax facilities for seafarers without having to keep separate profit accounts and carry separate pay rolls. This fiscal dossier was put on hold, pending the continuation of the State Aid Guidelines; it is expected to become active again in 2014.

Continuation of the State Aid Guidelines

In October 2013, Mr Almunia, the European Competition Commissioner, decided to prolong the State Aid Guidelines without making any changes. Despite this public commitment, at the beginning of 2014 it became clear that amendments to parts of the State Aid Guidelines cannot be ruled out. Following consultations with ECSA, the European shipowners association, it was decided to have a number of technical meetings with EU officials on the subject of the draft amendments in question. The KVNLR is closely involved in this process and is part of the shipowners' delegation.

The above information is correct as of 12 May 2014

Wind farms

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 designated and a number of existing anchorage locations will be changed.

One of the major issues is the minimum safe distance from wind turbines which has been set at 500 meters, as it has been for offshore platforms. According to North Sea users, this distance is insufficient. Their premise was that all maritime traffic should be able to retain their required range of evasive manoeuvres.

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.

SAN, consisting of a representation of a number of maritime organisations including the KVNLR, is involved in monitoring the construction and development of the huge wind farms that are being planned in the exclusive economic area of nations surrounding the North Sea; they may have a major impact on shipping headed for Rotterdam and Amsterdam.

Download: [SAN nautical vision on North Sea wind farms](#).

Download: old and new situation traffic separation systems

Download: map of projected North Sea wind farms

The above information is correct as of 12 May 2014

VAT

In July 2013 a study –commissioned by the European Commission– into the potential economic impact of VAT levies on passenger services was carried out. In response to the questionnaire, the European Community Shipowners Association and Interferry Europe submitted their joint reply in October 2013. Said reply once again explains the European shipowners' point of view. In the current VAT system, there is no disruption of the internal market. There is no concrete reason to start levying VAT on the services in question.

Before any VAT levy on this kind of services becomes a possibility, the member states will need to arrive at an agreement on harmonising the VAT system as a whole. Any amendments to the VAT system can only be achieved by full consensus among member states. Moreover, any VAT levy is likely to lead to European shipowners relocating to non-EU countries. This in itself will result in a loss of maritime know how and employment within Europe.

Uniform VAT returns

The European Commission has submitted a proposal for a uniform VAT return form, which was approved on 23 October 2013. Said form's accompanying guideline will contain a number of requirements to be met by any company submitting a VAT return in any of the European member states. It is intended that the guideline be introduced by 1 January 2017.

Five mandatory sections

The uniform VAT return will contain five mandatory sections to be completed:

- VAT to be paid;
- VAT to be claimed back (refunded VAT);
- Balance (payment or refund);
- Total value of provisions/services rendered (input transactions);
- Total value of provisions/services purchased (output transactions).

Member states will also be given the option of requesting additional details in 21 extra, but uniform, sections. Altogether the VAT return form may contain a maximum of 26 sections.

Further harmonisation

The proposal will also standardise the periods over which VAT returns will need to be submitted, as well as the timespan available for returns. It is to become possible to submit VAT returns online throughout the European Union.

According to the proposal, the uniform VAT return is to be submitted monthly. Micro-enterprises, with an annual turnover of less than 2 million euro, are the exception; for those quarterly returns will suffice.

Different from advice

This European Commission proposal differs from the advice given by PWC, which opted for the fully uniform, mandatory EU standard return, side by side with the states' individual domestic returns. This option provides the biggest savings to trade and industry. However, the Commission rejected it as being too complicated. The desire to fight VAT fraud also played a part in this consideration.

Trade and industry criticism

ECSA, the European shipowners association maintains the position that VAT returns should be simpler, shorter and more concise. ECSA has allied itself with CLIA, the European umbrella organisation for cruise companies, in this matter. These umbrella organisations have cited member states that limit the amount of data to be submitted in any return to a minimum, like the Netherlands and the United Kingdom, as examples.

Wage withholding tax facilities

National Evaluation

In 2013, a start was made on the evaluation of the national arrangement regarding wage withholding tax facilities for seafarers, as commissioned by the ministry of Infrastructure and the Environment. The KVNR is a participant in the evaluation's sound board group. Results are expected to be published in 2014.

Guidelines continued unchanged

The arrangement regarding wage withholding tax facilities for seafarers is part of the European State Aid Guidelines for maritime transport. In October 2013, Mr Almunia, the European Competition Commissioner, decided to prolong the State Aide Guidelines without making any changes, based on the following considerations:

- The guidelines have had a clearly positive effect, and
- Their application has not led to any implementation issues; any problems resulting from their wrong interpretation cannot be attributed to the guidelines' substance. There have been very few complaints about the guidelines' implementation.

The above information is correct as of 12 May 2014