ECSA, formed in 1965, comprises the national shipowners’ associations of the EU and Norway.

ECSA works through a permanent secretariat in Brussels and a Board of Directors, as well as a number of specialised committees.

Its aim is to promote the interests of European shipping so that the industry can best serve European and international trade and commerce in a competitive free enterprise environment to the benefit of shippers and consumers.
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In the year 2010 we welcomed a significant increase in world trade of around 14% according to the WTO. This marked increase was of course a reaction to the sharp drop in world trade during the financial and economic crisis of 2008/2009.

For 2011 the rate of growth will probably slow down but optimism is still evident, notwithstanding the many uncertainties such as the development of the oil price and the budgetary problems in the US and in the Euro zone and the volatility of the financial markets. There is of course a difference between the global regions, with, as in the past, more optimistic prospects in the emerging economies.

Also in shipping we note differences between the various sectors. A remarkable growth was seen in the container sector in 2010 and further growth, though more moderate, is expected in 2011; however, with freight rates under pressure. In bulk and tanker trades moderate trade growth is expected, but also in this sector growth of capacity has a negative impact on freight markets.

European shipping has up to now succeeded in maintaining a global lead position controlling 41% of the global merchant fleet. However, competition is harsh and relocation to global shipping centres is still a risk.

In March 2011 the Commission published its long awaited White Paper on overall transport policy towards 2050. This long term strategy covers a wide range of issues including for maritime transport.

ECSA welcomes the Commission’s acknowledgement that shipping needs global rules and regulations and that European shipping must be able to compete on the basis of a global level playing field. The reference to the basic policy laid down in the Maritime Transport Strategy Communication 2009-2018 of January 2009 is much appreciated.

A key element of the 2050 transport policy is the role of transport on Climate Change notably the reduction of CO₂. In this respect ECSA appreciates the global agreement reached in the IMO in July 2011 on a package of energy saving measures. This is a clear signal that the IMO is the appropriate global body to take decisions on climate change for maritime transport.

On ships’ air emissions, the shipping industry looks forward to a constructive exchange of views with the European Institutions on the review of the Sulphur Directive. Whilst the Directive should reflect the IMO MARPOL Annex VI Convention, a solution still needs to be found for the application of the 0.1% sulphur limit in the Emission Control Areas in 2015 on which an appropriate impact assessment was regrettably not made at the time of the decision.

European shipping is committed to further enhancing its important role within the co-modality concept. As already expressed in the consultation process on TEN-T, ECSA feels that much more attention should be given to port infrastructure and, in particular, to hinterland connections for the different modes. The suggested modernisation and liberalisation of port services through reassessing the European port policy is fully supported by the
shipping industry and should lead to concrete results and improvements of efficiency.

ECSA also welcomes the aims of the Commission to create an efficient European Transport area by reducing administrative and customs procedures. In this context ECSA hopes that its active participation in the Blue Belt project will create trust and understanding with the Customs Authorities.

The necessity of maintaining and enhancing maritime know-how in Europe is a key element in the above Commission strategy papers. The report of the Commission Task Force set up in this respect has been much appreciated by the shipping industry, particularly the agreement found on the continuation of the state aid guidelines and the forthcoming work on the application of the MLC and the STCW Convention.

The report of the Task Force rightly refers to the unacceptable and most worrying developments on piracy in the Gulf of Aden and globally. The escalating criminal acts of the pirates have become more violent resulting in longer captivity of seafarers and in some casualties. Moreover international trade exchanges are endangered and supply of food aid in the areas suffering from starvation is directly put in danger.

ECSA urges Member States and the International Community to put a stop to this situation which has constantly escalated since 2008.

During the last two years I have worked – as Vice President – closely with Marnix van Overklift during his term as President of ECSA. I would like to thank and commend him for steering ECSA through challenging times with a business minded approach.

As can be seen in this Annual Report, many complex issues are on the EU agenda with wide implications for the shipping industry. I am pleased that I can rely on the previous ECSA Presidents, Vice President Thomas Rehder and the Board Members to support me in the many tasks that are ahead of us.

Trust and cooperation between the shipping industry and the European Institutions: the Commission, Member States and the European Parliament will be essential.

We should join efforts to maintain and enhance the global lead position that European shipping has today.

Juan Riva

05 ECSA ANNUAL REPORT 2010-2011
European Shipping in a Global Market

GLOBAL PICTURE

Growing economies and trade, but difficult times

After the startling impact of the financial/economic crisis of 2008-2009 with a drop in world trade by 12% over 2009, year 2010 showed a very robust rebound in trade of 14.5%. According to the WTO this figure should slow down to a 6.5% expansion over 2011. The global economic output recovery is expected to continue at about 4.5% a year in both 2011 and 2012, but with large differences between regions and especially between advanced and the emerging and developing economies, the latter growing faster.

WTO reports point out that the factors contributing to the unusually large drop in world trade in 2009 may also helped boost the size of the rebound in 2010. These include the spread of global supply chains and the product composition of trade compared to output. The reports remind that global supply chains cause goods to cross national boundaries several times during the production process, which raises measured world trade flows compared to earlier decades. This also explains that transportation (all sorts) was the fastest growing component of commercial services exports in 2010, with an increase of 14% to US$782.8 billion.

Caution is called for though, as there are many uncertainties. The oil price remains unpredictable at an average high level, commodity prices have their impact, food prices increased strongly but stabilized beginning in early 2011, high unemployment in many countries remains a legacy of the crisis, while events like the earthquake and tsunami had an enormous impact on the Japanese economy with supply disruptions. Advanced economies must address the financial sector vulnerabilities, while the troubles with government funding in the US and the Eurozone also carry the risks of disrupting economic progress and trade.

The net growth in overall commercial ship capacity between mid-2010 and 2011 shows some 9% with 395 million DWT still on order, or about 27% of the current world fleet. Not all orders may materialise, but alleviation by breakage of older vessels will not compensate this excessive growth. As a consequence the bulk and tanker trades with expected growth rates of 4% and 2.5% in tonnes of cargoes over 2011 are under rate pressure, but also container trades with a healthy growth of 15% in 2010 and an expected 8% in 2011 experience heavy pressure on rate levels.

Maritime transport continues to be the lifeline of the global economy and trade.
EU/EAA SHIPPING

A lead position in global maritime transport

European shipping, in terms of capacity is maintaining its lead position very well, notwithstanding the growth of the world fleet by 9.2% to just over 1 billion GT. The EEA registered fleet came to 220 million GT, a 5% increase over the year and a small drop to 22% of the world fleet. The EU share comes to 20.2%. The EEA maintains its very prominent position with a controlled fleet of 41% of the global commercial fleet in GT.

The available capacity and professional skills, spread over many sub-sectors, enable European shipping to play a very prominent role in global transport. Roughly half of the activity takes place outside the EU, in so-called cross trades between third countries.
A NEW VISION FOR THE EUROPEAN TRANSPORT SYSTEM

In March 2011, the European Commission issued its long awaited White Paper on a European Transport Policy: “Road Map to a Single European Transport Area – Towards a Competitive and Resource Efficient Transport System”. In its new strategy document the Commission outlines the key features of the European transport system towards 2050 which is to be implemented through a list of forty concrete initiatives ranging from air emissions and infrastructure to social and research related issues.

A FULLY INTEGRATED, COMPETITIVE AND RESOURCE EFFICIENT EUROPEAN TRANSPORT SYSTEM

The new White Paper adopts a holistic view of the European transport area, transcending the dividing lines between transport modes and promoting the idea of a fully integrated system (a Single European Transport Area) with co-modality at its core. The EU will need to break its dependency on oil, optimize the use of existing infrastructure and simplify administrative procedures. A “greener” and more sustainable transport system should be achieved without sacrificing mobility and efficiency as these two elements are of vital importance for the EU economy and society. The White Paper clearly states that “curbing mobility is not an option”.

THE WHITE PAPER’S MARITIME DIMENSION

As far as maritime transport is concerned, ECSA appreciates the Commission’s acknowledgment of the need for a global level playing field through global rules and regulations. In this context reference is also made to the Commission Communication on Maritime Transport Strategy 2009-2018 issued in January 2009 as the true point of reference for the EU maritime policy.

Efforts to cut down on red tape such as the e-Maritime and e-Customs initiatives are also praiseworthy. The Blue Belt initiative will hopefully promote trust and understanding of Customs Authorities and eventually result in an adaptation of the (Modernised) Customs Code Implementing Provisions.

The proposed Social Agenda for maritime transport needs to recognise the international character of shipping and its global labour market. ECSA advocates the ratification of the ILO Maritime Labour Convention (MLC) and deems necessary that EU legislation on labour conditions needs to be fully in line with international legislation such as the MLC and the IMO STCW Convention.

The reduction of greenhouse gas emissions is a key element of the White Paper aiming at a 40 to 50% reduction from shipping by 2050. As mentioned in the chapter on ship emissions of this annual report, the agreement in the IMO on energy reduction for ships is a clear signal that a
global solution for shipping is possible. Regional EU measures would have limited value and would hamper the prospects of a global solution.

The White Paper also underlines the need to improve port infrastructure and in particular hinterland connections, while also diversifying and consolidating the various support programmes and sources financing infrastructure development projects. ECSA fully agrees with this line of reasoning and stands for a balanced funding of port infrastructure both in the ‘core’ and ‘comprehensive’ networks. The suggested modernisation and liberalisation of port services through reassessing the European port policy is fully supported by the shipping industry and should lead to concrete results and improvements in efficiency. This is also valid for rail services of which shipping is a frequent user.

European shipping is committed to further enhancing its important role within the co-modality concept. In its detailed comments on the White Paper, ECSA - while focussing on specific maritime issues many of which are covered in other chapters of this Annual Report - aims at a constructive dialogue with the European Commission and other relevant EU institutions on forthcoming policy initiatives and on developing a long term, sustainable transport strategy.

Finally ECSA has noted that recurring suggestions that fail to bring any added value, such as the establishment of a European Coast Guard and a European Register, have appeared once again in this European Commission strategy document.
SULPHUR MARPOL ANNEX VI & THE EU DIRECTIVE

Member States and the European Parliament to correct the wrongs

The European Commission adopted on 15 July 2011 a proposal for amendments to the EU Sulphur Directive to bring it in line with the IMO MARPOL Annex VI.

During the consultation period prior to the adoption of the proposal, ECSA stressed that no new elements going beyond MARPOL Annex VI should be included. Regretfully, the draft proposal includes a new requirement of 0.1% sulphur limit in 2020 for passenger ships in non-ECA areas.

ECSA does also not understand why the provisions on equivalent compliance and protection in the event of non-availability of compliant fuel have not been fully aligned with MARPOL Annex VI.

The concerns expressed by the industry – both the manufacturing industry and the shipping industry – on the application of 0.1% sulphur content in the ECAs (Baltic, North Sea and English Channel) as from 2015, on which no impact assessment was made in the IMO, have not been taken into account by the Commission in the proposed amendments to the Sulphur Directive.

At a stakeholder meeting called by the Commission on 1 June the industry reiterated its concerns on a modal shift from sea to land transportation as evidenced in different studies. The result would be counterproductive for the environment and lead to increased external costs.

It was also made clear that following an analysis made by ECSA on the “toolbox” to meet the requirements of the 0.1% sulphur limit – such as scrubbers, LNG, availability of low-sulphur fuel - the tools of the box would not be available in 2015. Consequently, the industry insists on an extension of the 2015 application date one way or another.

The Commission proposal will now go through the process of discussions with Member States and the European Parliament. It is evident that on the basis of the above points serious discussions with these European institutions to correct the wrongs have to take place prior to adoption.

CLIMATE CHANGE- CO₂

Global measures through the IMO

The shipping industry welcomed the global agreement reached in the IMO on 15 July 2011 to amend MARPOL Annex VI and adopt a package of technical energy saving measures to reduce CO₂ emissions. It is evident that the package agreed upon needs further analysis. However, it is clear that with this major step taken, the IMO demonstrates that it is the appropriate body to take decisions on CO₂ reduction and that regional measures should be avoided by all means.

In a press release issued on 15 July, the European Commission congratulated the IMO and its Member States on this first and major achievement on a technical and operational measure to limit CO₂ emissions from international maritime transport - the adoption of the Energy Efficiency Design Index. It is the first globally binding measure to
improve energy efficiency of new ships and limit CO₂ emissions from international maritime transport.

Meanwhile discussions between the Commission and stakeholders are ongoing with the accent on Market Based Measures (MBMs). In this respect ECSA and ICS have expressed a preference for a levy-based mechanism in the event that MBMs are introduced. Regional MBMs, such as a European ETS, decidedly are not the way forward. The agreement reached in the IMO is a clear signal to the UNFCCC, the UN and others that the IMO is delivering an appropriate climate regulation.

**BALTIC SEA – HELCOM**

As a continuation of the work initiated last year, ECSA has been involved in different issues dealt with by the Helsinki Commission (HELCOM) particularly the draft proposals on the designation of the Baltic Sea and possibly the North Sea as Nitrogen Emission Control Areas (NECAs). ECSA has stressed that the IMO criteria should be fully met and that the rationale for the designation of a North Sea NECA should be proven by scientific evidence.

Based on a Baltic States submission, the IMO has included into MARPOL Annex IV a Baltic Special Area for sewage discharge, in particular a ban for the discharge of sewage from passenger ships, except when complying with the new strict standards for nutrient concentration in the effluent.

A HELCOM Cooperation Platform on Port Reception Facilities in the Baltic Sea has therefore been established to promote dialogue on provision of adequate port reception facilities for sewage in passenger ports of the Baltic Sea among the key stakeholders. The Platform is using the HELCOM Road Map for upgrading port reception facilities for sewage in passenger ports of the Baltic Sea area as the basis of their work, and it will more
specifically identify areas for improvement in port reception facilities for sewage in priority ports, including in terms of adequacy and availability in relation to ships normally visiting the ports and based on the IMO Guidelines for ensuring the adequacy of port waste reception facilities.

REVISION OF THE PORT RECEPTION FACILITIES DIRECTIVE

In a process to provide input for the revision of Directive 2000/59/EC on port reception facilities for ship-generated waste and cargo residues, EMSA convened during the first semester of 2011 two industry stakeholder workshops focussing on cargo residues with the aim to discuss current practices and possible ways to improve the delivery of cargo residues to port reception facilities.

For the review of the Directive, ECSA aims at making the EU regulators aware of the shipping industry’s concerns with special regard to the inadequacy of the port reception facilities and unacceptable practices in the practical application of the Directive such as:

>>> Compulsory delivery ashore of all waste (even small quantities) even in case the ship can demonstrate sufficient capacity to proceed to the next port.

>>> Dismissed Waste Management Plan. No waste segregation available ashore for waste segregated onboard.

>>> Difficulties in getting exemption certificates for regular services as well as execution of exemption.

>>> Application of the fees: disincentive for ship to discharge ashore, compulsory charging irrespective of delivering waste to the port facilities, irrelevant charging based on ship GT. The prin-
The principle of “no special fee” should be here preferably applied.

Administrative problems (e.g. no reporting standardised form)

The Commission proposal is expected to be released by end 2011/early 2012.

SHIP RECYCLING

Best practices promoted

Following an impact assessment based on available studies and the stakeholder consultation process that took place in 2009, a Commission legislative proposal on ship recycling is expected to be delivered by the end of 2011.

Diverting from a pure EU approach of the dismantling of ships, the Commission is likely to foster the appropriate implementation of existing conventions, in particular the 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships. The new proposal would therefore suggest the application of some key elements of the Hong Kong Convention which is appropriate for a global approach on ship dismantling and the Basel Convention to the in situ treatment of materials from dismantling.

The ratification of the Hong Kong Convention is a matter of time. In the meantime, the voluntary application by the industry of the Convention and associated IMO guidelines will facilitate an efficient entry into force of the Convention. To this end, the Industry Guidelines on transitional measures for shipowners selling ships for recycling developed by an industry group (coordinated by ICS) are intended to give a clearer picture of what the Hong Kong Convention regime will look like in practice.

What we will see over time is an increase in best practices as the yards begin to move towards the convention standard. A swift ratification and implementation by Flag States and Recycling States of the Hong Kong Convention is essential to ensure such a phenomenon.

EMSA

EU Commission proposal for an updated mandate of EMSA

In June 2011, the Transport Council agreed on a general approach on Commission proposal for an updated mandate of the European Maritime Safety Agency (EMSA) which slightly extends the Agency’s tasks, in particular to include response to oil pollution from offshore installations, and clarifies some governance issues.

While continuing to increase its involvement in enhancing safe and environmentally friendly shipping, EMSA is placing maritime surveillance at the service of security and at combating deliberate and accidental pollution at sea.

ECSA recognizes and supports the valuable work of EMSA, and appreciates the fruitful cooperation, notably on the development of LNG as alternative bunker fuel.

In this respect EMSA hosted a second workshop on LNG Fuelled Shipping together with ECSA on 7 September 2010 at the EMSA premises in Lisbon.

Despite a lot of uncertainties and challenges - particularly regarding the cost of LNG, bunkering facilities and regulatory measures on safe bunkering - the overall conclusion of the workshop was that the thinking and the work on the use of LNG as alternative fuel has much matured and initiatives for the use of LNG have been launched. However, as mentioned in the chapter on MARPOL Annex VI – Sulphur, full commercial use for the short sea sector will not be possible by 2015.
ACTION CANNOT BE POSTPONED ANY MORE

It is difficult to explain that in the era of globalisation and global trade a criminal act “piracy” still exists and has escalated since 2008 particularly in the Gulf of Aden.

Hundreds of seafarers are held in captivity, often for months in appalling conditions often with torture and with an unacceptable stress for them and their families. The violence has increased resulting in casualties.

The use of captured vessels as mother ships by the pirates has extended the piracy area well beyond the Gulf of Aden to the Indian Ocean.

These criminal acts at sea are also gravely undermining the safety and security of international trade and seriously distort the supply of food aid which is essential for the people of Somalia and for the surrounding countries now suffering starvation due to drought.

The efforts of EU NAVFOR and other military forces acting in the theatre are very much appreciated. However, the lack of military resources has forced shipowners to use private armed guards to protect their crews.

ECSA organised a working lunch on piracy with the European Parliament hosted by MEP Said El Khadraoui in November 2010. Its aim was to explain the unacceptable and escalating situation and to consider a strong appeal from the European Parliament to Member States and the International Community to take stronger action.

Another EP event will be organised by MEPs Peter van Dalen and Georgios Koumoutsakos in October 2011. It is hoped that this will result in another strong Parliament Resolution.

The action to be taken is wide and divers such as on: stronger terms of engagement for the military forces, targeting the mother ships of the pirates, supply of military Vessel Protection Detachments (VPDs) in the area, the creation of an International Task Force in the UN involving all relevant Authorities, prosecution of pirates, establishing a coast guard in the area, and of course enhancing efforts to create law and order in Somalia starting with concentrating on the gangs organising the criminal acts.

In August 2011, ECSA established a Piracy Task Force with the aim of maintaining the issue of piracy on the political agenda and working for better coordination and a common approach within the EU.

Member States and the International Community have to act now.
The Human Element

TASK FORCE ON MARITIME EMPLOYMENT AND COMPETITIVENESS

Recommendations for the future

In June 2010, the European Commission set up a Task Force on Maritime Employment and Competitiveness in the context of the 2009-2018 Maritime Strategy. The Task Force was composed of experts selected by the European Commission in their individual capacity and was chaired by Sir Robert Coleman, a former Director General in DG TREN (now DG MOVE).

The Task Force looked at ways to balance employment conditions of EU seafarers with the competitive position of the European fleet and suggested a number of recommendations to that end, which were included in a report that was published on 20 July 2011.

The recommendations by the Task Force included, inter alia, proposals to enforce the ILO Maritime Labour Convention (MLC) and the Manila Agreement to the STCW Convention into EU law and proposals with regard to education and training as well as working and living conditions of seafarers. The Task Force also underlined the need to reduce administrative burdens for seafarers, the need for fair treatment of seafarers in case of accidents and the need to create a clearer legal framework for piracy in particular regarding the jurisdictions responsible for prosecuting pirates. ECSA welcomed the final report of the Task Force and underlined that, although the report contains a few worrying recommendations, ECSA was pleased to note that on core issues, such as Manning provisions and State Aid Guidelines, a positive agreement was found amongst all participants.

With regard to the alleged “exclusions” of seafarers from certain EU labour law Directives, ECSA noted that the Task Force did not have access to the Commission review and stressed that seafarers are not excluded from general EU labour laws but are rather subject to specific legislation, tailored to the particular nature of the work carried out at sea. The need for a review of the Directives listed in the report should, therefore, be carefully assessed taking the social partners’ agreement on the implementation of the MLC into account.

Finally, ECSA expressed the hope that this report would serve as a steppingstone for further discussions in the framework of the European social dialogue.

A MARITIME SOCIAL AGENDA

EU legislative proposals expected in the near future

In the White Paper on Transport Policy 2050, the European Commission referred to a “Maritime Social Agenda”, which would comprise a series of legislative proposals as well as non-legislative measures.
Legislative proposals would include an enforcement of the Manila Agreement to the STCW Directive and of Directive 2009/13/EC implementing the social partners’ agreement on the MLC and the incorporation of certain provisions of the MLC Title V into EU law and, possibly, also a proposal on labour supplying state responsibility, in particular on inspections of manning agencies in labour supplying countries.

Whilst the original idea of the European Commission was to issue a “package” of legislative proposals, it is now very likely that, instead, the European Commission will come forward with individual legislative proposals. The first one is likely to be a proposal to enforce the Manila Agreement to the STCW Convention into EU law. The proposal to enforce Directive 2009/13/EC and to incorporate the relevant provisions of Title V of the ILO MLC into EU law would be published at a later stage, when the European Commission has finalised its assessment of the submissions from stakeholders to the public consultation on such enforcement.

PUBLIC CONSULTATION ON AN ENFORCEMENT OF THE ILO MLC INTO EU LAW

ECSA supports an international approach or amendments to existing EU law

In April 2011, the European Commission launched a public consultation on an enforcement of the ILO MLC into EU law, in which it was seeking views from stakeholders on operational difficulties that flag states, port state control authorities and labour supplying states may encounter if the ILO MLC would be enforced into EU law. The consultation also invited views on the likely impact of such enforcement on the environment, the competitive position of the EU fleet versus non-EU fleets, etc.

In its response, ECSA drew attention to the international nature of the ILO MLC and to the fact that many EU Member States are currently in a process of ratification and implementation of this convention into national law. ECSA advocated the European Commission not to adopt measures that would endanger the delicate balance laid down in the ILO MLC and suggested that enforcement of the MLC through EU law should be done through amendments to existing EU legislation.

ECSA PROJECT AND WORKSHOP ON TRAINING AND RECRUITMENT

Assessing present and future challenges and opportunities

As the main event in ECSA’s EU-funded, year-long project on Seafarer Training, Recruitment and Good Practice, a full-day workshop was organised in Brussels on 28 September 2010. This workshop brought together some 80 participants from governments, the European Commission, maritime cluster organisations, unions, training institutes, shipping companies and their representative bodies and was attended by top level speakers from the maritime stakeholders.

The workshop addressed many of the issues facing today’s international shipping industry in the area of training and recruitment.

Central to the workshop was a Survey on Good Practice, being made by an independent consultant. This survey analysed the evolution of employment of EU officers and ratings in the past five years but it also addressed other issues such as female recruitment, wastage, ways to increase the number of trainees, job mobility in the maritime cluster, etc.

While recognising that – as it is the case in other European Industries – maintaining a globally competitive shipping sector in a high cost area such as Europe is a major challenge, there was a broad consensus on the importance of having and developing high quality European maritime know-how. Furthermore, the survey focused on attracting young Europeans to a maritime career, on improving the knowledge and perception of the maritime profession, on addressing structu-
ral changes and employment of European seafarers in a global market, on increasing/enhancing training programmes and on stimulating career paths in the maritime cluster.

The survey of the consultant, the speeches and power point presentations of the workshop are available on the ECSA website (http://www.ecsa.be/ECSA%20Workshop.asp)

MARITIME SOCIAL DIALOGUE WORK PROGRAMME

At the Sectoral Social Dialogue Plenary meeting in December 2010, the social partners ECSA and ETF approved an ambitious work programme for the year 2011. Key issues of the work programme are, inter alia, as follows:

>>> Updating the career mapping study of 2004, which analysed and mapped the career opportunities of seafarers in the wider maritime cluster;
>>> Updating the bullying and harassment guidelines of 2004;
>>> Developing proposals to reduce administrative burdens for seafarers onboard ships. In this context a dedicated workshop will be held in the autumn of 2011 to exchange of views with seafarers, shipowners and the relevant EU Institutions;
>>> Discussing forthcoming EU initiatives, particular the proposals to incorporate the Manila Agreement to the STCW Convention/Directive and to enforce the ILO MLC into EU law;
>>> Encouraging all EU Member States to ratify the ILO MLC soonest;
>>> Addressing criminalisation of seafarers, fatigue and piracy.

ECSA looks forward to a constructive exchange of views on these issues.

RECOGNITION OF STCW CERTIFICATES OF PHILIPPINES

ECSA underlines the need for a careful approach avoiding dramatic consequences

In May 2011, the Committee on Safe Seas and the Prevention of Pollution from Ships (COSS), which comprises representatives from the European Commission and Member States, discussed a number of deficiencies identified by EMSA in the Philippines in the context of a regular assessment of STCW compliance, carried out in 2006 and 2010. These deficiencies related, inter alia, to the functioning of the maritime administration, to quality procedures and to the monitoring of schools.

If the Philippines does not solve the deficiencies identified by EMSA, the European Commission may envisage initiating a procedure of withdrawal of STCW recognition of the Philippines government, in accordance with Directive 2008/106/EC.

ECSA has expressed serious concerns about the suggestion of the European Commission to withdraw the STCW recognition of Philippine seafarers and, in view of its importance, called upon both the European Commission and the Philippines to consider this issue with utmost care so that dramatic consequences can be avoided.
An Internal Market for Shipping

BLUE BELT

A new concept to provide shipping with a real internal market

The “Blue Belt concept” was introduced by the Belgian EU Presidency in September 2010 and was formally approved by the Transport Council in December 2010. The concept aims at reducing administrative burdens for shipping and creating an internal market for shipping or a European Maritime Transport Space without Barriers.

EMSA has set up a one-year “Blue Belt Pilot Project”, which consists in monitoring ships that participate in this pilot project as “Blue Belt” ships - via SafeSeaNet - and in sending information on these ships - via email - to the customs office at the ports of destination of these ships.

By offering this information, customs will have additional information on Blue Belt ships, which should allow them to better target risks and perform customs controls and ultimately to have more confidence in shipping.

The Blue Belt Pilot Project was officially launched in Lisbon on 30 November 2010 and became operational in May 2011. It will last until the beginning of November 2011, after which the results of it will be assessed.

The Project involves the relevant Commission services (DG TAXUD and DG MOVE) and customs authorities from all 27 EU Member States. ECSA and WSC represent the interests of the shipping industry in this project.

ECSA has been instrumental in gathering the 252 ships that participate as Blue Belt ships in the pilot project. These ships operate in all segments of the shipping industry, notably in intra-EU services, short sea services and deep sea services.

ECSA hopes that the positive outcome of the Blue Belt Pilot Project will be translated into the necessary legislative changes, particularly in the context of the (Modernised) Customs Code Implementing Provisions, which will ultimately provide shipping with a real internal market and level playing field versus other modes of transport.

REPORTING FORMALITIES

In 2009, the European Commission issued a proposal in the context of the Communication on a European Maritime Transport Space without Barriers with an aim at reducing delays and costs for ships when transporting goods to or from the EU and thus at making shipping more attractive compared to other modes of transport. In 2010, this proposal was discussed in the European Parliament and the Council of Ministers. These discussions resulted in Directive 2010/65/EU on reporting formalities for ships arriving in and/or departing from ports of the Member States and repealing Directive 2002/6/EC.
The objective of Directive 2010/65/EU is to reduce the administrative burdens for shipping companies by simplifying and harmonising the documentary and physical checks conducted on ships and goods moving between EU ports by making electronic transmission of information standard and by rationalising reporting formalities. The Directive, furthermore, foresees the creation of National Single Windows, to which all relevant information shall be reported at once and made available to various competent authorities and Member States. This single window shall link SafeSeaNet, e-Customs and other electronic systems.

In the context of the implementation of Directive 2010/65/EU, an expert group on maritime administrative simplification and electronic information services (the ‘eMS’ group) has been established, of which ECSA is part. The aim of this group is to clarify any uncertainties that may arise from the implementation of Directive 2010/65/EU into national law as well as to facilitate this implementation.
Short Sea Shipping, Co-Modality, Ports

MARCO POLO

Projects selected under the 2010 Call for Proposals

On 5 April 2011, the European Commission issued a decision listing the 32 projects selected for funding under the 2010 Call for Proposals of the Marco Polo II programme. With regard to maritime transport, 8 projects were selected:

>>> One ‘Motorways of the Sea’ action;
>>> Three ‘Modal Shift’ actions;
>>> Four ‘Common Learning’ actions.

2011 Work Programme restricts the scope of the Marco Polo programme

On 31 March 2011, the European Commission adopted the 2011 Marco Polo Work Programme which greatly restricts the scope of application of the Marco Polo support programme. The Work Programme specifies that no funding will be available in 2011 for modal shift, for catalyst actions or for Motorways of the Sea actions which are based upon Short Sea Shipping services which do not make use of environmental technologies such as scrubbers, low-sulphur fuel, shore side electricity or LNG. The rationale of this decision was the number of complaints received on distortion of competition.

Faced with strong criticism to such a restriction from Member States and the industry, the Commission called a meeting with them to investigate ways and means of a pre-screening mechanism to avoid complaints on distortion of competition.

The Commission underlined that a cooperative stance from the Short Sea sector would facilitate the removal of the exclusive character of the newly inserted environmental criteria for the selection of projects under the 2011 Marco Polo work Programme. ECSA reiterated its support for the objectives of Marco Polo and reiterated that it would cooperate with the Commission in order to find a solution acceptable to all. A possible review of the above restrictions of the scope of Marco Polo 2011 is still under discussion within the Commission.

TEN-T

TEN-T Mid-Term Review of the 2007-2013 TEN-T Multi-Annual Programme

On 27 October 2010, the first mid-term review of the 92 projects selected under the TEN-T Multi-Annual Programme was published. The assessment revealed that 48 projects would meet the predetermined deadline (31 December 2012) while another 29 would be completed before an extended deadline (2015). The remaining 15 projects would either be terminated or receive reduced EU funding. Thus the funds liberated (approximately €311 million) will be re-injected into new calls for proposals under the current TEN-T programme.
Projects Selected under the 2010 Annual & Multiannual Call for Proposals

Over the course of 2010, 51 projects involving 24 Member States were selected to receive funding as part of the three separate calls. With regard to the 2010 multi-annual work programme (€112.4 million in total funding) - aimed to finance the highest priorities of the TEN-T network - eight MOS projects have been selected (€84.9 million in funding). The 2010 annual work programme (€78.2 million in total funding) complements the efforts developed under the multi-annual work programme.

Informal Meeting of EU Transport Ministers in Budapest and Gödöllö

On 7-8 February 2011, EU transport ministers approved the planning methodology of the TEN-T network, as presented by the Commission, which lays down the criteria applicable for selecting the infrastructure for the central (core) and secondary (comprehensive) networks of the TEN-T.

Stratification is at the heart of the new planning methodology. The core network, which will receive the majority of EU funding, will be a combination of principal “hubs” (cities, ports, airports, conurbations) and links (rail, road, navigable waterways) in Europe. These two elements are prioritised on the basis of their importance to passenger traffic, freight transport or both. The comprehensive network will complement the central one and will consist principally of a readjustment of the existing TEN-T, on the basis of requirements in terms of interoperability, population density or transport flows.

This new TEN-T planning methodology will be officially adopted by the forthcoming TEN-T Guidelines, expected to be published during the second half of 2011.

Publication of the 2011 Call for Proposals

On 28 June 2011, the European Commission launched three Calls for Proposals under the Trans-European Transport Network (TEN-T) multi-annual programme, making €180 million available to finance European transport infrastructure projects. The Motorways of the Sea Call 2011 has an indicative budget of €70 million.

EU PORTS POLICY

Revival of the EU Ports Policy

In its White Paper on Transport Policy 2050, the European Commission is suggesting the revival of the European Ports Policy as indicated by its intention to review restrictions on provisions for port services and enhance the transparency on ports financing, clarifying the destination of public funding to the different port activities, with a view to avoiding any distortion of competition. ECSA fully supports this Commission initiative towards more efficiency.

A study on the granting of Pilot Exemption Certificates and on innovation is well under way and is due to be delivered in March 2012. The purpose of the study is to provide information for the Commission’s assessment of the need for a legal framework for granting of Pilotage Exemption Certificates in the EU. It will be recalled that the 2007 Communication on Ports recommended
the use of PECs and innovation through the use of new technologies as it can lead to cost reductions and thus make Short Sea Shipping more attractive.

Furthermore, one of the recommendations of the 2009 Communication on a European Maritime Space without Barriers was the creation of a regulatory framework that would allow for the granting of PECs regardless of the language. The Commission, Parliament and the Council have already agreed on the need of a clear framework for granting PECs.

Another study on Port Labour Conditions has recently been commissioned and is due to be delivered in 2012. Its main purpose is to provide a detailed overview of the labour arrangements in ports, the training as well as the health and safety of port workers.
Legal Issues

ROTTERDAM RULES

Ongoing efforts towards a prompt ratification

The Rotterdam Rules on the carriage of goods wholly or partly by sea have been prepared in intergovernmental negotiations that lasted for over 10 years by the United Nations Commission for International Trade Law (UNCITRAL). The Rules were adopted in December 2008 by the UN General Assembly.

Since the signing ceremony in Rotterdam in September 2009, 24 countries have signed the Rules, i.e. Armenia, Cameroon, Congo, Democratic Republic of Congo, Denmark, France, Gabon, Ghana, Greece, Guinea, Luxembourg, Madagascar, Mali, the Netherlands, Niger, Nigeria, Norway, Poland, Senegal, Spain, Sweden, Switzerland, Togo, and the United States of America, all together representing 25% of the world’s trade. In addition, Spain – as the very first nation – has also ratified the Rotterdam Rules. Other states, like the USA, Denmark and the Netherlands, have indicated that they will ratify the Rules in the course of 2011.

ECSA is a strong supporter of this new and modern international liability and transport regime for carriage of goods by sea, which covers both traditional sea transport and multimodal transport involving a sea-going ship. ECSA calls upon all EU Member States to sign and ratify the Rotterdam Rules soonest.

Meanwhile, the European Commission has acknowledged the existence of the Rotterdam Rules in the White Paper on Transport Policy “2050” and the fact that these Rules have been signed and/or ratified by a number of major maritime EU Member States.

ECSA maintains its view that regional (EU) legislation should be avoided as it would hamper a prompt ratification of the Rotterdam Rules and result in legal uncertainty, ill-suited to a global industry.

IMPROVING OFFSHORE SAFETY IN EUROPE

Regional measures with an adverse impact on IMO conventions to be avoided

In March 2011, the European Commission launched a public consultation on a review of the EU’s regulatory frameworks and practices currently governing the protection of health, safety and environment in the exploration and production activities of the offshore oil and gas sector.

The public consultation, which followed an earlier Commission Communication published in October 2010, invited views from stakeholders on whether current EU rules are adequate in case an incident such as the Deepwater Horizon would occur in the EU.

In its response, ECSA recalled that shipping is covered by specific IMO conventions on liability and compensation for pollution damage, which are recognised in several EU legal instruments such as Directive 2004/35/EU on environmental liability. ECSA underlined that offshore activities, in contrast to shipping, are primarily regulated...
by national law and called upon the European Commission not to adopt a proposal on offshore exploration/exploitation activities in Europe that would affect the primacy of these specific IMO conventions. ECSA, furthermore, drew the European Commission’s attention to ongoing discussions in the IMO Legal Committee on liability and compensation for oil pollution damage resulting from offshore oil exploration and exploitation activities.

CRIMINALISATION OF SEAFARERS

Unhelpful judgment of the European Court on Human Rights

In September 2010, the European Court of Human Rights (ECHR) in Strasbourg confirmed that the decision of the Spanish authorities to set the bail conditions of Captain Mangouras at €3 million were not excessively high and were therefore not in violation of the European Convention on Human Rights.

ECSA expressed disappointment and concern on the decision of the ECHR that mainly concentrated on the environmental impact of the incident involving the oil tanker Prestige off the coast of Galicia in Spain in 2002, to a point of overriding other essential considerations, including the respect of human rights. ECSA also recalled that, too often, in the immediate aftermath of a pollution incident, seafarers are used as easy scapegoats and put in prison for many months or years, under pressure of local public opinion and local politics who insist on a rapid punishment of the alleged polluter.

The criminalisation of seafarers has a negative impact on the attractiveness of a seafaring career. Finally, ECSA expressed support for the dissenting opinion of seven judges of the ECHR, in which they highlighted the general principle that the accused and his assets must be the principal reference for setting bail and in which they reminded that national courts have an obligation to consider the person’s resources before setting bail, something which was not the case for Captain Mangouras.

ATHENS CONVENTION

It will be recalled that EU Regulation 392/2009 on the liability of carriers of passengers by sea in the event of accidents was adopted in April 2009 – as part of the Third Maritime Safety Package – to ensure that the rules of the 2002 Athens Convention relating to the Carriage of Passengers and their Luggage by Sea would become binding in the EU by latest 1 January 2013, regardless of the entry into force of the Convention itself. Moreover, this Regulation also introduced a number of additional elements, inter alia, the application of the rules of the 2002 Athens Convention to certain types of domestic passenger voyages in the EU.

Whilst ECSA has always encouraged EU Member States to ensure that the 2002 Athens Convention would enter into force at the latest simultaneously with EU Regulation 392/2009, there is now a great risk that this will not be the case. This situation will undoubtedly create difficulties and result in legal uncertainty for some time.

Meanwhile, the European Commission presented in November 2010 a new proposal for a Council decision for an accession of the EU to the 2002 Athens Convention, in addition to that by individual EU Member States. This proposal is being discussed in both the Council of Ministers and the European Parliament.

Whilst some legal difficulties are expected from an entry into force of EU Regulation 392/2009 prior to that of the 2002 Athens Convention, there are also a number of outstanding issues with regard to the Convention itself. These problems relate mainly to insurance cover and certification both for the traditional liability of the shipowner under this Convention as well as for terrorism damage. ECSA calls upon all relevant parties to find a workable solution for these problems soonest to ensure that shipowners will be in a position to meet their obligations by the date of entry into force of EU Regulation 392/2009.
EU PROPOSALS TOWARDS EU CONTRACT LAW

**ECSA supports international rules and practices for the shipping industry**

In October 2010, the European Commission issued a Green Paper on policy options for progress towards a European contract law for consumers and businesses. The Green Paper followed a public consultation on these options, which was issued in July 2010.

With these initiatives, the European Commission is seeking views and ways to facilitate contract law solutions in the internal market.

Amongst the options suggested was an optional European Contract Law as an alternative to the existing national contract laws on cross-border and domestic contracts, or a harmonisation of national contract laws by means of an EU Directive or EU Regulation.

The ECSA submission reiterated that the present system of international regulation of certain commercial transactions in the maritime sector, complemented by industry standard form contracts, has worked well and should therefore continue to be applicable on an international basis. Consequently, ECSA does not favour a harmonisation of contractual issues in the area of maritime law at EU level.
EU ADVANCE CARGO DECLARATION REGIME - IMPLEMENTATION ISSUES

Grace period granted for entry/exit summary declaration filing (‘ENS/EXS’)

On 1 January 2011, the EU advance cargo declaration regime became obligatory for traders, having been optional previously. It concerns goods imported to or exported from the EU, including by shipping. As expected, a number of difficulties, during the initial application of the new rules, have been encountered.

Because Member States were very late in establishing the necessary IT systems, enabling industry to send the relevant advance cargo declarations electronically to customs, a grace period has been granted until 30 June 2011 as regards Entry Summary Declarations (ENS) and until 31 December 2011 as regards Exit Summary Declarations (EXS). During this period, Member States should not be expected to impose penalties in case of non-compliance by traders.

MODERNISED CUSTOMS CODE AND IMPLEMENTING PROVISIONS

Postponement of application and amendment of MCC

In 2010-11, discussions took place between DG TAXUD and the Member States (customs), with sometimes the involvement of the industry, including ECSA, on the draft Implementing Provisions to the Modernised Customs Code, which was adopted in 2008 to modernise the existing European customs rules and procedures.

Whilst welcoming the rationalisation of the legal framework and the definition of customs rules and procedures operated by the Modernised Customs Code Implementing Provisions (MCCIP), ECSA focused its comments on the customs procedures that apply to shipping services, which include - inter alia - the status of “regular shipping service”, and existing simplifications.

The Modernised Customs Code (MCC) was expected to enter into force at the latest on 24 June 2013, but due to the Lisbon Treaty and the subsequent changes to the comitology rules, the process towards adopting the MCCIP has been delayed. Consequently, the date of entry into force of the MCC itself will also be delayed. In this regard, a proposal for a Regulation to postpone the date of application of the MCC and align it with the provisions of the Lisbon Treaty is expected to be put forward by the end of 2011.
GREEN PAPER ON THE REFORM OF THE EU VAT SYSTEM

ECSA contributes to the Commission consultation on the future of VAT

ECSA has actively taken part in the public consultation, launched by the European Commission in December 2010, regarding the Green Paper on the future of the EU VAT system, by submitting detailed comments on the different issues and reform options set out in the document.

Based on the outcome of this consultation, the Commission is expected to present, by the end of 2011, a Communication identifying those priority areas in which further action at EU level would be considered appropriate.

ECSA is of the opinion that a simpler modernised and more harmonised VAT system across the EU would significantly contribute to improving its economic efficiency, increasing the competitiveness of European companies and making the EU a more attractive place to invest.

However, ECSA believes that a reflection on the future of VAT cannot be restricted to a technical fiscal exercise but should duly assess the broader economic and social impacts. In this respect, any initiative aimed at broadening the VAT tax base, by withdrawing the existing exemptions/zero-rating arrangements, should carefully take into account the impact and unintended consequences on the viability of those sectors, such as the intra-EU sea passenger transportation (especially ferries), which are essential in pursuing European public interest objectives.

TAXATION OF SUPPLIES OF GOODS AND RESTAURANT AND CATERING SERVICES FOR CONSUMPTION ONBOARD SHIPS

Impact of the envisaged review of the VAT place of supply rules for onboard sales to be carefully assessed

For many years, the overwhelming majority of Member States have, with the acceptance of the Commission, opted to continue to exempt from VAT supplies of services and goods for consumption onboard ships, aircraft and trains, with deductibility of the VAT paid at the preceding stage. However, against the background of a 1996 European Court of Justice’s ruling that restaurant transactions are not eligible to be treated as VAT exempt (instead, to be taxed as services), the issue is being reviewed by the Commission for ships, aircraft and trains.

In view of the complexity of the issue, the Commission has instructed external consultants to undertake a scoping study on the issues arising from taxing the supply of goods and services, including restaurant and catering services. The industry (including ECSA and ECC) is involved in the study. The above exercise is due to be finalised by the end of September 2011.
It becomes clear that in view of the constant changes to tax regimes on the different routes -whatever system is applied- complex and costly administrative burdens will arise. Moreover, the introduction of VAT on passenger transport services would create additional burdens for a sector which is already facing a wide range of severe regulatory challenges at a time of economic difficulties, and would undermine the ability of the ferry operators to maintain quality services at competitive prices on certain routes. Hence a continuation of the present position is advocated. In view of the undoubted significant economic and social implications for the ferry sector resulting from the application of VAT to such transactions, ECSA advocates the need for a full, “holistic” impact assessment to be undertaken before any decisions on changes are made.
There have been a number of important issues for the ferry sector over the past year which have been addressed through the High Level Ferry Group as well as by other groups within the ECSA structure.

Considered in more detail elsewhere in this report, these have notably included the VAT treatment of intra-EU sea passenger transport services, the review of the place of supply rules for the supply of goods and services for consumption onboard ships, the potential impact on modal shift as a result of the revised MARPOL Annex VI and the ongoing discussions on measures to reduce carbon emissions, as well as the Athens Convention.

Other issues of particular interest for the ferry sector are summarised hereunder; these include the adoption of Regulation 1177/2010 on passenger rights for sea and inland waterways and the forthcoming related EU initiatives, the Commission’s suggestion for EU wide single ticket systems, the new competences of the EU in the field of tourism introduced by the Lisbon treaty as well as the adoption by the EP TRAN Committee of the report on EU tourism policy by MEP Fidanza which contains several points of interest for the sea passenger transport sector.

**PASSENGER RIGHTS**

“One size fits all” policy approach to be avoided

Following the formal adoption by the Council and Parliament, Regulation 1177/2010 concerning the rights of passengers when travelling by sea and inland waterway was published in the EU Official Journal in December 2010, with the implementation date consequently set for 18 December 2012.

The regulation addresses rights of persons with reduced mobility, compensation and assistance when journeys are interrupted, liability for death and injury of passengers and treatment of complaints and means of redress.

In the “White Paper on Transport Policy 2050 - Roadmap to a Single Transport Area”, the Commission plans to present a Communication putting forward a minimum set of passenger rights common to all transport modes, both through binding and non-binding instruments.

The shipping industry is fully committed to implementing the new rules as mentioned in above Regulation 1177/2010 on passenger rights for sea and inland waterways.
However, as demonstrated during the consultation process and the discussions leading to Regulation 1177/2010, a “one size fits all” policy approach is unworkable. Therefore, any policy or legislative framework initiative covering passenger rights should take account the particularities of each mode of transport.

SEAMLESS DOOR-TO-DOOR MOBILITY

**Single ticket will be in most cases difficult to apply in the ferry sector**

The “White Paper on Transport Policy 2050 - Roadmap to a Single Transport Area” highlights, amongst others, the importance of having integrated multimodal travel services across the EU (i.e. switching from air to rail or ferry, to urban or road transport) with single tickets or billing systems and door-to-door information readily available.

While the idea of seamless door-to-door tickets might look attractive at first glance, it will not always be workable. ECSA believes that this initiative should be approached with caution, avoiding at all costs a distortion of free markets as well as the creation of additional bureaucracy.

EU TOURISM POLICY

**New competences for the EU under the Lisbon treaty**

The Lisbon Treaty acknowledges the importance of tourism outlining a specific competence for the EU in this field and allowing for decisions to be taken by qualified majority. A specific article on tourism specifies that “the Union shall complement the action of the Member States in the tourism sector, in particular by promoting the competitiveness of Union undertakings in that sector”.

EP resolution on EU tourism policy to be adopted in September

ECSA has welcomed the adoption in June by the European Parliament’s Transport Committee of the own-initiative report by MEP Carlo Fidanza on the EU tourism policy. The report, which follows the Tourism Communication of the Commission of last year, emphasises, amongst others, the close link between tourism and transport and calls on the Commission and the Member States to support the development of port infrastructures, encourage co-modality, promote the use of more sustainable means of transport and pay particular attention to connections with islands and with less accessible destinations. MEP Fidanza’s report is expected to be adopted by the plenary in September 2011.

ILLEGAL IMMIGRANTS / STOWAWAYS

**Action cannot be postponed**

Over the past year, the number of incidents with potential stowaways being arrested in port terminals prior to boarding ferry ships has increased to an unbearable level, especially in the Mediterranean Sea.

ECSA calls on the Member States’ Port authorities as well as the European Commission to adopt the necessary measures in order to tackle the serious threats to the security of crew as well as to the ferry companies’ customers (passengers and trucks) emanating from stowaways.
The EU and trade cannot develop in isolation

EU maritime transport services are effectively an international, even a very global business. One only has to realise that some 90% of international trade, in volumes of raw materials, semi-finished products, industrial and consumer goods, is carried by sea. Shipping serves and facilitates international trade and the increasingly global and open markets are of key interest. The shipping industry can therefore be thankful that international policy makers, with a very active EU involvement in the UN bodies and including the WTO, have managed to fend off the real threat of protectionist measures in the wake of the 2008-2009 crisis.

The international political scene has changed rapidly over the past years and developed into a multi-polar world with differing cultures, rates of development, economic growth and power, as well as views on priorities. With globalisation, however, issues and problems are increasingly interconnected. The EU has to play an active role in policy making and the Lisbon Treaty was and is to boost the EU political weight and necessary strategies. One step ahead has been the creation of the European External Action Service (EEAS), bringing together people from the European Commission and the Council, adding diplomats from individual Member States, in Brussels as well as in the EU Delegations across the world. This has not had an easy start and there are markers on competences. It may well still take years to become fully accepted and effective.

The EU has traditionally been a strong proponent of multilateralism, setting common international rules of law. A good example is the GATT/GATS that turned into the WTO. Where the WTO has not yet been able to deliver on trade issues and on other issues, the EU follows the path of bilateral cooperation and trade agreements. In the preparation of and in the course of the negotiations, the Commission services report and closely consult Member States, the European Parliament and the stakeholders such as industry.

WTO-DDA

Most disappointing in progress

Most WTO Member States had positive expectations of the WTO-DDA (Doha Development Agenda) Round. However, after almost ten years of difficult negotiations, a comprehensive agreement is still far over the horizon and in mid-July 2011 there is consensus that the full DDA package will not be possible by the end of the year. In this context, WTO members are to embark on a process aimed at delivering on a smaller package as a constructive step forward; concentrate on tackling non-Doha issues at the ministerial meeting in December 2011 and to have a broader discussion about where the Doha negotiations would go next. Quite understandably the WTO Director warned repeatedly that a paralysis in Doha free trade talks is putting at risk the functions and achievements of the World Trade Organization.
FREE TRADE AGREEMENTS

Both sides must have ambitious aspirations

In absence of an ambitious WTO agreement with clear common rules of law on international trade in goods and services, the EU followed the example of other countries in launching negotiations on Free Trade Agreements (FTAs) with selected high potential countries and regions, to defend and promote EU commercial interests. The number of regional trade agreements (RTAs) continues to rise rapidly. By end October 2010, almost 200 RTAs that are in force had been notified to the WTO and about 100 more are being negotiated; the overlaps between RTAs risk to become a spaghetti bowl of preferential conditions. Europe is also active, with 15 new agreements. The FTA negotiations with South Korea were successfully rounded off, including a first time adoption by the European Parliament as mandatory under the Lisbon Treaty; the FTA was implemented on 1 July 2011. FTA negotiations have been concluded or are running with Central American countries, Colombia and Peru, Malaysia, Singapore and starting with Vietnam. The progress in negotiations is very different between countries and regions due to a variety of reasons.

The EU-China maritime agreement is exemplary, also featuring annual implementation meetings for evaluation of developments and possible improvements. Regrettably, the maritime negotiations with India are not progressing, largely due to differences in perception of the role and functioning of modern day maritime transport. All EU FTAs have liberalising maritime articles as an acknowledged core condition and the broader political and economic ambitions for concluding an FTA should help getting these ‘standard’ maritime articles adopted. The FTA negotiations with India and MERCOSUR prove difficult and
time consuming, but should ultimately help in the furthering of the maritime negotiations with India and also represent an important step forward in MERCOSUR with Brazil as most dynamic and emerging economy.

EU SANCTIONS

A policy tool with sometimes unintended impact on shipping

EU sanctions - or restrictive measures - on third countries often follow UN resolutions, but in many cases reach further and are not necessarily congruent with sanctions by other third countries such as the US. It is not for the shipping industry to judge on the need and effectiveness of sanctions, often triggered by undesirable oppression of a population by its government or national actions putting at risk international safety and security. EU sanctions are initiated by Member States in Council, in cooperation with the Commission services, with responsibility for the Member States for implementation. In many cases the measures prohibit doing business/making payments to specific listed persons and entities and/or the selling and transport of specified goods. Any such restrictive measures are bound to have an impact on commercial activities and international competitiveness of EU stakeholders. ECSA believes practical effects of measures should be well considered in advance. They should be aligned between sanctioning countries and not prove disproportionally harmful to EU industry. The issue is complex and without going into any detail, examples in case are sanctions on Iran and experiences with e.g. Ivory Coast sanctions. Member States and the Commission services should be encouraged consulting industry stakeholders, even if only on practical operational aspects and effects. With that, it is difficult to accept that individual Member States give their own interpretation on implementation, risking distortion of competition even between European carriers.
Innovation

The obvious route

Innovation, or Research and Development, receives much attention in different EU policy papers, like the EU Strategy paper 2020, the Maritime Strategy 2009-2018 and the Commission Communication ‘Europe 2020 Flagship Initiative - Innovation Union’ (October 2010). This Communication poses questions as “How will we get Europe’s economy back on track? How will we tackle growing societal challenges like climate change, energy supply, scarcity of resources? How will we improve health and security and sustainably provide water and high-quality, affordable food? The only answer is innovation”. The Communication sets out the key European, national and regional initiatives needed to create the Innovation Union. Meanwhile, DG MOVE initiated the ‘Strategic Transport Technology Programme’ (STTP), which is aimed to support the White Paper on Transport Policy 2050, with a report and plan due in October.

WATERBORNETP

ECSA has been actively involved for many years in the efforts made by the EU maritime cluster WATERBORNETP in formulating updated visions and strategic research agendas. ECSA has promoted the approaches and priorities with the Commission services dealing with the R&D Framework Programmes. The Commission supports this work financially. On 16 June, the 2nd European Maritime Research & Innovation Policy Conference took place and in mid-July the Commission published the 5th call of the 7th Framework Programme with a number of maritime topics involved.

On other fronts, ECSA is involved in advisory committees, such as for the SuperGreen project developing KPIs for optimum TEN-T derived transport corridors in the EU, as well as on e-Freight and in a DG MOVE consulting group on e-Maritime.

E-MARITIME

The e-Maritime initiative aims at simplifying procedures, enhancement of efficiency and also safety in maritime transport, on which a Communication is due. DG MOVE is also supporting an e-Maritime project under the FP7 programme, starting in September, in which ECSA will take part as a small to medium sized partner.

An increased direct involvement by National Associations and/or their member companies in the ECSA innovation related activities is to be encouraged for increasing know-how, policy steering, dissemination of results and overall impact.

FLAGSHIP PROJECT

This project as coordinated by ECSA has come to an end after 53 months. The project was covering 15 sub-projects, all aimed at concrete practical results. The outcome has been most gratifying with a number of real products already on the market. Some results are directly supportive to the e-Maritime initiative, such as the rule compliance
system. The involvement of ECSA was also to demonstrate the engagement of industry to take active part in innovation. A promotional film on selected research topics also served to promote shipping and the maritime cluster and has been well received within and outside the FLAGSHIP partnership. In addition 250 articles have been published in a wide range of hard copy and digital periodicals. See www.flagship.be

OTHER INITIATIVES

Next to the ‘e-Freight’ project and no doubt showing overlaps, there are other projects covering all modes like SmartCM, Integrity, Diskwise, Intelligent Cargo, Euredice, in which ECSA is not involved. The Commission is trying to come to a Common Framework Program for these rather ICT driven research initiatives. Not all stakeholders are necessarily convinced of the practicality of the initiatives which appear to aim at reducing costs merely by use of ICT. A time being informal group of associations and individuals, ‘OptiChain’ is looking at ways for coming to an information management system for enhancing the efficiency of the supply chain, simplifying customs procedures and the reducing of congestion problems in all transport modes. This OptiChain is a shippers driven initiative, expecting good practical results from aligning the processes of the ultimate user of all transport modes with those of the transporters themselves and with those of customs. ECSA participated in one exploratory meeting.
NEW ECSA PRESIDENCY

At the General Assembly held in Amsterdam on 30 June, Mr Juan Riva has been appointed President of ECSA for a period of two years, succeeding Mr Marnix van Overklift.

Mr Riva is the Chief Executive Officer (CEO) of the companies belonging to the Suardiaz Group, focused on air, sea, and land transport. He is also the President of Flota Suardiaz, a leading Spanish company in transporting cars by vessel and a pioneer in the development of Short Sea Shipping. In addition, Mr Riva is a Member of the Board of Directors for Pecovasa (car transport by rail), a member of the Board of Directors for Creuers del Port de Barcelona, Terminal Polivalente de Cádiz as well as member of the Spanish Confederation of Employers’ Organizations (CEOE) Board of Transport. Mr Riva has been the President of the Spanish Shipowners’ Association (ANAVE) from 2003 to 2009.

The General Assembly also appointed Mr C. Thomas Rehder, Managing Partner of the German shipping company Carsten Rehder (CR) and having many other mandates in German and international shipping organisations, as Vice President/President elect of ECSA for a period of two years.

ECSA MEMBERSHIP

ECSA welcomed the Luxembourg Shipowners’ Association – FEDILSHIPPING as new ECSA members as of 1 July 2011.

CHAIRMANSHIP OF ECSA COMMITTEES

The regular review of the Chairmanship of the ECSA Committees that took place at the ECSA Board meeting in Amsterdam on 30 June 2011 resulted in the following appointments for the next two years: Mr Martin Dorsman (The Netherlands) Shipping Policy Committee, Mrs Pia Vos (Denmark) Social Affairs Committee, Mr Pierre Alderbert (France) Safety & Environment Committee.
# Annex 1
## ECSA Structure

### ECSA Structure Board of Directors

**President** Juan Riva  
**Vice-President/President-Elect** Thomas Rehder

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<th>Country</th>
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<td>Poland</td>
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ECSA SECRETARIAT

SECRETARY GENERAL
Alfons Guinier

EXTERNAL RELATIONS, R&D, STATISTICS
Th. Herman de Meester

LEGAL AND SOCIAL AFFAIRS,
POLICY ISSUES
Christophe Tytgat

MARITIME SAFETY AND ENVIRONMENT
Benoit Loicq

PASSENGER TRANSPORT, TAXATION/VAT,
CUSTOMS/SECURITY, EUROPEAN PARLIAMENT
Dario Bazargan

SHORT-SEA, TEN-T, PORTS, INTEGRATED
MARITIME POLICY, PIRACY
Dimitri Banas

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**Aida Cruises**
- P. Soulsby

**Costa Crociere**
- P. Queirolo

**Carnival Corp.**
- J. Border

**Royal Caribbean Cruises**
- C. Gingrich

**MSC**
- S. Franciolini
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P. Onoufriou

DENMARK  
D. Rolff, S.C. Bergulf

FINLAND  
H. Ahlström

FRANCE  
C. Bellord, A. Legregeois

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T. Wallrabenstein

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G. Koltsidopoulos

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V. Bondi, K. Boehler

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U.K.  
D. Chard, A. Frisk

ICS  
K. Khosla

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CYPRUS  
A. Josephides

DENMARK  
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S.C. Bergulf

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A. Person, P. Aldebert

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J. Panopoulos,  
J. Andreopoulos

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F. Faraone

LUXEMBOURG  
B. Van der Haegen, V. Pathak,  
D. Lutty

NETHERLANDS  
P. Altena

NORWAY  
T.C. Sletner

POLAND  
A. Golik

SPAIN  
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SWEDEN  
C. Carlsson, J. Roos,  
J-E. Nilsson, C. Frisk

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D. Balston, A. Lester

ICS  
P. Hinchliffe, A. Hull

ECC  
R. Ashdown

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The Sectoral Dialogue Committee is a consultative body to the EC Commission, half representing shipowners’ associations, the other half maritime unions.

**Shipowner Members**

BELGIUM  
N. Simons

BULGARIA  
R. Kosturkov, M. Petrov

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T. Kazakos, L. Hamatsos

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P. Voss, S.C. Bergulf

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M. Laurent

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IRELAND  
D. Elliott

ITALY  
L. Paolizzi

LITHUANIA  
R. Vaitiekunus

LUXEMBOURG  
R. Van Herck, F. Bracke,  
M. Lysiak

NETHERLANDS  
G. Hollaar, T. Westra,  
W. Waanders

NORWAY  
E. Midelfart

POLAND  
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Secretariat  
A. Guinier, C. Tytgat

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J. Steen Mikkelsen  
(S scandlines),  
C. Jensen (DFDS),  
K. Robdrup (Norfolk Line)

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T. Hinno (Tallink)

FINLAND  
L. Lääne (Tallink Silja Line)

DENMARK  
M. Schults (Tallink Silja Oy),  
J. Hanses (Viking Line Abp),  
M. Backman (Viking Line Abp)
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V. Clement-Launoy (Sea France),
C. Vintner (Brittany Ferries),
C. Mathieu (Brittany Ferries),
P. Mattei (Corsica Ferries/Tourship Group),
P. Vieu (Société Nationale Maritime Corse-Méditerranée),
A. Person (L.D. Lines),
M. Maraval (Veolia)

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A-H. von Oertzen (TT-Line),
G. Tesch (Scandlines Deutschland GmbH),
G. Becker (KG Seetouristik GmbH)

GREECE
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Y. Krassakopoulou (Attica Group)

ITALY
P. Kyprianou (Grimaldi Group)

IRELAND
A. Sheen (Irish Ferries)

NETHERLANDS
P. De Lange (Stena Line)

NORWAY
T. Kleivdal (Color Line),
R. Kjaer (Color Line)

POLAND
P. Waszczenko (Unity Line),
P. Mickiewicz (Unity Line)

SWEDEN
J.E. Nilsson (Rederi AB Gotland),
S-O Brax (Brax shipping)

U.K.
H. Deeble (P&O Ferries Ltd),
John Garner (P&O Ferries)

GERMANY
(KESS) N. Yokoyama,
H. Ackermann

GREECE
(Neptune Lines) N. Travlos,
M. Travlos (Vice Chairman)

IRELAND
(Seatruck Ferries) O. Frie

ITALY
(Grimaldi Group) E. Grimaldi,
P. Kyprianou

NETHERLANDS
(Transfennica) D. Witteveen,
(DFDS) K. Robdrup

NORWAY
(U ECC) A. Fernandez,
S. Jensen

SPAIN
(Flota Suardiaz) V. Serrano

U.K.
(Stena RoRo) R. Almström

EUROCAG
J. Dempster

ECSA SECRETARIAT
Rue Ducale 67 b2
1000 Brussels
Tel: +32 2 511 39 40
Fax: +32 2 511 80 92
E-mail: mail@ecsa.eu
Website: www.ecsa.eu

Direct Dialing

Alfons Guinier
+32 2 510 61 26
guinier@ecsa.eu

Herman de Meester
+32 2 510 61 28
demeester@ecsa.eu

Christophe Tytgat
+32 2 510 61 29
tytgat@ecsa.eu

Benoit Loicq
+32 2 510 61 25
loicq@ecsa.eu

Dario Bazargan
+32 2 510 61 30
bazargan@ecsa.eu

Dimitri Banas
+32 2 510 61 22
banas@ecsa.eu

EUROPEAN RO-RO CARRIERS ACTION GROUP (EUROCAG)
Chairman: T. Voionmaa

BELGIUM
(Cobelfret) M. Cigrang,
M. Gray

DENMARK
(DFDS A/S)
P. Gellert Pedersen

FINLAND
(Finnlines Oyj) T. Voionmaa
Annex 2
Members Addresses

BELGIUM
ROYAL BELGIAN
SHIPOWNERS’ ASSOCIATION
Ernest Van Dijckkaai 8
2000 Antwerpen
Tel: +32 3 232 72 32
Fax: +32 3 231 39 97
E-mail: info@brv.be
Website: www.brv.be

BULGARIA
BULGARIAN SHIPOWNERS’ ASSOCIATION
1, Primorski Blvd
9000 Varna, Bulgaria
Tel: +359 52 683 119
Fax: +359 52 683 118
E-mail: shipowners@mail.bg
Website: www.bsa-bg.com

CYPRUS
JOINT CYPRUS SHIPOWNERS’ ASSOCIATION
P.O. Box 56607
3309 Limassol
Tel: +357 25360717
Fax: +357 25358642
Email: jcsa@jcsa-cy.org

DENMARK
DANISH SHIPOWNERS’ ASSOCIATION
Amaliegade 33
1256 Copenhagen K
Tel: +45 33 11 40 88
Fax: +45 33 11 62 10
E-mail: info@shipowners.dk
Website: www.shipowners.dk

ESTONIA
ESTONIAN SHIPOWNERS’ ASSOCIATION
Kopli 101
117122 Tallinn
Tel/Fax: +372 613 5528
E-mail: reederid@hot.ee

FINLAND
FINNISH SHIPOWNERS’ ASSOCIATION
Hämeentie 19
00500 Helsinki
and
Hamngatan 8 B
22100 Mariehamn
Tel: +358 10 841 0500
Fax: +358 10 841 0599
E-mail: info@shipowners.fi
Website: www.shipowners.fi

FRANCE
ARMATEURS DE FRANCE
Rue de Monceau, 47
75008 Paris
Tel: +33 1 53 89 52 52
Fax: +33 1 53 89 52 53
E-mail: info@armateursdefrance.org
Website: www.armateursdefrance.org

GERMANY
VERBAND DEUTSCHER REEDER
Esplanade, 6
20354 Hamburg
Tel: +49 40 35 09 70
Fax: +49 40 35 09 72 11
E-mail: vdr@reederverband.de
Website: www.reederverband.de

GREECE
UNION OF GREEK SHIPOWNERS
Akti Miaouli, 85
18538 Piraeus
Tel: +30 210 429 11 59
Fax: +30 210 429 11 66
+30 210 429 01 07
E-mail: ugs@ath.forthnet.gr

IRELAND
IRISH CHAMBER OF SHIPPING
c/o Quality Freight Ltd,
port Centre
Alexandra Road, Dublin 1
Tel: +353 1 8366233
Fax: +353 1 8366061
E-mail: rmccann@qualityfreight.ie

ITALY
CONFEDERAZIONE ITALIANA ARMATORI
Piazza S.S. Apostoli, 66
00187 Roma
NETHERLANDS
KONINKLIJKE VERENIGING VAN NEDERLANDSE REDERS
Gebouw Willemswerf 15e Boompjes, 40
3011 XB Rotterdam
Tel: +31 10 414 60 01
Fax: +31 10 233 00 81
E-mail: kvnr@kvnr.nl
Website: www.kvnr.nl

NORWAY
NORWEGIAN SHIPOWNERS’ ASSOCIATION
Rådhusgaten, 25 - Box 1452 Vika
0116 Oslo
Tel: +47 22 40 15 00
Fax: +47 22 40 15 15
E-mail: post@rederi.no
Website: www.rederi.no

POLAND
POLISH SHIPOWNERS’ ASSOCIATION (PSA)
(Związek Armatorów Polskich)
Secretariat - visiting address: Energetyków St.,3/4 - room 314
PL 70-952 Szczecin - Poland
Tel.: + 48 91 8143 330
Mobile: +48 603 914 631
Fax: +48 91 8143 310
E-mail: secretariat@polshipowners.pl
Website: http://polshipowners.pl/

PORTUGAL
ASSOCIAÇÃO DE ARMADORES DA MARINHA DE COMERCIO
Rocha de Conde D’obidos Edifício Da Gare Maritima
2º Piso, Sala B
Cais de Alcântara
1350 – 352 Lisboa
Tel: +351 21 393 27 20
Fax: +351 21 393 27 29
E-mail: assamc@sapo.pt

SLOVENIA
SLOVENIAN ASSOCIATION OF SHIPOWNERS
Obala 55
6321 Portoroz
Tel: +386 5 6766249
Fax: +386 5 6766130
E-mail: slovenia@shipowners.si

SPAIN
ASOCIACIÓN DE NAVIEROS ESPAÑOLES
Dr. Fleming, 11 - 1º D
28036 Madrid
Tel: +34 91 458 00 40
Fax: +34 91 457 97 80
E-mail: info@anave.es
Website: www.anave.es

SWEDEN
SWEDISH SHIPOWNERS’ ASSOCIATION
Södra Hamngatan, 53
P.O. Box 330
401 25 Göteborg
Tel: +46 31 62 95 25
Fax: +46 31 15 23 13
E-mail: srf@sweship.se
Website: www.sweship.se

U.K.
THE CHAMBER OF SHIPPING
Carthusian Court, 12, Carthusian Street
London EC1M 6EZ
Tel: +44 207 417 28 00
Fax: +44 207 726 20 80
E-mail: postmaster@british-shipping.org
Website: www.british-shipping.org
Belgium

Redershuis
On 1.2.2010, the RBSA secretariat moved to the new ‘Redershuis’. The house, situated along the quays of the River Scheldt, was built 125 years ago by Gustave Albrecht and completely restored by the RBSA. We proudly consider our investment in the restoration of the house a contribution to the preservation of Antwerp’s heritage. The ground floor was reserved to install the museum Eugeen Van Mieghem, a famous Antwerp painter (1875-1930).

Belgian flag
Despite the economic crisis, the Belgian merchant fleet remained stable in 2010. Late 2010 it even counted 11 vessels more than in 2009. A slight rise in tonnage was observed, a few large ships left the Register while a number of smaller vessels have found their way into it.

Belgian Presidency
In 2010 Belgium had the Presidency of the European Council of Ministers from 1.7.2010 till 31.12.2010. With respect to maritime transport, the Belgian Presidency featured the following program:

>>> The informal Transport Council in Antwerp on various aspects of shortsea shipping.

>>> The formal Transport Council in December, ratifying the conclusions of the informal Transport Council including approval of the Blue Belt pilot project which seeks to reduce port and customs paperwork.

>>> Reviewing the Trans-European Transport network policy

>>> Reviewing the role and powers of the European Maritime Safety Agency (EMSA)

SOx and Greenhouse Gases
The 0.1% Sulphur limit in 2015 in Emission Control Areas (ECAs) as defined in the revised MARPOL Annex VI and the risk of a consequent modal shift (sea to land) has been a major concern to the RBSA since the decision in IMO was made. In 2010, our association co-sponsored a study performed by ENTEC summarizing the different studies which have been made by industry organizations and administrations on this topic so far. The RBSA proposed to form a group in ECSA looking at facts and figures of the alternatives for reducing SOx and to gain more insight on availability of distillates. The idea was taken up by the ECSA Board which decided at its December meeting to establish a dedicated Sulphur Task Force in 2011 to deal more intensively and timely with the issues resulting from the application of the 0.1% sulphur content fuel in ECAs as from 2015.

In 2010, the RBSA has been very active in the promotion and further research into LNG as a fuel. RBSA gave a presentation on a possible EU LNG study (preferably performed by EMSA in close cooperation with ECSA and ESPO) at the Safety and Environment Committee of ECSA which took place at EMSA in Lisbon in September 2010. The added value of such a study is that it would trigger active involvement of shipowners and ports in the whole EU. The Belgian expertise in LNG also lead to active involvement in the further development of the IMO legislation that will allow ships to burn gas in a safely manner, ‘The International Code of Safety for Ships using Gases or other Low-flash Point Fuels (IGF-code)’. Concerning GHGS, in 2010 the RBSA collected real data of 93 ships from Belgian shipowners to calculate the EEDI on existing ships using the interim guidelines developed in IMO, as the RBSA

Annex 3
Country Reports
is a great supporter of the motto ‘the numbers tell the tale’ and believes that testing such indices against actual data from shipowners is vitally important for future development.

Piracy
In 2010 the RBSA was actively involved in the creation of anti-piracy measures on national and European level.

The RBSA concluded that there are too few warships to offer protection to the majority of ships engaged in international trade through the strategically vital trade routes. Therefore the RBSA advocated, over and above EUNAVFOR, basing a European military task force in the danger area to send out VPD’s (Vessel Protection Detachments) very quickly whenever the need arises.

On top of that Belgian shipowners remain of the opinion that the industry-developed Best Management Practices should be the first in line of defense and they are aware of the fact that the use of privately contracted armed security personnel may lead to an escalation of violence. However, faced with the present situation, they requested the Belgian Flag State authorities to lift their ban on the use of such services. RBSA expressly asks for guidance in case they would have to turn to private armed guards, where and when this would be the only available means of protection. In the present situation the unwelcome reality is that the shipping community is unfortunately still responsible for defending itself.

At the request of the IMO General Secretary, the Belgian antipiracy law was presented to the members of the ILO Legal Committee in November 2010. Indeed, the Belgian piracy legislation of December 2009, a pioneering law regarding navy regulation, makes it possible to prosecute pirates which is a step in the right direction.

Maritime Code
The RBSA was the initiator and still is a major sponsor of the revision of the Belgian Maritime Code, which we believe is an absolute priority for the further extension of the Belgian Maritime Cluster. The draft of this new Code is based on a critical analysis of the current Code and a comparison including the Law of the Neighbouring Countries. During eleven seminars, to be held in 2011, the draft will be presented in detail and be subjected to broad public consultation.

BULGARIA
During the last year there were not many changes in the number and tonnage of Bulgarian Flag fleet. Despite some reduction of member’s tonnage due to scrapping, we welcomed a new full member of the Bulgarian Shipowners Association (BSA) with brand new tonnage (IHB Shipping). Although there is slight improvement in the Bulgarian Flag performance within Paris MoU on PSC figures compared with previous annual report, it is still in the grey area.

There was an intensive dialogue between the government institutions, industry and social partners in the maritime sector during the last year. The efforts were focussed on two main areas – amendment of primary and secondary legislation in order to introduce the new international requirements, but also to improve the conditions for developing shipping activities under national flag. The second focus area was to update the water transport policy in the form of a National Transport Strategy for the next decade. Number of working groups were formed for preparation of proposals for legislative amendments. We have to admit that last year expectations were more that this year results in the above areas.

Bulgarian Shipowners’ Association participated actively in the meetings of the Consultative Council to the Minister of Transport, Information Technology and Communications. Some of our proposals were taken on board and transferred to the working groups for consideration, but some of the efforts were spent on immature proposals and unfocussed talks during the meetings.

There was successful outcome in at least two areas - aligning the national maritime mortgage legislation with the best international practices and allowing reasonable number of third country seafarers to be employed on national flag ships. Both changes, together with simplified procedure for initial registration were introduced in the
Merchant Shipping Act aiming at better conditions for attracting ships in the national register, yet keeping the strong quality and safety requirements. Given the favourable taxation and social security conditions introduced one year ago, the above changes complete the measures to promote development of the national shipping.

Another area of joint efforts during the last year was preparation of necessary legislative changes for implementation of the EU social partners’ agreement and the Maritime Labour Convention 2006, which were adopted in the national legislation, subject to entry into force of the Maritime Labour Convention 2006.

The promotion of the seafarer’s profession and career development possibilities were also in BSA focus during the year. The shipowners’ and social partners’ representatives participated at the Recruitment and Training seminar organised by ECSA in September. The discussions were then brought to the attention of the Consultative Council to the Minister of Transport, Information Technology and Communications with the aim of formulating a national project on “Go to sea” campaign and researches in that area. The discussion on improving effectiveness and efficiency of MET by setting up a long term development policy was under discussion and in the focus of different events nation-wide.

The BSA responded to the increasing area and frequency of piracy threat off Somalia, which during the past year affected number of Bulgarian seafarers and shipowners, by support and participation in an international anti-piracy conference, which took place in Sofia in November, with the participation of government and diplomatic officials. Presenting the Bulgarian shipowners’ view on the subject, we made our point that irrespective of the efforts made by the shipowners and crews for self-protection and cooperation with the existing navy forces in the area, it is the primary role of the Governments to protect the merchant fleet and the cargo trade worldwide. Therefore we concurred with the industry campaign urging the governments to do more, put the issue high in UN agenda and regain control of the Indian Ocean.

At the end of 2010, the Cyprus Flag consisted of 1040 vessels with a total of 18,782,668 million GT. As such, Cyprus constitutes the 3rd largest fleet in the EU, and is considered to be the largest third-party shipmanagement centre in Europe, as well as being the 10th largest fleet worldwide.

According to the most recent official statistical data issued by the Central Bank, in 2010, the financial contribution of Shipmanagement alone to the Economy of Cyprus stands at 4.8% of the Gross Domestic Product (GDP). Similarly, once the equivalent statistics for the Ship-owning Sector are also consolidated, the total Shipping Industry’s contribution to the Cyprus Economy will increase considerably. Furthermore, the total number of gainfully employed persons by Cyprus shipping companies ashore is approximately 4,500 and more than 50,000 seafarers are employed onboard Cyprus flag ships at any one time.

With the official approval by the European Commission of the new fully revised and upgraded Cyprus Shipping Taxation System, Cyprus is now able to cover in their most modern form, the main Shipping activities that are offered today in International Shipping, namely Shipowning, Shipmanagement, Crew Management and Chartering. The new System renders Cyprus as one of the most competitive “all inclusive” shipping locations in Europe, securing the existing shipping infrastructure and providing the possibility for further expansion and diversification in Cyprus. Consequently, it is expected that new shipping companies, both within and outside the European Union, will seek to benefit from this new, very competitive, and at the same time, fully EU compliant Cyprus Shipping Taxation System, by establishing and operating their shipping activities in Cyprus.

This approval is now the driving force to maintaining Cyprus’s leading role in the world shipping scene and to further develop and upgrade Cyprus Shipping infrastructure. We therefore believe that the new shipping taxation framework represents a great expansion tool that must be
fully exploited, always within the spirit of the “EU State Aid Guidelines for Maritime Transport”.

In this respect, the Cyprus Shipping Chamber and the Cyprus Union of Shipowners forming JCSA, in close cooperation with the Cyprus Government have embarked on a concerted and targeted marketing campaign by primarily visiting known European shipping centres, in order to promote and explain the provisions of the new Shipping Taxation System and attract more quality ships and shipping companies to Cyprus.

Furthermore, the Cyprus Shipowners Employers’ Association (CYSEA), as the sister employer association of the Cyprus Shipping Chamber, together with the two Cyprus seafarers trade unions, “SEK” and “PEO” and also in the presence of the Cyprus Employers and Industrialists Federation (“OEB”), signed the renewal of the new Cyprus Collective Bargaining Agreement for Seafarers employed on Cyprus flag ships for the next three years (2011-2013). The new Cyprus Collective Bargaining Agreement was also signed by the Cyprus Union of Shipowners together with the two Cyprus seafarers’ trade unions, “SEK” and “PEO”. The signing of the renewed Collective Bargaining Agreement, the content of which has been considerably updated in order to match other similar National Collective Bargaining Agreements and reflect the provisions of the Maritime Labour Convention 2006, together with the recent approval of the new Cyprus “Tonnage Tax” system by the European Union, is creating a very promising future and further development of the Cyprus Shipping Industry and the Cyprus Flag, corresponding to a significant financial contribution to the Cyprus economy.

DENMARK

Overall, Danish shipping has recovered relatively well from the crisis and global recession. Indeed, in 2010 container shipping experienced an almost unprecedented turnaround in demand and rate restoration, whilst the dry cargo market also showed encouraging progress. Both the container and bulk sector may face challenges with new-buildings still expected to be delivered in 2011. The tanker segment, however, has seen no relief from the crisis and with the volatility of the crude oil market, recovery estimations are difficult to make. Nevertheless, cautious optimism can be expressed for the tanker sector as most tonnage ordered has now been delivered and order books are relatively small.

At national level, Danish shipping reached an important milestone in 2010. The objective of the Danish government’s 2006 maritime action plan of a 50 percent increase in the merchant fleet by 2010 was achieved. With nearly 11.8 million GT the Danish merchant fleet constitutes 1.2% of the world fleet and makes it the 17th biggest in the world. In addition, Danish shipping companies own a significant number of ships under foreign flags, thus bringing the Danish owned fleet up to more than 24 million GT or 8th in the world ranking. If chartered-in ships are included Denmark moves further up the world ranking list. Shipping remains Denmark’s single biggest export industry with close to 17 percent of the total Danish foreign exchange earnings. It is also worth noting that the activities of Danish shipping are concentrated in growth markets, with about 40 percent of revenues originating in the BRIC countries. These largely positive developments are the concrete consequence of the good framework conditions existing in Denmark, reflecting the EU State Aid-Guidelines.

Whilst several issues are high on the Danish Shipowners’ Association’s agenda, piracy remains one of the key concerns for the organisation. 2010 brought an escalation of piracy in the Gulf of Aden and in the waters off Somalia. Piracy is changing and pirates have shown that they can adapt their operations very quickly, as counter measures and initiatives are taken. Despite considerable efforts by international navies, the situation remains a serious and unacceptable problem for international shipping. Consequently, the Danish Shipowners’ Association now considers that, combined with other protective measures, armed guards on board are a necessary means of protection in specific cases. Finally, the Danish Shipowners’ Association very much welcomes the anti-piracy strategy, which the Danish government recently adopted. It constitutes an excellent steppingstone for further measures and
ensures a coherent, multi-annual framework for the Danish measures against piracy.

With regard to climate change, the Danish Shipowners’ Association continues to call for an international solution to emissions reduction for maritime transport and has actively supported the adoption of operational and technical rules in IMO. Work on a Market Based Measure is also supported and the fund based model is the preferred option for Danish shipping. Finally, as the first shipowners’ association in the world, the Danish Shipowners’ Association and its members have adopted a Climate Charter (based on the UN Global Compact principles). Members are required to report to the Association on annual bunker consumption and the size of their fleets. The results of this exercise have already proven very concrete and Danish shipping has managed a reduction of 19 percent in CO₂ emissions over the past two years. Finally, it is worth noting that the fuel-saving practises have continued to be applied even after the recession and fleet growth has now concretely been decoupled from increases in emissions.

Estonia

The Estonian fleet has remained almost unchanged during the last year.

The passenger shipping is continuously developing in Estonia. Tallink Grupp Ltd operates on the various routes between Sweden-Estonia, Finland-Estonia, Finland-Germany, Sweden-Latvia and Finland-Sweden. Last year Tallink serviced a record number of more than 8.4 million passengers, Tallink’s fleet consists of 19 vessels, which are operating under the brands of Tallink and Silja Line. The fleet of the company has constantly been upgraded and improved reflecting the growing demand of the market and the overall development of the shipping industry in the region.

Tallink is one of the leading ferry companies in the Europe not only by the size of the fleet, but also by the number of recent new-buildings. One of the most important ideas by the renewal of the fleet is protecting the sea environment by using modern technology and equipment.

Estonian Shipping Company Ltd. (ESCO), belonging to Tschudi Shipping Group who is the biggest container liner operator in Estonia and the main logistic service provider with liner representatives in all the major Baltic Sea and European ports. ESCO vessels are also engaged in tramp and liner market, predominantly in the Mediterranean Sea and in the West-African region, through long-term charter agreements signed with partners Safmarine Container Lines BV in West-Africa and CMA CGM in the Mediterranean.

Saaremaa Shipping Company Ltd (SSC) has 8 ferries at the moment: MS Harilaid, MS Kõrgelaid, MS Regula, MS Ofelia, MS St.Ola, MS Muhumaa, MS Saaremaa and MS Hiiumaa. SSC has also a passengership named Aegna. Ferries are operating between Estonian mainland and islands Saaremaa and Hiiumaa and between islands Saaremaa and Hiiumaa. Passengership Aegna is operating two lines: island Ruhnu - island Saaremaa and island Ruhnu - the mainland of Estonia.

Saaremaa Shipping Company ordered three identical passenger ferries from the BLRT Group at an investment cost of 1.4 billion crowns. All three ferries have been delivered to SLK. The first new double-ended ferry named „Muhumaa” started operating between the mainland of Estonia and island Hiiumaa in March 2010, the second one named „Saaremaa” started operating between the mainland and island Saaremaa in June 2010 and the third ferry „Hiiumaa” started operating between the mainland of Estonia and island Hiiumaa in May 2011.

The three ferries have icebreaking capabilities; each of the ferries can carry 160 motor-cars and up to 600 passengers. The ships are approx. 98 m long, 18 m wide and their draught is 4 m.

Finland

The sea transport volumes of Finland begun in 2010 to rebound from recession although the bunker price was still on a very high level and the freight market alarmingly weak. The combined turnover of all maritime sector activities in Finland was about 15 billion euro. The maritime cluster employs about 45,000 persons in 3,000
companies in activities directly related to the maritime sector.

The size of the merchant fleet has remained almost unchanged during the last year, some older vessels were sold abroad and some new buildings and second hand vessels put into traffic. The fleet in foreign trade consisted 2010-2011 of 105 vessels under Finnish flag, 12 new buildings were under construction for the Finnish flag and 50 vessels were operated under foreign flags. One positive thing was that the high middle age of the fleet, 19.0 years in 2009-2010 decreased to 17.1 years in 2010-2011.

The vessels were in 2009-2010 almost totally manned by national seafarers. A new agreement from 2010 with the seamen’s unions about the terms and conditions for non EU seafarers employed onboard Finnish flagged vessels changed the conditions and now the share of non EU seafarers is growing. In the end of the period 2010-2011 we employed 5,500 seamen on our member vessels. The number decreased from 2009-2010 with 9.0 %. A renewal of the fleet with modern vessels with higher automation is the cause of this.

Concerning the coming sulphur levels in MARPOL Annex VI it has became very obvious that we will land up in a non compliance situation in 1.1.2015. That means that we are heading towards a European price shock. FSA underlines that a wise and sustainable decision would be to postpone the 0.1% decision to the same date when the 0.5 % level is coming into force globally, latest in 2025.

FSA insists that the most workably market base measure for reducing CO₂ emissions from shipping is a global, transparent and predictable levy regime. If there is a demand of collecting money from the shipping industry it should be done in a reasonable proportion related to emissions caused by shipping.

We are counting on that the ratification of the ballast water convention will be carried out by the end of 2011. For FSA it is important that the Baltic Sea is considered as one ecological system. It is to be noted that according to the articles in the convention no ballast water exchange areas are possible to establish in the Baltic Sea and the southern part of the North Sea. Therefore exemptions from installing ballast water treatment must be granted for vessels trading solely in this area.

Finland’s parliament passed in 2011 a new Maritime Employment Contract Act and modernized its 1976 predecessor and incorporated the 42 conventions Finland has ratified as well as bringing all relevant maritime legislation under one legal umbrella. Hereby the harmonization procedure with the 2006 Maritime Labour Convention MLC that updated 37 earlier versions and established international Seafarers minimum conditions was completed.

It sounds unbelievable but a revised law on tonnage tax that was approved by the Finnish parliament one and a half year ago and immediately sent to DG COMP for notification is delayed until now. Our Ministry of Finance received recently a new mail with some new additional questions.

Parliament election was held in Finland in April 2011. FSA is working for a change of the political perception that shipping is solely a part of the infrastructure. We insist that shipping is primary an own branch of business and therefore its public administration should be handled by a ministry dealing with economic and business.

FRANCE

After several years of work at government level, the legislative section of the transport law has been consolidated and has entered into force on 1st December 2010. This has made the rules and regulations applicable to maritime labour more readable and transparent. The few remaining contentious issues are to be remedied through an amending legislation. The French administration is now working on the implementation of the 2006 MLC in general, and on the transposition of directive 2009/13 in particular.

At association level, the collective bargaining agreement for land-based personnel dated back to 1951, and was largely obsolete. A new agreement has been signed between Armateurs de
France and the relevant trade unions on 14 September 2010. It will come into force as soon as the extending decree has been published. Armateurs de France has now launched negotiations on the collective bargaining agreements for seafarers; a joint technical committee meets every month, and it is hoped that an agreement can be found by the end of 2012.

Maritime safety and protection of the environment: France has finally ratified the Bunker Oil convention, thereby improving compensation in case of pollution incidents caused by bunker fuels. The French flag has become eligible to the US Qualship 21 scheme, which allows French vessels to benefit from less frequent inspections.

The French administration launched the transposition of the maritime safety package at the end of 2010. As far as shipowners are concerned, there are few, if any, contentious issues. France has also decided to follow the example of most flag states and to delegate some inspection tasks to classification societies, as far as freight ships as concerned, and within strict safeguards.

Since the port reform was announced in 2008, industrial action has regularly hit ports, with major consequences for businesses. Negotiations continued in 2010 with a view to concluding the last local agreements. Shipowners and the whole port community support the reform, which was finalized in spring 2011, and hope that it will put French ports back into the European competition.

France remains actively involved in the fight against piracy. A special advisor to the UN on legal issues related to piracy off the Somali coast was appointed, as well as a special representative in charge on the fight against piracy. Specific provisions were introduced into French law, in order to facilitate law enforcement; amongst others, it gives France a universal competence on piracy cases if the flag state, or any state that would have had an interest in the case, doesn’t act upon it.

As many operators, French owners did suffer from low charter rates coming from worldwide overcapacity hitting numerous sectors of activity. But the situation varies, as usual, from one to the other. The ferry and Ro-Ro business particularly suffered from cutthroat competition and from a permanent overcapacity in the two main regions: the Dover strait and the Corsican lines.

Generally speaking, many services suffered from the malfunction of French ports in 2010 owing to industrial action. This prevented French ports from taking full advantage of the recovery like their European rivals.

The French fleet lightly reduced falling from 632 vessels to 618 in one year. This is partly due to the outgoing from French flag of tankers (crude and product tankers). Relative youth characterizes the French flag with ships averaging 7.4 years old. The French interest in foreign flags stays around 500 vessels.

GERMANY

At the beginning of 2011, the German merchant fleet consisted of 3,716 vessels, totalling 84 million GT und thus making up for about 9% of the whole fleet of merchant vessels worldwide. Due to the high inflow of new, modern tonnage representing a gross investment of Đ 10.6 billion the whole German fleet has increased by 10 per cent in 2010. As a result, the German merchant fleet still ranks third in the world. In its core business – container shipping – it even leads the global market with over one third of the controlled container vessel fleet.

This position will be maintained in the foreseeable future as German shipowners have about 600 vessels representing 23 million GT on order. This will keep the fleet modern, efficient and environment-friendly and contribute to the industry’s lead role in the German maritime cluster.

Representatives of the German maritime cluster met at the 7th National Maritime Conference in Wilhelmshaven at the end of June. Unfortunately, the conference did not lead to a renewal of the Maritime Alliance in its present mould. The federal government stressed its unequivocal support for the tonnage tax, but it did not withdraw the budget cuts to aid measures supporting
the employment of European seafarers. However, Chancellor Merkel has instructed her government to continue the discussions with industry about alternatives. One component will be the reform of the German flag state administration.

A further crucial issue discussed at the conference and throughout the year is environmental protection and particularly the reduction of air emissions. As for greenhouse gases, VDR explicitly supports measures to increase ship efficiency as well as efficiency standards for new ships. Furthermore, as a market-based instrument, VDR supports an international Greenhouse Gas Fund. VDR considers global regulation to be indispensable and view regional schemes as detrimental to shipping and the environment. IMO must have the leading role in this discussion.

A particular challenge for short sea shipping in Europe is the application of MARPOL Annex VI sulphur limits in Emission Control Areas such as the Baltic Sea or the North Sea from 2015 onwards. VDR together with the German Seaports Association published a study in November 2010 that presents clear evidence of a significant modal shift from sea to road if no further measures are taken. Therefore it is of utmost importance that the EU’s Sulphur Directive, which the European Commission is currently reviewing, does include exemptions and transition periods.

Immediate attention is also required to the issue of piracy. The German fleet has been hit hard. German owners have stepped up the dialogue with their government on piracy. However, the German government remains slow to react. Reasons are legal and budgetary constraints as well as general public disinterest. Reluctantly and as a stop-gap measure, German owners have shifted their position regarding private armed guards on merchant ships. Given the lack of adequate protection from public forces, private armed guards have become unavoidable. Accordingly, the appropriate legal environment and a vetting system for security firms must be put in place.

These and other issues will continue to be discussed intensively in Europe. As part of a general review of its operations, VDR has therefore opened an office in Brussels to increase the industry’s voice. The VDR representation will work closely with ECSA and all other stakeholders to advance the causes of the shipping industry.

GREECE

In 2010, the economic data of the Greek flag fleet were to a large extent satisfactory. The Greek register accounted for 2096 vessels (over 100 gt) amounting to 43,086,974 gt. The Greek owned tonnage held the first position internationally. The fleet amounted to 3,185 vessels (greater than 1,000 gt) of 202,19 million deadweight tons, representing 14.33% of total world dwt. The Greek flag fleet ranks fifth internationally and first in the EU of (dwt). The Greek owned fleet under EU flags accounts for 41.49% of the EU dw tonnage. Greek owners control 22.54% of the world tanker fleet and 16.80% of the world bulk carrier fleet in terms of dwt (excluding ships currently on order).

Newbuilding orders by Greek interests amounted to 490 vessels (over 1000 gt), representing 49,15 million dwt. Out of these vessels, 128 were tankers corresponding to 20.05 % of world tonnage (dwt) and 296 bulkers corresponding to 12.10% of world tonnage (dwt) on order in each category. The overall capital invested in new building orders by Greek shipping, (mainly Far Eastern shipyards) amounted to over 10% of their entire order book. These orders place Greeks in the first position internationally with 8.70% of the world fleet by units and 13.5% by capacity. In 2010, Greece headed the list of demolition sellers scrapping 158 vessels equivalent to 12.6% of worldwide scrapping.

The order book of newbuildings improved the age profile of the Greek-owned fleet. In 2010, the average age of the Greek flag fleet was 10.7 – 30% of the fleet being younger than 10 years old - compared to 17 years in 2000. This average age is lower than the average age of the world fleet (13 years) and of the Greek owned fleet (11 years).

In 2010 foreign exchange earnings from shipping in Greece were restored to their upward trend compared to 2009. This development is optimistic occuring in a year of serious fiscal problems
and increasing public debt. Foreign exchange earnings amounted to €15,418 million, compared to €13,552 million in 2009 i.e., an increase of 13.77% reaching 6.72% of the domestic product and covering 35.28% of the trade deficit. Earnings from shipping were exceptionally high compared to those of other EU Member States (on average 1%), calculated at 6% of Greece’s GDP. Continuing a trend since 2003, in 2010 foreign exchange earnings from shipping exceeded the ones from tourism (€9,614 million) and came second in the balance of payments after exports (€17,081 million). Receipts from shipping and exports were the only sectors which in 2010 indicate a recovery in the balance of payments.

In the decade 2000-2010, shipping contributed 140 bn € in foreign exchange earnings to the Greek economy. This is equivalent to half of the entire public debt of Greece in 2009 amounting to 280 bn € or 3.5 times the receipts from the EU for the period 2000-2013 amounting to 46 bn €. 750 shipping companies of Greek interests are accountable for contributing to this spectacular inflow.

IRELAND

2010 was a year when shipping markets edged back towards recovery after two years of tough testing and recession filled market conditions. In Ireland the performance of our export sector appeared to be the shining light against an otherwise uncertain economic background. Towards the middle part of the year it was clear that there was some level of volume recovery occurring in both the domestic and global shipping markets, however while demand was increasing, issues of over capacity and intense competition on freight rates continued to prevail across most markets.

Business in Ireland has demonstrated a strong resolve and flexibility in adapting to the changed economic environment. Despite the testing conditions a number of natural economic stabilisers have also had a positive impact on our general business environment and competitiveness. Ireland had moved from being a low cost economy in the mid 90s to one of the most expensive places to do business in Europe. Over the past 18 months we have seen a realignment of operating expenses for business with significant adjustment to key input costs, such as private rents, office rents, energy and labour costs, which have all adjusted to make business in Ireland stronger and more competitive. Our corporation tax remains unchanged and is still the lowest in Europe and we also now have four year fiscal plan, while extremely challenging, it should provide us with some certainty.

Shipping ownership and Management environment

Employment in the International Shipping Services sector in Ireland grew by 10% last year according to recent analysis published by the Irish Maritime Development Office (IMDO). The information is based on companies that have elected to join the dedicated Irish Tonnage Tax scheme, a measure introduced in the 2002 Finance Act to help secure the future of the Irish shipping sector. In 2010, 5 new companies elected to join the scheme contributing to the overall increase of 44% in the number of vessels covered by Irish Tonnage Tax. Half of the vessels within the Irish merchant fleet are less than five years old with the total average age at eight years. Direct employment has risen from 314 to 346 people at these companies as a result of this initiative.

The return to growth across the wider global economy was a welcome boost for many Irish based companies involved in international chartering and leasing operations. We estimate that there were 253 vessels owned managed and operated by Irish based shipping companies at the end of 2010. Irish based owners took a conservative approach to investment in new and second hand vessel acquisitions last year, however we estimate they still made acquisitions to the value of €300 million. Companies operating in servicing offshore and supply sectors continued to expand with a number of new Irish firms entering this market segment.

Maintaining and improving maritime know-how and protecting and promoting employment

In 2010 Belgium had the Presidency of the Irish shipping companies have continually displayed a strong commitment to cadet training
programs. It is encouraging to see that new foreign overseas companies that have established operations in Ireland are now also engaged in supporting the training and recruitment of Irish cadets and seafarers. In 2010, more than 110 students and 10 companies benefited from seagoing training payments and company support. Irish companies commitment to training is obviously not solely linked to training cadets, the majority of Irish companies are also committed to advancing career progression through the ranks and up-skilling. Over Irish 35 seafarers completed training in 2010 that enabled them to achieve higher certificates of professional competency and training. In addition, ICOS firms also continued to support special training courses enabling officers to achieve a ships masters certificate for vessels under 3000 dead-weight tonnes.

The increasingly popular “Follow the Fleet” which is supported by ICOS firms in collaboration with the IMDO continued to grow with over 750 schools now participating on a Nationwide basis with over 35,000 school children participating. In June the Minister for Transport announced the winning schools in our inaugural Follow the Fleet schools program. The schools competition is running again in 2011.

Domestic Irish shipping market
After the collapse of shipping volumes in 2010 we seen most of the principle market segments return to growth last year. Roll-on/Roll-Off volumes on Ireland - UK routes recovered by 4%, Lift On/Lift Off were up 2%, dry bulk volumes up 25%, and liquid bulk up 1%. While Ferry Passenger volumes also increased for the full year by 4%.

A fundamental feature of the recovery last year was the continued resilient performance of our Irish export trades. The recovery in export volumes was clearly assisted by a wider recovery in global markets. Export volumes on the principle routes to the UK, Asia and US were up overall by 7%. The underlying performance of multinational sectors principally in chemical and pharmaceutical industries contributed to the recovery while established indigenous Irish exporting companies in particular in the food, drink and agri-business sectors, also contributed to the strong performance.

Dry bulk traffic through all Irish Ports continued to recover some of the large volume losses experienced in 2009. Part of the return to growth is attributed to strong global demand for ore and mineral products such as alumina, while domestic demand in the agricultural sector experienced a rise in imports of grains, feeds and fertilizers. Although the overall picture is positive; the main volume gains was not evenly distributed amongst the ports with some of the smaller regional ports still in negative territory. Underlying weakness in construction demand resulted in a further decline in breakbulk volumes.

In the principle unitised sectors both markets continued to undertake a number of strategic efforts to realign capacity changes which had evolved in the market. The Lo/Lo market persisted in its attempts to consolidate capacity and frequency in the market with an increasing number of operators entering into vessel sharing arrangements on the major Short-sea inter-European trade routes.

Outlook
We believe the outlook for 2011 looks likely to continue to testing for the domestic shipping sectors, however believe that most market segments have bottomed out and that while expect some growth it will be more modest in the unitised segments. A major issue for all ship owners is ongoing volatility of bunker prices which has seen bunker/fuel prices rise by 136% over the past since April 2009 which will put further pressure on operators freight rates, bottom line returns and bunker surcharges.

ITALY
At the end of 2010, the Italian owned merchant fleet consisted of 1,664 ships, for total gross tonnage of 17,330,000 gt. Compared to 2009, there was a 6% increase in the number of ships and a 10% increase in tonnage. Roughly 92% of Italian-owned ships, the equivalent of approximately 15,934,000 gt, are entered into the Italian International Register, while 7.9% (1,365,000 gt) are
entered into the Ordinary Register. A small portion of the Italian owned tonnage temporarily flies a foreign flag (bareboat charter registration). On top of it, there is the growing fleet that flies a foreign flag and is controlled by Italian shipowners as a result of an expansion process which has led to the acquisition of important foreign shipping companies. The portion of the fleet controlled by wholly or partially private entities exceeds 96.5%, with a new reduction of the portion controlled by public and state entities.

In 2010 the Italian fleet was further renewed, by reducing the share of older ships and increasing the share of younger ones; 68% of vessels are less than 10 years old and 43% are less than 5 years old.

In 2010, Italian shipowners ordered 109 ships (equivalent to 3,338,000 gt) from Italian and foreign shipyards, which are expected to be delivered between 2010 and 2013. During 2010, 66 ships (equivalent to 2,100,000 gt approximately) were finished: from 2001 to 2010 468 new ships were completed and delivered to Italian shipowners, exceeding 10 million gt and accounting for 58% of the current fleet. In spite of the significant reduction of investment recorded over the last two years, on the whole, from 2007 to 2010, Italian shipowners ordered from Italian and foreign shipyards more than 300 ships for a total value of 18 billion dollars. In the first months of 2011, there has been a recovery of new orders for ships.

In 2010, 54% of Italian foreign trade relied on seaborne transport compared to 15% that relied on road transport. 56% of Italian foreign trade was carried out with EU Member States: 26.2% of it travelled by sea (28% for imports and 23% for exports).

Referring to the piracy in the Indian Ocean, the 8 Italian vessels attacked in 2010 managed to avert the danger thanks to the intervention of the coalition naval forces or thanks to other successful operations. 5 Italian vessels were attacked in the first four months of 2011. Two of them were hijacked by pirates that held 43 sailors hostage, 11 of them were Italians. Faced to this severe escalation of piracy, there is growing awareness that merchant ships cannot be protected only with the military units deployed in open seas, considering that the waters in which attacks are carried out are practically equivalent to the whole Indian Ocean. This is further proven by the case of the Italian oil tanker Savina Cailyn assaulted in February 2011 some 850 miles off the Somali coasts. Hence the need for revising the traditional passive defense approach followed so far by all the international organizations of the sector, by envisaging the possibility of embarking armed personnel on Italian ships. In this regard, apart from the Military Navy Chiefs of Staff Project (NMP – Military Protected Areas), which envisages the possibility for Italian vessels to embark, on a voluntary basis in some Indian Ocean and Red Sea ports, personnel from the Military Navy, 4 bills have been submitted to Parliament to embark private teams of professionals on vessels in order to actively defend crews and cargoes. In May 2011, after Confitarma’s actions, an agreement has been reached between the Government and Parliament to approve an urgent measure to this end. In 2010, the maritime security activities not linked to piracy focused on the sphere of competence of the Coastal Guard VI Unit, with which the Working Group on Navigation Safety (the former CSO) of the Ocean Navigation Committee started a fruitful exchange of views on the simplification of procedures regarding activities and operations on security from a perspective that takes into account the shipowners necessities.

LITHUANIA

Lithuanian transport sector is a strategic area of Lithuania’s economy, the efficient functioning of which has a significant impact on the viability and competitiveness of the entire Lithuanian economy.

Lithuanian special geographical position and strong transport sector (generating about 11 per cent of GDP) provides the right conditions for the development of the country as a transit and logistic hub. Transport services comprise more than 60 per cent in the export services; therefore special attention is given to the promotion of exports of this service and increase of com-
petitiveness in the international transport sector. The Association is concerned not only in increasing the number and tonnage of vessels flying the flag of Lithuania, but also in increasing the competitiveness of international transport corridors passing through Lithuania, and improving the throughput of the borders, efficient border crossing procedures in international transport corridors crossing Lithuania and the southern Baltic Sea region.

Lithuania is intersected by two international transport corridors: the East-West and the North-South. In order to strengthen the international competitiveness of these corridors, Lithuania has developed a number of projects on the East-West axis: the international transport corridor East-West (EWTC), Viking container train, TRACCECA international corridor, and on the North-South axis – Rail Baltica, Via Baltica.

However, in Lithuania, as well as in other Baltic states, the situation of transport network in the EU level is characterized as «partially isolated». The main land route linking the Baltic States with other EU member states passes only through Poland. Meanwhile, the Via Baltica section to Warsaw has been acknowledged as the Polish highway with the highest incidence of traffic accidents. Due to the historical context railway in Lithuania, as in other Baltic countries has a non-European gauge. For this reason, majority of cargo comes to Lithuania from the port of Klaipėda, the competitiveness of which is of major concern to the Association.

As regards the maritime legislation, one of the achievements was the annulment of the requirement for seafarers from third countries to have a work permit; defended position to apply zero income tax to seafarers only for whose who work on EU flagged ships; modernisation of the system that allows the Ship Register and the Central Mortgage Office to work together in on-line mode. This will ensure the protection of creditor’s interests when buying and selling ships.

In 2011, the Association will pay continuous attention to the general international issues: the extension of “Community guidelines on State aid to maritime transport”, European maritime transport space without barriers, revision of the sulphur directive, MARPOL convention Annex VI 0.1% sulphur in the ECAs as from 2015, preparation to ratify MLC and other issues.

MALTA

At the end of 2010, the number of ships registered under the Malta Merchant Shipping Act stood at over 5,500 for a total gross tonnage exceeding 39 million. By end June 2011, the gross tonnage increased by more than 10% over end 2010 to more than 43 million.

This steady annual growth achieved despite the current international economic difficulties demonstrates the confidence that international shipowners continue to have in the Maltese Registry. This tonnage places Malta as the second largest flag State in Europe and one of the leading ship registers in the world.

The maritime authorities in Malta continued to lay emphasis on high standards of security and safety on ships operating under the Malta flag and Malta was confirmed on the White List of the Paris MoU with a detention rate for Maltese ships well below the average detention rate for all ships.

At the international level, as a leading flag-state and a vibrant port and coastal State, Malta remained very active in the work of the International Maritime Organization at all levels. This is in line with the status that Malta enjoys as a long standing elected member of the IMO Council and consonant with the responsibility this brings with it.

On the home front the privatisation of the substantial Malta shipbuilding and ship-repair facilities was finalised after the yacht repair yard and the super yacht facility which also formed part of Malta Shipyards Limited were privatised following an international call for tenders. Also, the transfer to the private sector of the operation and management of yacht marinas was completed. This is part of government’s policy to upgrade, modernise and extend yachting facili-
ties and services for which there continues to be a growing demand.

There has been substantial progress in the further extension of the infrastructure and quayside crane capabilities at the Malta Freeport which provides a quay length of over 3 kilometres allowing ships of over 13,000 TEUs to be safely berthed and handled. This is a noteworthy development that strengthens Malta’s position as a major transshipment hub in the Mediterranean. There has also been a substantial increase in the number of ships calling at Maltese ports and in the tonnage of cargoes handled. The further development in the quays that handle cruise liners in the Valletta Grand Harbour was in line with the growth of the successful cruise liner business at this historic and prestigious harbour that continued to attract major cruise liners and also home-porting operations.

**NETHERLANDS**

It is vital to the entire maritime cluster that the business climate in the Netherland be improved significantly. For that reason the KVNR and 33 other maritime organisations have joined forces in 2010 urging the government to increase its support of the industry and to make more effective use of the system of European state aid. We are expecting the Rutte government to invest both in the potential of the maritime cluster and that of Dutch merchant shipping.

**Plan of action for the shipping industry**

In November 2010 the Ministry of Infrastructure and the Environment launched the ‘plan of action for the shipping industry’, intended to promote a more favourable business climate. The fleet of the Netherlands is unique in its composition, since it consists of a large variety of different types of vessels to accommodate short sea, heavy lift and reefer shipping. For that reason it is crucial that the Netherlands make themselves heard within the European Union and the International Maritime Organization. Within this body the KVNR and the Dutch government are joint representatives for the specifically Dutch interests. According to the plan of action the flag of the Netherlands is to be a flag of quality par excellence, providing all the services inherent in such a flag. The Transport and Water Management Inspectorate will play a major role in this. The development of the reduction in bureaucracy and the increase of self-inspection by shipowners are a positive quality-related factor.

**New markets**

The maritime cluster is rife with interesting developments. New markets are evolving from the rise in wind farms at sea, CO₂ storage below the sea floor and the fuel of the future: LNG.

A new, vitally important, concept has arisen for the short sea sector: ‘synchromodal transport’. Fine-tuning (synchronising) transport’s volume and modalities (road, water, air or rail) entails an increase of maritime transport. However, customs inspections and time-consuming port formalities are an intolerable impediment to sustainable short sea traffic within European waters. Maritime transport’s position has officially fallen behind that of road transport, and this disadvantage must be removed. For that reason we cannot draw enough attention to the slogan ‘just like trucks’.

**Sustainability**

It takes a lot of effort to achieve sustainability. These include cuts in carbon emissions by means of new ‘market-based measures’, the reduction of both the sulphur content of maritime fuels and underwater noise, as well as the implementation of the Ballast Water Management convention and the NOx Emission Control Areas. In the opinion of the KVNR agreements on carbon reductions for example, should be arrived at global level by way of the International Maritime Organization (IMO).

**Piracy**

Unfortunately shipowners and seafarers continue to be faced with increasing numbers of ever more violent pirates in the Gulf of Aden, the Strait of Hormuz and the Indian Ocean. Shipowners have an obligation to offer their employees maximum protection. The government and KVNR are investigating measures to optimize the deployment on board of teams of military personnel, known as Vessel Protection Detachments, to deter pirates. If the government is unable to play a military role,
the Dutch government should accept the right of self-defence under the Dutch flag and pave the way for on-board protection provided by certified security companies.

NORWAY

Shipping and the maritime industries hold a particular important position in the Norwegian economy and business. Shipping continues to be Norway’s second most important export industry, generating export revenues (gross freight income) of more than 11 billion EURO in 2010. Norwegian shipping companies form the core of Norwegian maritime industries cluster employing some approximately 100.000 Norwegians.

The total Norwegian foreign fleet comprises 1769 vessels of which 795 sail under Norwegian flag (1 January 2011). 569 of these were registered in NIS - the Norwegian International Ship Registry. By 1 January 2011, Norwegian shipping companies had 197 vessels on order. The total value of Norwegian vessels and rigs on order amounts to NOK 88.1 billion.

Norwegian shipowning companies hold particular prominent market positions in specialised shipping services, such as offshore service, LNG/LPG transportation, chemicals and Ro-Ro and car transportation. Norwegian shipping offshore service sector is the second largest after the US, and Norway’s part of the world market within offshore is estimated to a whole 15 per cent. In the most advanced and competence dependent segments within this market, Norwegian shipowners have an even stronger position. The fact that every fourth offshore service vessel operating in Brazil is Norwegian, is an example thereof. The specialisation among some offshore companies has moved towards capital intensive activities in the field of seismic research, well services and advanced construction installations on the seabed.

The Norwegian Supreme Court’s decision winter 2010, by which the transitional rules, issued by Parliament in 2007, were considered to be in breach with the Norwegian Constitution were confirmed by an unanimous Parliament later the same year. This contributed to a strengthening of Norway’s reputation as an attractive and stable country of investment for industrial activity, and to re-establishing confidence in predictability and long-term, stable conditions for one of the most important industries in Norwegian industrial development and value creation.

In 2009, the Government launched a campaign to strengthen the Norwegian flag. The most important initiative from the Norwegian Shipowners’ Association, is to remove the distance constraints for NIS vessels. NSA is slowly gaining a broader political understanding of the problems caused by the fact, and paradox, that the NIS is the only ship registry in the world that bans its own national vessels from operating in their own waters.

The problem of piracy outside the Horn of Africa is a major concern and the need for an international strategy to eradicate the problem is a top priority. The Norwegian Shipowners’ Association has succeeded in contributing to the Norwegian Government’s recognition of Norway’s responsibility to combat piracy and the Government has committed to deploying an Orion maritime patrol aircraft to the region fall 2011. The Norwegian Shipowners’ Association will closely follow up the Government’s announcement to deploy a frigate in 2012. The establishment of long-term contributions – staff personnel to Northwood included – is considered as important means as well. New Regulations clarifying Norwegian flagged vessels’ permission to use armed guards onboard their vessels came into force 1 July 2011. The Regulations do not encourage the use of such guards, but rather are intended to regulate the selection and use of private armed security guards to ensure that the highest possible professional and ethical standards are followed in connection with the use of such services on vessels registered in Norway. Guidelines offering explanatory comments on relevant provisions of these regulations relating to applications for firearms permits, the selection and use of armed guards, and reporting to public authorities on the use of force in connection with pirate attacks have also been published.

Finally, the Norwegian Shipowners’ Association is committed to reaching a global solution to
reduce green house gas emissions for shipping, within the framework of IMO. The Norwegian Shipowners’ Association supports the implementation of market based instruments through IMO and has confidence in that a levy system will be the most efficient instrument to ensure long term reduced emissions of CO₂ from shipping.

**POLAND**

As of 1st January 2011, Polish shipping companies controlled a fleet of 121 vessels totalling GT 2110.5k and DWT 2941.5k of which only 15 (i.e. GT 42.8k and DWT 27.3k) were Polish flagged. The fleet comprised 70 dry bulk, 21 MPP general cargo, 4 ro-ro, 12 tankers, 11 ro-ro ferries and 3 ro-pax vessels. The average age of the fleet was 19 years. Compared to 2009, the number of ships increased by 12 (DWT 468.2k and GT 292.8k), whereas 11 ships (DWT 188.3k and GT 133.1k) were either scrapped or sold.

Investment in modern equipment to comply with applicable international standards and Community Law in respect of safety, security, environmental performance and on-board working conditions continues. Polish shipowners have placed orders for 1 DWT 80,000, 3 DWT 82,100, 3 DWT 37,700 and 7 DWT 30,000 bulk carriers and 2 DWT 30,332 MPP heavy lift container ships with deliveries scheduled for 2011-2013.

Approximately 4,800 seafarers/officers are employed by the Polish shipowners.

In 2010 8362.3k tons of cargo was carried by the Polish fleet (-10.8% compared to 2009) whereof 90% by ro-pax ferries operated on the Baltic between Poland and Sweden. Polish controlled fleet participated by 21.5% in the Polish international seaborne trade (compared to 27.5% in 2009). The number of passengers carried was 897,2k, thus 0.2% less than in the previous year.

A positive tendency in throughput volumes in Polish Sea Ports was observed (an increase by 32.0%). In total 59.5m tons were handled in all Polish Ports, whereof: Gdańsk (44.4%), Gdynia (20.7%), Świnoujście (18.0%) and Szczecin (13.4%).

An impressive increase in container handlings (+53.7%), especially in DCT Gdańsk was noted. Seaborne trade with other EU States accounted for 67.9% of the total.

In 2010 19,947 ships entered Polish Sea Ports. The average size of the vessels (in terms of DWT capacity) was higher by 22.4% than in the preceding year.

Polish shipbuilders delivered 24 vessels totalling 38.6k GT (86.2% less than in 2009, and in terms of CGT by approx 50% less) reflecting the current collapse of production at two major shipyards in Gdynia and Szczecin.

Due to a lack of relevant measures in the past and because of continued delay in the implementation of a „tonnage tax scheme“ (the Polish Government is still searching for a compromise on labour-related measures which remain to be finalized) many Polish operators have either registered their ships under foreign flags and/or shipowners continued to seek alternative business solutions abroad.

Poland’s impending EC Presidency (in the 2nd half of 2011) provides an ideal opportunity for Poland to take a lead in highlighting the most important matters affecting the shipping industry and a series of events has been planned (amongst others, the European Maritime Day Conference in Gdańsk 19-20.05.2011) to tackle such matters and to debate the hottest industry-related topics.

**PORTUGAL**

The crisis set out in Portugal, which is being experienced by the Portuguese shipowners in different ways and in accordance with the typology of their vessels and the markets where they usually operate, conditioned the Administration strongly.

Understandably nothing came out of the Government’s “resolution to promote the carrying out of the National Strategy for the Sea”.

Fortunately, the in-depth study on the impact and importance of the sea related activities to
the Portuguese economy, sponsored by some shipping companies finished last year, seems to be contributing to a better understanding by the Portuguese Government of the need for an effective shipping policy, similar to those that have been successfully implemented in other EU countries.

Furthermore: since then, there were many Congresses, Conferences, Seminaries and Workshops on the Sea theme, which had not occurred for a long time and which continues to improve the activity promoted by the shortly created Forum for the Sea Economy.

But in a moment of crisis such as the one Portugal is experiencing when every day increases the realization of the seriousness of the situation and we are faced with the effects of the progressive austerity measures, it is with increasing concern that the Portuguese Shipowners face the future, mainly those who operate vessels in the national register.

And this feeling will persist while the Portuguese Shipowners continue to be one of the very few in the EU not having a "tonnage tax system" or a consistent alternative model enabling a level playing and ensuring the sector’s competitiveness, fact which has determined the progressive fall of the Portuguese Fleet and with it the alarming loss of working posts.

At the beginning of 2011, the Portuguese Shipowners controlled 52 ships, with a total of 570,608 GT; of this total, 15 ships (29%) of 73,909 GT were flying the Portuguese Flag (Conventional Register); 22 ships (42%) of 67,287 GT were flying the Portuguese Flag (Madeira International Register) and 15 ships (29%) of 429,636 GT were flagged out.

The leading shipowner in Slovenia is Splošna plovba, who has a tradition of offering its maritime transport services on the international maritime market for 57 years continuously. It currently operates 19 vessels in the tramp market and 8 vessels in liner services on the Asian market.

With the Tonnage Tax Act, adopted by the Slovenian Parliament in June 2007 which came into force upon approval by the European Commission in the beginning of 2009, the Slovenian taxation legislation is in this field now harmonized with other European maritime countries.

Regarding seafarers, the situation is different. Despite the introduction of an increased relief for the taxation of seafarers and consequently some facilitation of the conditions of employment of Slovenian seafarers, such a taxation basis is still rather high and is still not comparable to the relief offered to seafarers employed with other European shipowners.

Another problem is a deficit of specialized seafarers, especially marine engine technicians and engineers. Companies are obliged to employ such skilled labor on the international market. With the aim of improving the attainment of a domestic workforce, the company Splošna plovba has invited applications for scholarships in all fields at the Secondary marine School Portorož.

In November 2010 the Maritime Act has been amended and as from 17.6.2011 and under certain conditions also vessels owned by non-Slovenian citizens or companies not registered in the Republic of Slovenia, will have the possibility to be registered in the Slovenian Ship Registry.

The geographic and transport position within Europe is one of the advantages of Slovenia. Despite being a small country, it is well aware of the significance of transportation and, within it, the position of maritime transport.
cumulative reduction since January 2007 of 58 units (27%).

At the same date, 60.9% of the controlled fleet and 60.8% of the GT was operating under Spanish flag (Canary Island Special Register). During 2010, the national flag fleet decreased by 10 units, while both GT and DWT increased by 10.1% and 10.2% respectively, due to the addition of large ships against the sale out, change of flag or demolition of smaller ones. The fleet controlled under foreign flags decreased by 9 units, 3.1% in terms of GT and 10.3% in terms of dwt.

During 2010, Spanish shipping companies received 7 newbuildings, with a total investment of €1,045 million. Two of these ships were registered under a foreign flag (Malta), and 5, with 366,409 GT were incorporated into the Canary Island Register.

At the beginning of 2011, the Spanish flagged fleet was in average 12.6 years old, while the total controlled fleet was 14.3, both significantly lower than the world fleet average age, 18.7 years.

Spanish seaborne trade (imports + exports + national cabotage) increased in 2010 by 4.5%, up to 293.9 million tonnes. Both general cargo (including cargo in containers) and liquid bulk trades grew by 11.7% and 3.3% respectively, amounting to 89.5 and 134.0 million tons, while dry bulk trades fell by 1.2% down to 70.4 million tonnes.

In the regulatory front, the amendment to the Ports Law was finally adopted and entered into force in August 2010. It has introduced important changes in port dues which have, in certain trades, lead to a significant increase, although in most cases dues have maintained stable or even have been reduced. A controversial issue that has lead to important misunderstandings and different interpretations has been the change in the waste disposal charge system. ANAVE, in coordination with the Port State Holding and the Directorate General for Merchant Marine, has been assisting shipping companies and most problems have been solved, although there are still some issues pending with concrete port Authorities.

In order to stop the above mentioned decline in the number of ships operating under national flag, ANAVE has been asking for simplifications in the administrative process for enlisting non-EU seafarers on board ships of the Canary Islands Special Register. Nevertheless, these proposals have been confronted by the maritime Unions and finally not accepted by the Government.

**SWEDEN**

The challenges facing shipping are in principle growing in every area – from the environment and safety to piracy. On several fronts, the focus is on shipping. The most important question for the Swedish flagged fleet has, however, not been solved. The government has not said what its plans are for Swedish shipping in the future. Is Swedish shipping important for Sweden? A quick analysis indicates that it most certainly is with respect to both transport and economic policy.

The consequences of not having a shipping policy with international conditions are clear. Ships will continue to be flagged out on a large scale. The problem of trainee positions for our young people at maritime upper secondary schools and academies has not been solved. The SSA also notes that Swedish influence in international organizations is diminishing as a result of flagging out and that this makes it more difficult to gain a hearing for our members’ opinions in different bodies.

The SSA has presented a comprehensive proposal for solutions for Swedish shipping. It proposes an international register similar to the Danish register. This would also include a tonnage tax. Comments on this proposal will be considered by the Ministry of Enterprise, Energy and Communications during the spring.

Environmental issues continue to be high on the agenda. Ship emissions are one of the questions being discussed. An answer to how the sulphur question will be solved must come in 2011. It will probably be in the form of new and more stringent regulations for shipping. In the SSA’s view, a necessary condition for stringent regulations
is that they must apply to everybody, at global level.

Few questions have attracted such interest from the media as the piracy attacks. Unfortunately, the situation has got a lot worse and pirate activity in the area around the Gulf of Aden is increasing. Solving the problems requires both long-term and short-term solutions. The question of armed guards on board is the subject of intense discussion. A more long-term solution must be reached via international organizations and activities.

UNITED KINGDOM

Despite the worst maritime recession in living memory, the most recent figures (2009) showed UK shipping’s turnover was still over £11.6bn (€13bn), with its direct contribution to UK GDP remaining above £6bn (€7bn). However, the slowdown in world trade did lead to excess capacity and squeezed rates, with the greatest impact being felt by the tanker/gas sector, followed by container shipping. Despite this, the UK fleet remains efficient and competitive providing plenty of reasons for optimism as world trade starts to recover lost ground.

UK fleets were not immune from the effects of the recession, with both the owned and registered fleets suffering reversals to the decade-long growth trend. For technical reasons, figures for the end of 2010 are not yet available. However, data for the six months to June 2010 showed reductions to the UK owned and UK flag fleets of 0.5 and 1.4 million deadweight tonnes respectively. This decline, whilst disappointing, still leaves the owned fleet three times its size in 2000 and the flag fleet a massive six times as large.

The overall net contribution to the Britain’s balance of payments was is over 40% greater than in 2000. Sea transport remains fourth in the UK table of service sector export earners, neck and neck with aviation. British shipping earns over €36m (£32m) every day, almost €26m (£23m) of which is from exports.

The industry has made a further positive contribution to employment through the tonnage tax regime; the number of new trainee officers for 2010/11 was 879, which is almost double the numbers entering ten years ago.

The economic contribution of shipping together with that of the other maritime sectors has created a clear argument for closer working with our industry partners. The ‘Maritime UK’ initiative, established by the Chamber in 2008, with the other major UK maritime services organisations: the Baltic Exchange, British Ports Association, Institute of Chartered Shipbrokers, Maritime London, Passenger Shipping Association and UK Major Ports Group, has enabled strong and clear maritime messages to be relayed to government.

A number of specific policy issues dominated the domestic agenda during year. In view of the importance of environmental issues and to prepare the way for a potential global deal on maritime carbon emissions building on the agreement on design and operational efficiency indices, the Chamber has produced practical papers on how the two main options for incentivising market-based measures - both an emissions trading system (ETS) and an international compensation fund (levy) approach - might be implemented. It remains important that industry maintains expertise on how an economic instrument (of whatever variety) might work.

Employment is a perennial and key concern for shipowners and the Chamber has continued to emphasise that the employment of seafarers takes place in a world market in which cost and quality are the determining factors. Whilst the skills of European senior officers are in demand worldwide - both at sea and ashore - they are much more expensive to employ as junior officers than their counterparts from other parts of the world. There remains a need to support officer training up to and beyond the first certificate level, in order to sustain the long-term employment of British and other European officers.

The threat of infraction proceedings against the UK Government over its laws exempting seafarers recruited abroad from equal treatment in respect of pay became real early in 2011, when
the Commission issued a reasoned opinion asserting that the provision discriminated against seafarers from other Member States and hence breached EU treaty articles and regulations. The Government was thus forced to introduce a new measure that meets the concerns of the Commission whilst enabling operators of UK-registered ships to continue to pay internationally-determined rates for crew members from outside the EEA and states with association agreements with the EU. The Chamber remains concerned at the impact that this will have on the UK register, since companies that cannot operate economically as a result of the imposition of higher pay rates will be highly likely to flag their ships away from the EU. The Government is sensitive to these concerns and has sought to minimise the negative consequences of the new provisions.

The Chamber has taken a leading role in liaising with EU and other initiatives in response to piracy off Somalia, working closely with the EU NAVFOR staff based at the UK’s Fleet Headquarters at Northwood. The provision of Merchant Navy Liaison Officers at Northwood from shipping companies across Europe continues to be highly valued.
## Annex 4 Glossary

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CO₂</td>
<td>Carbon Dioxide</td>
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<tr>
<td>COSS</td>
<td>Committee on Safe Seas and the Prevention of Pollution from Ships</td>
</tr>
<tr>
<td>DG COMP</td>
<td>Directorate General for Competition</td>
</tr>
<tr>
<td>DG ENVI</td>
<td>Directorate General for the Environment</td>
</tr>
<tr>
<td>DG MOVE</td>
<td>Directorate General for Mobility and Transport</td>
</tr>
<tr>
<td>DG TAXUD</td>
<td>Directorate General for Taxation and the Customs Union</td>
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<tr>
<td>DG TRADE</td>
<td>Directorate General for Trade</td>
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<tr>
<td>DWT</td>
<td>Dead Weight Tonnage</td>
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<tr>
<td>ECA</td>
<td>Emission Control Area</td>
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<tr>
<td>ECC</td>
<td>European Cruise Council</td>
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<tr>
<td>ECHR</td>
<td>European Court of Human Rights</td>
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<tr>
<td>ECSA</td>
<td>European Community Shipowners’ Associations</td>
</tr>
<tr>
<td>EEA</td>
<td>European Economic Area, including EU, Iceland, Liechtenstein and Norway</td>
</tr>
<tr>
<td>EEAS</td>
<td>European External Action Service</td>
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<tr>
<td>EMSA</td>
<td>European Maritime Safety Agency</td>
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<tr>
<td>ENS</td>
<td>Entry Summary Declaration</td>
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<tr>
<td>EP</td>
<td>European Parliament</td>
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<tr>
<td>ETF</td>
<td>European Transport Workers’ Federation</td>
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<tr>
<td>ETS</td>
<td>Emission Trading Scheme</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EXS</td>
<td>Exit Summary Declaration</td>
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<tr>
<td>FP7</td>
<td>7th Framework Programme on Research</td>
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<tr>
<td>FTA</td>
<td>Free Trade Agreements</td>
</tr>
<tr>
<td>G20</td>
<td>The Group of Twenty (Finance Ministers and Central Bank Governors from industrialized and developing economies)</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gas emissions</td>
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<tr>
<td>GT</td>
<td>Gross Tonnage is the internationally accepted measurement of vessels, representing the volume of the vessels enclosed spaces.</td>
</tr>
<tr>
<td>HELCOM</td>
<td>Helsinki Commission</td>
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<tr>
<td>ICS</td>
<td>International Chamber of Shipping</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation (UN)</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IMO</td>
<td>International Maritime Organisation</td>
</tr>
<tr>
<td>ISF</td>
<td>International Shipping Federation</td>
</tr>
<tr>
<td>KPIs</td>
<td>Key Performance Indicators</td>
</tr>
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</table>
LO/LO  Lift-On/Lift-Off ship
LNG     Liquefied natural Gas
MARPOL  International Convention for the Prevention of Pollution from Ships (1973) and Protocol of 1978
MCC     Modernised Customs Code
MCCIP   Modernised Customs Code Implementing Provisions
MEPs    Members of the European Parliament
MBI     Market Based Instrument
MLC     Maritime Labour Convention
MOS     Motorways Of the Sea
NAVFOR/ATALANTA EU Naval Force – A European Union military operation to contribute to the deterrence, prevention and repression of acts of piracy and armed robbery off the Somali coast
NECA    Nitrogen Emissions Control Area
NOx     Nitrogen Oxides
PECs    Pilot Exemption Certificates
R&D     Research and Development
RO/RO   Roll-On/Roll-Off ships
RTAs    Regional Trade Agreements
SOx     Sulphur Oxides
STCW    International Convention on Standards of Training, Certification and Watchkeeping for seafarers
STTP    Strategic Transport Technology Programme
TEN-T   Trans-European Transport Networks
TEU     Twenty Foot Equivalent Unit (container)
TP      Transport Platform
TRAN    European Parliament’s Committee on Transport and Tourism
UN      United Nations
UNCITRAL United Nations Commission on International Trade Law
UNFCCC  UN Framework Convention on Climate Change
USD     US dollar
VAT     Value Added Tax
WSC     World Shipping Council
WTO     World Trade Organisation
WTO-DDA WTO-Doha Development Agenda - negotiations on a new comprehensive world trade agreement, started 2001
Annex 5
Statistical Tables

The fleet data comprise the full commercial fleet; including tugs, dredgers, offshore supply and other non-cargo in addition to the traditional merchant shipping of goods and passengers, but excluding fishing.

<table>
<thead>
<tr>
<th>FLAG</th>
<th>No</th>
<th>GT</th>
<th>DWT</th>
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<tr>
<td>AUSTRIA</td>
<td>2</td>
<td>5 303</td>
<td>5 708</td>
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<td>BELGIUM</td>
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<td>4 398 923</td>
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<td>BULGARIA</td>
<td>104</td>
<td>508 509</td>
<td>697 711</td>
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<td>CYPRUS</td>
<td>1 076</td>
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<td>34 009 592</td>
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<td>DENMARK</td>
<td>654</td>
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<td>13 777 878</td>
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<td>ESTONIA</td>
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<td>6 819 183</td>
<td>8 522 758</td>
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<td>GERMANY</td>
<td>847</td>
<td>15 631 900</td>
<td>17 928 588</td>
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<td>GIBRALTAR</td>
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<td>GREECE</td>
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<td>IRISH REPUBLIC</td>
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<td>169 178</td>
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<td>ITALY</td>
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<td>MALTA</td>
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<td>110 648</td>
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<td>1 232</td>
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<td>2 662 550</td>
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<td>2 328 513</td>
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<tr>
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<td>1 403</td>
<td>19 243 873</td>
<td>20 038 471</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15 299</td>
<td>219 848 379</td>
<td>302 740 419</td>
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Source: Clarksons Research Ltd
### TABLE 2

**EEA AND WORLD COMMERCIAL FLEETS**

As at 20th July 2011 (100 GT and above - thousand tonnes)

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EEA FLEET</th>
<th>WORLD FLEET</th>
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<td>TANKERS (parcel &amp; spec)</td>
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<tr>
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<td>241</td>
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<td>46 562</td>
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<td>1 543</td>
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<td>MULTI PURPOSE</td>
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<td>5 921</td>
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<td>597</td>
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<td>1 621</td>
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<tr>
<td>OTHER NON CARGO</td>
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<td>127</td>
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<td><strong>TOTAL</strong></td>
<td>15 282</td>
<td>218 928</td>
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</table>

Source: Clarksons Research Ltd
TABLE 3

EEA REGISTERED AND EEA CONTROLLED FLEET
As at 25th July 2011

Source: Clarksons Research Ltd
### THE EEA REGISTERED AND WORLD FLEET DEVELOPMENT

**As at 20 July 2011 (100 GT and above)**

<table>
<thead>
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<th>YEAR</th>
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<th>WORLD</th>
<th>EEA AS % OF WORLD</th>
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<td>Mn.</td>
<td>N°</td>
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<td>7 659</td>
<td>72 326 GRT</td>
<td>38 221</td>
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<tr>
<td>2000</td>
<td>6 783</td>
<td>84 351 GT</td>
<td>45 023</td>
</tr>
<tr>
<td>2005</td>
<td>9 047</td>
<td>154 332 GT</td>
<td>46 801</td>
</tr>
<tr>
<td>2006</td>
<td>9 037</td>
<td>156 907 GT</td>
<td>48 096</td>
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<tr>
<td>2007</td>
<td>9 168</td>
<td>161 719 GT</td>
<td>49 705</td>
</tr>
<tr>
<td>2008</td>
<td>9 732</td>
<td>181 668 GT</td>
<td>51 687</td>
</tr>
<tr>
<td>2009</td>
<td>9 959</td>
<td>193 807 GT</td>
<td>53 108</td>
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<tr>
<td>2010</td>
<td>15 086</td>
<td>209 079 GT</td>
<td>82 351</td>
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<tr>
<td>2011</td>
<td>15 282</td>
<td>218 936 GT</td>
<td>85 561</td>
</tr>
</tbody>
</table>

Source: Lloyd’s Register-Fairplay: Merchant Fleet
Source for 2010-2011: Clarksons Research Ltd: Commercial fleet
# TABLE 5

## TOP 30 COMMERCIAL FLEET DISTRIBUTION

As at 20th July 2011 (GT Basis)

<table>
<thead>
<tr>
<th>FLAG STATE</th>
<th>VESSELS</th>
<th>TOTAL GT</th>
<th>TOTAL DWT TONNES</th>
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<tbody>
<tr>
<td>1 PANAMA</td>
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<td>329 225 783</td>
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<td>2 786</td>
<td>109 694 670</td>
<td>170 453 888</td>
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<tr>
<td>3 MARSHALL IS.</td>
<td>1 747</td>
<td>67 775 664</td>
<td>108 505 251</td>
</tr>
<tr>
<td>4 HONG KONG</td>
<td>1 869</td>
<td>60 300 682</td>
<td>100 283 139</td>
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<tr>
<td>5 BAHAMAS</td>
<td>1 497</td>
<td>52 409 141</td>
<td>70 682 445</td>
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<td>6 SINGAPORE</td>
<td>3 255</td>
<td>47 889 769</td>
<td>72 690 695</td>
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<tr>
<td>7 GREECE</td>
<td>1 562</td>
<td>41 922 172</td>
<td>73 275 147</td>
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<td>8 MALTA</td>
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<td>64 642 439</td>
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<td>38 648 040</td>
<td>59 566 591</td>
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<td>10 CYPRUS</td>
<td>1 076</td>
<td>21 817 360</td>
<td>34 009 592</td>
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<tr>
<td>11 UNITED KINGDOM</td>
<td>1 403</td>
<td>19 243 873</td>
<td>20 038 471</td>
</tr>
<tr>
<td>12 NORWAY</td>
<td>1 642</td>
<td>17 915 359</td>
<td>22 624 603</td>
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<tr>
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<td>17 857 585</td>
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<td>14 GERMANY</td>
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<td>14 136 083</td>
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<td>7 112 165</td>
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Source: Clarksons Research Ltd
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<tr>
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Source: Fairplay Solutions
## World Seaborne Trade

(Millions Tonnes)

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<th>Year</th>
<th>Crude Oil and Oil Products</th>
<th>Dry Bulks</th>
<th>Other Cargo Est.</th>
<th>Total</th>
<th>Growth</th>
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<td>2,576</td>
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<td>2006</td>
<td>2,686</td>
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<td>2007</td>
<td>2,764</td>
<td>3,113</td>
<td>1,913</td>
<td>7,790</td>
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<td>2008</td>
<td>2,760</td>
<td>3,211</td>
<td>2,012</td>
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<td>2009</td>
<td>2,659</td>
<td>3,120</td>
<td>1,826</td>
<td>7,605</td>
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<tr>
<td>2010 (Est.)</td>
<td>2,772</td>
<td>3,479</td>
<td>2,052</td>
<td>8,303</td>
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<td>2011 (Forecast)</td>
<td>2,843</td>
<td>3,621</td>
<td>2,250</td>
<td>8,714</td>
<td>4.9%</td>
</tr>
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</table>

Source: Clarksons Research Ltd

Data tonne-miles are not available. However, based on the consistent ratio tonnes / tonne-miles from another source over the previous years, the growth in tonne-miles can be estimated to be identical as in growth in tons. With that the tonne-miles for 2010 are estimated at 34,000 and forecasted for 2011 at some 35,600 billion tonne-miles.
### ANNUAL PERCENTAGE GROWTH OF GDP, OF WORLD MERCHANDISE EXPORTS IN REAL VALUE AND OF MARITIME TRANSPORT DEMAND

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<th>Year</th>
<th>GDP</th>
<th>Merchandise Exports</th>
<th>Maritime Transport Vol. in tonne miles</th>
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<td>10.36</td>
<td>2.67</td>
<td>5.21</td>
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<tr>
<td>2001</td>
<td>8.26</td>
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</tr>
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<td>6.41</td>
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<td>5.56</td>
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<td>4.56</td>
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<td>2004</td>
<td>4.27</td>
<td>2.21</td>
<td>5.21</td>
</tr>
<tr>
<td>2005</td>
<td>5.36</td>
<td>2.07</td>
<td>5.21</td>
</tr>
<tr>
<td>2006</td>
<td>5.21</td>
<td>2.07</td>
<td>5.21</td>
</tr>
<tr>
<td>2007</td>
<td>5.21</td>
<td>2.07</td>
<td>5.21</td>
</tr>
<tr>
<td>2008</td>
<td>5.21</td>
<td>2.07</td>
<td>5.21</td>
</tr>
<tr>
<td>2009</td>
<td>5.21</td>
<td>2.07</td>
<td>5.21</td>
</tr>
<tr>
<td>2010</td>
<td>5.21</td>
<td>2.07</td>
<td>5.21</td>
</tr>
</tbody>
</table>

Source: WTO/ECSA
**MERCHANDISE TRADE BY REGION AND SELECTED COUNTRIES**

(Billion dollars and percentage)

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EXPORTS</th>
<th>IMPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Annual percentage change</td>
</tr>
<tr>
<td></td>
<td>2010</td>
<td>05-10</td>
</tr>
<tr>
<td><strong>WORLD</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>World</td>
<td>14,855</td>
<td>8</td>
</tr>
<tr>
<td>United States</td>
<td>1,964</td>
<td>6</td>
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<tr>
<td><strong>NORTH AMERICA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>1,278</td>
<td>7</td>
</tr>
<tr>
<td><strong>SOUTH AND CENTRAL AMERICA (b)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>202</td>
<td>11</td>
</tr>
<tr>
<td>European Union (27)</td>
<td>5,626</td>
<td>5</td>
</tr>
<tr>
<td>European Union (27) extra-trade</td>
<td>1,787</td>
<td>6</td>
</tr>
<tr>
<td>Russian Federation (a)</td>
<td>588</td>
<td>11</td>
</tr>
<tr>
<td><strong>AFRICA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>82</td>
<td>10</td>
</tr>
<tr>
<td>Africa less South Africa</td>
<td>418</td>
<td>10</td>
</tr>
<tr>
<td>Oil exporters (c)</td>
<td>277</td>
<td>9</td>
</tr>
<tr>
<td>Non oil exporters</td>
<td>141</td>
<td>12</td>
</tr>
<tr>
<td><strong>MIDDLE EAST</strong></td>
<td></td>
<td></td>
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<tr>
<td>Middle East</td>
<td>916</td>
<td>11</td>
</tr>
<tr>
<td><strong>ASIA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>4,685</td>
<td>11</td>
</tr>
<tr>
<td>India</td>
<td>1,578</td>
<td>16</td>
</tr>
<tr>
<td>Japan</td>
<td>1,216</td>
<td>17</td>
</tr>
<tr>
<td>New industrialized economies (d)</td>
<td>1,111</td>
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</tr>
<tr>
<td><strong>MEMORANDUM ITEMS</strong></td>
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</tr>
<tr>
<td>Mercosur (e)</td>
<td>282</td>
<td>11</td>
</tr>
<tr>
<td>Asean (f)</td>
<td>1,052</td>
<td>10</td>
</tr>
<tr>
<td>Least developed countries (LDCs)</td>
<td>164</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: WTO Secretariat

a. Imports are valued f.o.b.
b. Includes the Caribbean,
c. Algeria, Angola, Cameroon, Chad, Congo, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan
d. Hong Kong, China; Republic of Korea; Singapore and Chinese Taipei
e. Common market: Argentina, Brazil, Paraguay, Uruguay.
f. Association of southeast Asian Nations: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam.
## TOP 25 CONTAINER LINES AS PER AUGUST 2011

| OPERATOR             | TOTAL OPERATED TEU | Ships 639 | CHARTERED TEU | Ships 428 | % Chart 52.9% | ORDERBOOK TEU Ships | % existing 53%
|----------------------|-------------------|-----------|---------------|-----------|---------------|---------------------|------------------|
| A.P. Møller-Maersk   | 2 434 754         | 639       | 1 288 354     | 428       | 52.9%         | 526 576             | 34%
| MSC                  | 2 035 689         | 476       | 1 034 984     | 265       | 50.8%         | 476 796             | 45%
| CMA CGM              | 1 294 213         | 390       | 787 414       | 295       | 60.8%         | 144 334             | 16%
| COSCO Container      | 624 353           | 146       | 275 926       | 50        | 44.2%         | 270 352             | 34%
| Hapag-Lloyd          | 618 501           | 142       | 351 242       | 86        | 56.8%         | 131 000             | 10%
| Evergreen            | 614 546           | 168       | 284 379       | 80        | 46.3%         | 308 000             | 35%
| APL                  | 579 701           | 144       | 410 154       | 99        | 70.8%         | 300 880             | 29%
| CSCL                 | 510 958           | 142       | 195 094       | 66        | 38.2%         | 93 896              | 12%
| CSAV                 | 509 040           | 126       | 463 408       | 116       | 91.0%         | 98 589              | 12%
| Hanjin               | 505 006           | 106       | 270 801       | 67        | 53.6%         | 248 963             | 32%
| MOL                  | 420 821           | 101       | 205 837       | 65        | 48.9%         | 120 830             | 13%
| OOCL                 | 415 638           | 88        | 128 816       | 41        | 31.0%         | 131 928             | 12%
| Hamburg Süd          | 403 183           | 120       | 215 197       | 75        | 53.4%         | 195 858             | 29%
| NYK                  | 397 439           | 101       | 98 276        | 44        | 24.7%         | 61 476              | 6%
| K Line               | 338 331           | 79        | 116 713       | 40        | 34.5%         | 49 632              | 6%
| Yang Ming            | 336 328           | 82        | 135 951       | 35        | 40.4%         | 95 626              | 15%
| Zim                  | 335 575           | 100       | 177 446       | 66        | 52.9%         | 153 216             | 13%
| Hyundai              | 316 108           | 65        | 215 462       | 48        | 68.2%         | 155 535             | 15%
| PIL                  | 267 651           | 140       | 105 832       | 47        | 39.5%         | 65 400              | 20%
| UASC                 | 234 815           | 56        | 108 119       | 28        | 46.0%         | 104 800             | 8%
| Wan Hai              | 171 423           | 83        | 64 630        | 29        | 37.7%         | 40 600              | 14%
| HDS                  | 88 744            | 24        | 84 032        | 20        | 94.7%         |                     |      
| TS                   | 84 745            | 43        | 80 011        | 40        | 94.4%         |                     |      
| X-Press Feeders      | 63 696            | 57        | 61 983        | 56        | 97.3%         |                     |      
| CCNI                 | 60 957            | 24        | 60 957        | 24        | 100.0%        |                     |      
| **TOTAL Top 25 Capacity** | **13 662 215** | **3 642** | **7 221 018** | **2 210** | **3 774 287** | **429** |
| **TOTAL, fully cellular ships** | **15 076 877** | **4 943** |                     |                     |                     |                     |

**Source:** Alphaliner

### EUROPEAN COMPANIES

Main lines’ consolidated subsidiaries:

- APM-Maersk includes Maersk Line, Safmarine, MCC, Mercosul Line and OACL — MSC includes WEC Lines — CMA CGM includes CMA CGM, Delmas (with OTAL), ANL, US Lines, Feeder Associate System, Cagema, MacAndrews, Cheng Lie Navigation Co and CoMaNav — Evergreen includes Evergreen Marine Corporation, Evergreen Marine (UK) Ltd, Evergreen Marine (HK) Ltd and Italia Marittima — CSCL includes Shanghai Puhai Shipping Co — CSAV includes CSAV, CSAV Norasia, Libra (Brasil), Libra Uruguay — Hamburg Süd includes Hamburg Süd and Aliança — Zim includes Gold Star Line and Laurel Navigation — PIL includes Advance Container Line (ACL), Pacific Eagle Line (PEL), Pacific Direct Line (PDL) and Malaysia Shg Corp — Wan Hai Lines includes Interasia Lines — X-Press Feeders Group includes Sea Consortium and X-Press Container Line
## CONTAINER TRADES - FULL MOVES

### WORLD WIDE FLOWS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>MILLION TEUS</th>
<th>GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>141.5</td>
<td>11.0%</td>
</tr>
<tr>
<td>2008</td>
<td>148.6</td>
<td>5.4%</td>
</tr>
<tr>
<td>2009</td>
<td>132.4</td>
<td>-10.9%</td>
</tr>
<tr>
<td>2010</td>
<td>152.2</td>
<td>15.0%</td>
</tr>
<tr>
<td>2011 (FORECAST)</td>
<td>164.5</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

### ASIA-NORTH EUROPE AND MED TRADE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>WB</th>
<th>%</th>
<th>EB</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>9 643</td>
<td></td>
<td>4 782</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>11 276</td>
<td>16.9%</td>
<td>4 979</td>
<td>4.10%</td>
</tr>
<tr>
<td>2007</td>
<td>13 374</td>
<td>18.6%</td>
<td>5 217</td>
<td>4.80%</td>
</tr>
<tr>
<td>2008</td>
<td>13 495</td>
<td>0.9%</td>
<td>5 235</td>
<td>0.40%</td>
</tr>
<tr>
<td>2009</td>
<td>11 502</td>
<td>-14.8%</td>
<td>5 471</td>
<td>4.50%</td>
</tr>
<tr>
<td>2010</td>
<td>13 588</td>
<td>18.1%</td>
<td>5 605</td>
<td>2.50%</td>
</tr>
</tbody>
</table>

### TRADE ESTIMATES BY ECSA 2010

<table>
<thead>
<tr>
<th></th>
<th>MILLION TEUS</th>
<th>% OF WORLD TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL EAST-WEST</td>
<td>62</td>
<td>41%</td>
</tr>
<tr>
<td>TOTAL NORTH-SOUTH</td>
<td>28</td>
<td>18%</td>
</tr>
<tr>
<td>TOTAL INTRA-REGIONAL</td>
<td>62</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: Drewry Shipping Consultants