

## BELGIUM

On 15 July 2002 the Parliament passed the final measures needed to enable the Belgian fleet to sail once again under the Belgian Flag. Although the requirements under Belgian law were completed in 2002, the European Commission did not give the go-ahead until March 2003.

As from March 2003 the new legislation is applicable and comprises the following elements :

- a) Tax treatment of ocean shipping. This follows a dual approach:
  1. Tonnage tax (profits set at a fixed rate on the tonnage)
  2. Conventional tax for shipowners that do not wish to make use of the tonnage tax system:
    - a) Accelerated depreciation (for new vessels and for vessels appearing on a Belgian balance sheet for the first time).
    - b) Linear depreciation for second-hand vessels.
    - c) Exemption of capital gains (by reinvestment).
    - d) Tax aid for investment for Belgian companies or Belgian agents of foreign companies.
  3. Reduction in the mortgage registration fee. The previous registration fee of 0,5% of the mortgage value of the vessel is now a fixed fee of € 25.
- b) Crew requirements :
  - In principle, the command of a vessel registered in Belgium must be entrusted to a Captain of Belgian nationality. The authorised official may waive this rule at the shipowner's request if trade or shipping needs so require.
  - EU-citizens on board of Belgian flag vessels have to be registered in the Belgian Merchant Navy Pool.
- c) For EU-citizens a number of reduced social contributions can be used, such as:
  - Total exemption from employer's social security contributions.
  - Partial exemption from employee's social security contributions.
  - Reduced contributions to the Accidents at Work Fund.
- d) Tax deducted from salaries:

Seafarers operating in the merchant navy sector (and who are liable for tax to be deducted from the salaries they pay Belgium) are exempt from making payments deducted from taxable salaries of workers employed on board a vessel registered in an EU Member State.

Up to now a tonnage tax application has been made for almost 40 merchant navy vessels.

The promotional campaign organised by the Royal Belgian Shipowner's Association in 2002 has borne fruit. The Antwerp Maritime Academy has again seen a larger number of registrations than the previous year. The number of students increased by 15.5 % over the last

academic year (a 25% rise over the last two years) and is slowly getting back to the maximum level seen in the 1980s. However this number is still not enough to meet the industry's needs.

## LUXEMBOURG

At the end of 2002 the Luxembourg UAL-fleet (members of Union des Armateurs Luxembourgeois) remained at 28 vessels representing 1.036.112 gt i.e. 90% of the total Luxembourg fleet.

No changes occurred in respect of the social security contributions or taxes for seafarers employed onboard Luxembourg flag vessels.

Thus far no efforts have been made by the Luxembourg government to make the Luxembourg register more attractive for foreign shipowners through optimising the use of the EU State Aid Guidelines.

## DENMARK

The Danish merchant fleet is developing in a stable and positive manner. Tonnage is at its biggest level ever, almost 10 million dwt, and the fleet is at the same time becoming increasingly modern, with a current average age of less than seven years. The merchant fleet is well equipped to meet future challenges head-on in terms of competitiveness, security and safety. Danish shipowners still have an impressive, ongoing newbuilding order programme that equates to 10 per cent of the size of the existing fleet or more than USD 3 billion. This investment ensures that the Danish merchant marine currently of 500 + vessels will remain modern and efficient. Combined with tonnage chartered in - which is more than 10 million dwt - it should ensure that shipping remains Denmark's second biggest export earner - after industry as a whole but ahead of the combined agricultural sector. Shipowners' gross currency earnings have in recent years been in the order of USD 15 billion. This is reflected in the fact that Denmark is a very "shipping intensive" country with more than 7 per cent of GNP stemming from shipping activities.

Quality shipping is a sine qua non for the Danish maritime sector. Danish shipowners are involved in almost all types of international shipping, drawing on a global network of container vessels, operating a great number of product tankers, advanced reefers, passenger and ro-ro ferries, as well as significant activity in the supply and offshore sectors. More traditional activities with dry and general cargo ships also form part of the service activities provided by Danish shipowners. More than 95 per cent of the tonnage is employed in international cross-trade without ever calling at Danish national ports. In fact, the activity is so global that 75 per cent of turnover comes from activities that do not involve a call at a European port.

A prerequisite for this positive development is the EU rules that allow Member States to relax government taxes on national shipping. In the case of Denmark, it

means that the Danish International Ship register, DIS, provides the possibility of saving tax for seafarers, thus increasing the overall competitiveness. DIS is a quality ship register with very modern vessels, a very high degree of national employment (70 per cent), combined with efficient and well qualified seafarers from third countries mainly in positions requiring lower skill levels. The so-called tonnage tax has also just been introduced following approval by the European Commission. It allows shipowners to forecast their tax bills over a longer term and make investments in new tonnage independent of tax considerations such as the need for depreciation. It will help to ensure greater stability for ship operations in Denmark and will make it simpler to work together in pools etc. with other owners working under similar tonnage tax systems.

## FINLAND

On 1 January 2003, the Finnish fleet consisted of 149 ships (over 400 gt) totalling 1,54 million gt. Few new-buildings are registered under the Finnish flag. The average fleet age is 19 years. Some 7400 seafarers were employed onboard the Finnish fleet, comprising only Finnish nationals due to very strong opposition from the Seamen's Union against foreign employees.

In 2002, Finland's foreign trade (imports and exports) shipments were nearly 87 million tons, of which the Finnish flag fleet transported 34,3 %. The number of passengers transported by sea between Finland and other countries was 15,8 million.

The Finnish shipping policy does still not correspond to the approach set out in the State Aid Guidelines. Though there formally is a tonnage tax regime, no single shipping company has chosen for this regime.

A net wage system, in line with the EU State Aid Guidelines, is in use for cargo vessels. For passenger vessels there are subsidies involving refunds of 97 % of the tax deducted at source, but not social and other employers' contributions.

In June 2003 the Finnish Maritime Cluster study was published. The main objective of the study was to assess the significance and map the networks of this cluster in Finland, as well as to describe its economic and social importance. Among other things the study raised the question of Government aids offered by different countries. These aids distort the competitive situation in shipbuilding and maritime transport. The companies in the Finnish maritime cluster want to see themselves in an operating climate corresponding to that of the companies in competitor countries. The companies also emphasise the importance of improving the image of the marine industries and ensuring the availability of a labour force in the future.

It is still to be seen what steps the new Government, which took over in Spring 2003, will take in order to make the business climate more attractive for the shipping industry in Finland.

## FRANCE

In December 2002, the French Parliament adopted the legislative text on the French tonnage tax regime. The regime was then notified to the European Commission and approved in May 2003. The French Administration is currently preparing the implementation texts that should be ready in the coming months. Shipping companies should be able to opt for the tonnage tax in 2003 and 2004.

In September 2002, the new French Government confirmed its intention to take voluntary measures in favour of the shipping sector. It commissioned Senator H de Richemont to make proposals for the creation of a new French Register and for the development of short sea shipping. M de Richemont prepared a report that was officially finalised and handed over to the Prime Minister at the end of March 2003.

The Richemont Report contained many innovative proposals, such as the creation of a French international register, the introduction of flexible manning rules, tax exemption for seafarers and exemption from social contributions. As regards cabotage, the report recommended, particularly, the reduction of port costs and the setting up of general interest cabotage services that would contribute to solving the problems of road congestion etc...

The Richemont Report was positively welcomed by shipowners, who considered the proposals as an important step forward to improve the competitiveness of the French flag and to provide a new dynamic to the short sea shipping sector.

Though official decisions and implementation measures following the Richemont Report are expected by the end of 2003, the French Government has already decided to create a new second register on the basis of the proposals made.

In the field of communication and public relations, Armateurs de France has adopted "la Charte bleue d'Armateurs de France", in which members have affirmed their strong commitment in favour of maritime safety by signing individually a code of conduct. This Code embodies five priorities, i.e. improving maritime safety and the quality of ships, protecting the marine environment and the coasts, providing good working conditions for the crews, managing companies with transparency and ethically and, last but not least, expressing solidarity with the maritime community. Armateurs de France hopes that this initiative will inspire similar ones across Europe as public opinion remains very sensitive to the positions taken by the maritime industry in the field of maritime safety.

In 2002, the trend of stability of the French fleet was confirmed, with 209 ships totalling 7.08 million dwt flying the French flag. The average age of the French fleet equals 8.1 years, which makes the French fleet one of the youngest in the world.

## GERMANY

2002 was a further year of fleet renewal for German shipowning companies: 124 newbuildings with 2,9 Million gt and a gross investment of 4.053 Million were put into service by German Shipowners.

On 1 January 2003, the tonnage owned by German companies flying the German or foreign flags consisted of 2.230 vessels and represented a total of 29,7 Million gt. This represents an increase of 120 vessels and 3,1 Million gt over the previous year.

German shipowners, including their affiliated companies abroad, have placed orders for about 294 vessels with 9,6 Million gt (11,9 Million tdw) as per June 2003. The majority of the newbuildings are container vessels with a total capacity of 760.000 TEU. This will keep the fleet modern, strong and efficient.

The total number of seafarers employed on board German-flag vessels is 11.163 (30 June 2003), 70 % being Germans and 30 % foreign nationals. This means that there is no significant change in the quota of foreign seafarers.

The German federal Government has affirmed its commitment to the marine industry. During the Third Maritime Conference in Lübeck in May 2003, the Chancellor, Gerhard Schröder, unambiguously recognised the contribution of the German tonnage tax to the well-being of the industry. He disallowed reform proposals that would have weakened the system. Moreover, in line with the European State Aid Guidelines, the Government increased to 80% the proportion employers are entitled to retain of the income tax withheld from seafarers' income. In addition, it will implement a reduction of the social security contributions of seafarers in favour of employers, and will increase direct aid to offset wage costs. In combination, these steps will lower wage costs by two thirds. The German Shipowners' Association (VDR) welcomes the measures. They provide the necessary framework for the continued success of the German Maritime Cluster.

The development and implementation of maritime security measures represent the second major focus of activity of the past year. Shipping lines enrolled in the US Customs and Trade Partnership Against Terrorism (CTPAT) and adapted to the new reporting requirements of the so-called "24-hour" Rule. Ports signed up for the Container Security Initiative (CSI). The German Government and the industry participated closely in the development of the International Ship and Port Facility Security Code (ISPS Code). At the national level, VDR campaigned - with some success - for a flexible and goal-oriented implementation of the Code.

The third major concern continues to be the dearth of qualified seafarers eligible to work on German vessels. VDR maintained its intensive recruitment drive for ship personnel. VDR also has increased significantly its contribution to the training of ship mechanics and nautical officers. The sponsorship supplements the funds provi-

ded by the German federal government. However, if the German Government wishes more ships to sail under the German flag in the coming years, there is no option but to review national manning regulations. VDR will work closely with all stakeholders to find solutions amenable to all concerned.

## GREECE

In 2003, the Greek flag fleet represented 37,38% of the EU fleet and ranked fourth internationally in terms of total gt and dwt, with a total of 1586 vessels (ships greater than 100 gt) amounting to 29,99 million gt,

In parallel, the Greek controlled fleet totalled 3355 vessels (ships over 1000 gt) of various categories, including 203 vessels on order from newbuilding shipyards, i.e. 9,3% of the world's total number of vessels in service and on order and 18,3% of the world fleet dwt. As a result, the Greek ocean going fleet maintains its position on top of the world league.

Domestically, a first package of measures to improve the competitiveness of the Greek flag fleet has been adopted while the second package of measures is still awaited. The steady trend of reflagging is indicative of the Greek shipowners' willingness to support the national register, provided that the second package of measures is materialised soonest. The quest for quality shipping is evidenced by the consistent trend of Greek shipowners for newbuilding orders, which will bring about a drastic fleet renewal in all categories and sizes of ships.

Greece is also on the verge of proceeding with the long awaited modernisation of its maritime education system. The package of measures as announced in December 2002 adopts several proposals of the Union of Greek Shipowners which will contribute towards a qualitative leap forward of the Greek seafaring profession. The year 2002 witnessed a record turnout of attendees to the Greek maritime academies. The Union of Greek Shipowners hopes that this evolution will not be an incidental one but, on the contrary, be evidence of a changing perception amongst youngsters in respect of the shipping profession. However, a negative evolution could be noted in respect of the chronically ailing National Seamen's Pension Fund where the situation is still worsening.

The uncertainties in the world economy have adversely affected economic growth in Greece, which nevertheless continued to secure growth rates which are more than double of the Eurozone average. In 2002, Greek GDP in real terms was estimated to have grown by 4,0% compared to 4,1% in 2001 and 4,4% in 2000. These growth rates are based on strong private and public investment activity, partly co-financed by transfers of substantial funds from the EU for the purpose of restructuring the Greek economy. However, the growth performance of the Greek economy is accompanied by inflationary pressures, which erode the international competitiveness of goods and services in Greece. This negative trend in conjunction with the expected substantial

reduction of EU support funds after 2006 render imperative the adoption of measures for strengthening the links of the Greek maritime industry with the Greek economy, since the former has been one of the key pillars of the latter.

The net contribution of shipping to the Greek balance of payments in 2002 amounted to almost 10% of the gross current account receipts of goods and services. These receipts are not subject to high seasonal variations as in the case of the tourist industry.

The ocean going fleet generated 5% of the total value added of the Greek economy, which is an important part taking into account that the whole manufacturing sector generated approximately 12%.

The contributions of shipping to the Greek economy can, however, be significantly enhanced if the other productive sectors would be able to cover under competitive conditions the demand for goods and services generated by shipping. A significant increase (i.e. 28% during the last three years) could already be noted in the financing of the Greek owned fleet by Greek banks.

## ITALY

At the end of 2002, the Italian merchant fleet consisted of 1.431 ships totalling 10,385,905 gt, broken down as follows: over 1,000 gt : 662 ships, totalling 10,143,866 gt; from 100 to 999 gt : 769 ships, totalling 24,039 gt. As compared with the end of 2001, an increase of 4% in tonnage and of 3% in the ships' number has been recorded.

The fleet flying the Italian flag amounts to 1,422 units totalling 10,264,014 gt, which represents an inversion in the negative trend noticed in 2001, as a result of the numerous ships entered in the Italian International Register, and it accounted for 99% of the Italian owned merchant fleet.

The Italian units registered in the International Register are 341, totalling 7,378,307 gt; those in the Ordinary Register are 1,081 totalling to 2,895,707 gt. A decrease in this latter register has been noticed in the second half of the year because of the difficulties concerning cabotage emerging from the discussion of the Financial Act.

The Italian ships temporarily flying a foreign flag (bare-boat charter) are 9 totalling 121,801 gt, representing about 1% of total tonnage. The portion of the fleet owned by totally or partially privately owned bodies is equal to 94%.

The Italian fleet is young: 55% of the ships are less than 10 years old and 34% have not yet completed their 5th year of service. The average age is 12 years of age. The modernization of the vessels, initiated during the last 10 years, has continued. Between 1993 and 2002 437 ships were delivered totalling 5,5 million gt: 230 have been delivered in the last 5 years with investment amounting to € 6.7 billion; in the same period 116 have been orde-

red with an investment amounting to € 5 billion (70 units are already under construction). There are about 50 ships ordered and under construction in foreign yards for a value amounting to about € 1,8 billion.

Italy is leader within the European Union for external trade with almost 240 million tons.

During 2002, the strong seagoing orientation of Italian foreign trade was confirmed, as the overall volume of international transactions for the maritime transport of cargo and passengers registered € 10,150 million compared to € 13,100 million for all the other systems of transportation taken together. The maritime cluster generates about € 26,300 million, equivalent to 2.3% of GDP, the same amount as the agricultural sector.

The most significant portion of the maritime economy is to be assigned to the maritime transport of goods and passengers, which yields some € 12,600 million, equivalent to 48% of the entire maritime cluster. This is a sector with a strong capacity to produce profit: the national system generates over € 270 corresponding to each additional € 100 that goes to the shipping sector because of new investments or increased exports and consumption.

From the occupational point of view, 26,800 labour units employed in the shipping sector activate over 54,700 labour units in other branches of the economy. Therefore, the overall shipping sector employs on the whole 81,500 people with a high multiplier, equal to 3,041. It is estimated therefore that 100 additional labour units in the maritime sector become 304 in the entire economic system.

Furthermore, the yield of taxes (levies and social security contribution) produced by the fleet is significant, totalling € 1,603 million per year, of which 457 million are directly from maritime companies and 1,146 million from related activities.

## NETHERLANDS

Once again, the size of the Dutch fleet has shown an increase in the number of registered ships, despite an increase in tonnage registered under foreign flags. On 1 January 2003, 810 ships were registered, 27 ships more than on 1 January 2002. These figures comprise ships in the merchant fleet, the sea-going tug fleet and offshore services.

2002 was the seventh successive year during which the size of the Dutch fleet has increased. Measured in tonnage (gt), the size has remained almost unchanged at 5.0 million gt. A slight reduction in the size of the fleet was discernible during the first months of 2003.

Unprecedented upheavals took place in national politics. After the fall of the Purple cabinet, the party leader of a rising party was murdered. Shortly after that a centre-right Government was formed which fell within a few months. The Netherlands were in Governmental crisis

and citizens had to go to the polls once again. This time it was the Socialists and the Christian Democrats who turned out to be the winners.

The decline in economic growth worldwide and developments in international politics (e.g. war against Iraq) have had a negative impact on shipping. In a number of sectors the declining economy has led to a reduction in the supply of cargo. In addition, the political instability resulted in a sharp rise in the costs of insurance and bunkering. Exchange rate developments have also had a negative effect, particularly on the results of shipping companies operating worldwide

The terrorist attacks of 11 September 2001 have resulted in a huge focus of attention on security measures on board ships and in ports, both nationally and internationally. Efforts must be made to ensure that measures are taken at international level and to avoid further regional legislation. A restriction of the legislation, for example for intra-European transport by short sea shipping, is more appropriate here.

The number of accidents in shipping has decreased dramatically in recent decades and great progress has also been made in the area of environmental protection. However, the position of shipping as an environmentally friendly and safe means of transport has been put under great pressure recently, mainly as a result of a couple of accidents with tankers, including the Erika and the Prestige, receiving a great deal of public and political attention. Once again this has led to the demand for new measures and the accelerated implementation of international legislation already agreed on, including the phasing-out of single-hull tankers.

The KVNR, together with other experts in this area, have repeatedly pointed out that it is not the legislation, but monitoring the compliance with that legislation, that is the Achilles heel of the current international system. Only through a consistent approach and transparency of relevant information can those who do not wish to comply with the prescribed environmental and safety conditions be kept out of the market.

Furthermore, statements made by a number of political leaders in the EU who were involved in the accidents, ignoring individual political responsibilities and simply distancing themselves from rights and responsibilities laid down in international treaties, have seriously worried the KVNR.

If Netherlands' shipowners wish to maintain an attractive position in the maritime world even when times are changing, they should pursue policies which strengthen their internationally competitive position. Not only is this important for shipping but also for the entire maritime cluster in which the sector fulfils an important booster function. For this, a period of stability in national politics is essential. The recent period has shown us that, when stability is lacking, new policies cannot get off the ground and the sector's opportunities for growth are limited.

A number of important fiscal measures, decisive for the business climate in shipping still have to be taken. Despite promises from various members of the Government, and due to the political circumstances mentioned above, hardly any progress has been made recently.

Another very important matter is the Master's dispensation. The structural shortage of Netherlands' Masters gave the Lower House cause to agree to a legal amendment whereby EU and EEA (European Economic Area) Masters can serve on ships registered in the Netherlands. In addition, non-EU Masters will be offered the possibility of applying for dispensation. Talks with social partners concerning the detailing of this scheme have been finalised. Having reached this agreement is essential for further growth of the Dutch fleet.

## NORWAY

2002 was marked by political controversy over the Norwegian maritime policy. Since the introduction of a Norwegian tonnage tax system in 1996, the maritime policy has been a political battleground in and between the Norwegian Parliament and changing Governments. Since 1996, some 20 different proposals weakening the competitive position of Norwegian seamen and shipowning companies have been presented to Parliament, of which many were adopted. For the state budget of 2003 the Norwegian minority coalition Government proposed (in October 2002) to terminate a three-month old net wage arrangement for ferry operators as well as the refund scheme for seafares in other trades. The Government also failed to live up to earlier promises by the coalition parties to align the Norwegian tonnage tax system with other European countries. After several negotiation rounds in the Parliament, the final budget agreement confirmed the existing net wage and refunds scheme for seafarers, as well as an adjustment of the tonnage tax level. The adjustment of the tonnage tax system is, however, only one step in the right direction. The Government has announced that it will present a Shipping Policy White Paper in the beginning of 2004. This may give hope of a broader political understanding and will to align the Norwegian maritime policy with the positive European trend.

World trade showed relatively weak growth in 2002 and shipping markets experienced major fluctuations of freight rates. On average, most segments were weaker compared to 2001. Despite lower earnings, Norwegian shipowners' gross freight earnings amounted to some 9 billion USD (70 billion NOK) in 2002, consolidating the position of shipping as the second most important Norwegian export industry (after oil and gas), 50% of all Norwegian service exports revenue derives from shipping.

The Norwegian foreign going fleet experienced a reduction through 2002. At the beginning of 2003, more than 150 Norwegian shipping companies controlled a fleet of 1.670 of 45,9 million dwt, a reduction of 48 ships and 2,8 million dwt compared to January 2002. This is the

biggest reduction of the Norwegian controlled fleet since 1993. The number of ships flying Norwegian flag stood at 983 of 31,6 million dwt constituting 60% of the Norwegian controlled merchant fleet. The market value of the fleet was 18,3 billion USD. The Norwegian controlled fleet of mobile offshore units decreased by 4 units and consisted of 54 units in January 2002 at a market value of 6 billion USD. Norwegian shipowners have a particularly strong position in several specialised markets segments; controlling close to 30% of LPG-tankers, more than 25% of the worlds fleet of chemical tankers and combined carriers as well as 10-15% of the world fleet of big car carriers and offshore service vessels.

As of February 2002, some 64.500 persons of more than 60 different nationalities were employed onboard Norwegian controlled merchant vessels and rigs. Some 18.750 of these were Norwegian nationals, 6.450 of other EEA-nationalities and another 7.700 of other European nationalities. The most important non-European nationalities serving onboard Norwegian controlled vessels were Filipinos and Indians, represented by 20.700 and 3.800 seafarers respectively.

At the beginning of 2003 Norwegian shipowners had a total of 113 new ships on order, valued at 6 billion USD. This represents nearly 1/3 of the existing fleet value. Of the 113 newbuilding contracts 29 were placed at Norwegian shipyards and another 21 at other European yards. More than three quarters of the newbuildings are expected to be registered under Norwegian flag.

## PORTUGAL

The Portuguese Shipowners' Association has pressed the Portuguese Maritime Administration to adopt a package of positive measures in line with the EU State Aid Guidelines, to revitalise the Portuguese Shipping industry. The Association stressed that the Portuguese shipowners do not benefit from a tonnage tax regime, which is now available in almost all the EU Members States. Although benefiting from support to alleviate the Portuguese crew costs, it is not enough and subject to a yearly Government decision. The efforts have, however, not yet led to the expected measures.

At the end of 2001, the Portuguese Short Sea Shipping Centre was created. However, the Portuguese Shipowners are not part of the initiative and the shippers make it difficult to achieve any positive results out from the centre so far.

The tonnage registered in the conventional ship register continues to decline sharply. The maritime sector also continues to face a lack of Portuguese seafarers, namely officers, due to little attraction from youngsters to the seafaring profession. The lack of seafaring personnel has become an important bottleneck for the Portuguese shipowners and the Portuguese sector as a whole.

## SPAIN

During 2002, the Spanish fleet evolution has been affected

by the weakness of international economic markets and the relatively better situation in Spain. While the Spanish flagged fleet increased by 9.8%, the fleet controlled under foreign flags fell by 11.9%. As a consequence, the total fleet controlled by Spanish companies saw its tonnage reduced by 1.8%, adding up, at the beginning of 2003, 315 ships with 3,343,647 gt and 4,416,446 dwt. Looking ahead, short term perspectives are favourable, taking into account the existing order book.

At the beginning of the year, Spanish shipping companies controlled, under Spanish flag, 64% of their ships and 57% of their GT. These are rather high figures if we take into account that European Union tonnage controlled under national flag is below 33%. Most of the Spanish flagged ships (98.7% of the GT and the DWT) are registered in the Special Canary Islands register.

The national maritime trade (imports + exports + cabotage) increased by 2.6% last year to 286 million tonnes (a new historic record). Dry bulk shipments showed a remarkable increase of 8.8% to 93.5 million tonnes while liquid bulk and general cargo trade remained rather stable (+0.6 and -1.3% respectively), adding up 114.5 and 78.4 million tonnes.

Transport demand in import trades was the only one that increased during 2002, by 5.2% in tonnes to 199.1 million, while exports (with a total of 49.2 million tonnes) and cabotage movements (with 38.1 million tonnes) decreased by 1.0% and 4.5%.

While Spanish exports consist mainly of general cargo (60.7%), most of the commodities imported are bulk, both liquid (45.7%) and solid (39.2%), adding up between the two 84.9% of the imports. As for the cabotage trade, 48.7% is general cargo, 30.6% liquid bulk and 20.8% solid bulk.

As regards National Maritime Policy, the main issue has been the Prestige accident and its dramatic consequences for northern Spanish regions. Less than one month after the accident, a Royal Decree Law was published forbidding access to Spanish ports of ships (whatever age or flag) carrying the heaviest grades of oil. The debate on ship safety continues, and the Spanish Ministry for transport has this issue very high on its agenda.

On the other hand, work continues on the elaboration process for a new Law revising the economic and fiscal "framework" of the Spanish Port Authorities. The second reading in the European Parliament of the European Directive on Port Services had a very negative effect on the Spanish project, which has been seriously emptied of content in its later version.

On this same issue, mention should be made of the work carried out by the Spanish Short Sea Promotion Centre that has presented several proposals with the very clear objective of favouring short sea shipping services, including the possible introduction of a global tariff (lump sum), covering all port services.

## SWEDEN

2002 was a very positive year for the Swedish shipping industry. A net wage model became applicable and resulted in competitive manning costs for Swedish flagged vessels as well as in an increase in the number of Swedish registered ships.

Since 1 October 2001, nearly 50 vessels have been registered under the Swedish flag, while a number of older vessels left the Swedish register. As of 31 December 2002, the net registration to the Swedish flag was about 20 vessels, many of which were newbuildings, which has substantially reduced the average age of the Swedish flagged fleet and increased its competitiveness. The vessels have become more attractive as workplace. However, to further improve the competitive position of the Swedish fleet, a further implementation of the EU State Aid Guidelines at a national level is important.

The Swedish Shipowners' Association opened an office in Brussels at the beginning of 2002, enabling the association to increase its participation in the international and European forums.

2002 was also a year of general elections in Sweden. The Swedish Shipowners' Association was involved in the election campaign where it discussed its "election manifesto" with all the political parties. This program addressed four main items, i.e. a tonnage-based tax regime, the repeal of special regulations, infrastructure charges and dues and the environment.

The Swedish Shipowners' Association invested considerable time and effort in addressing environmental issues, such as a proposal for trade in emission reductions, including shipping.

According to statistical data from the Gothenburg Institute of Shipping Analysis, the Swedish fleet consisted of 567 ships totalling 10,4 million deadweight tonnage at 31 December 2002. In December 2001, the Swedish fleet totalled 570 ships with 11,06 million deadweight tonnage.

As per 31 December 2002, the Swedish Shipowners' Association membership totals 125 shipping companies, employing 9800 seafarers and 2350 personnel on shore.

## UNITED KINGDOM

Despite the uncertainty caused by the war in Iraq, together with the continuing focus on security following the tragedy of 11 September 2001, the revival of the UK fleet has continued.

Since the adoption of the tonnage tax three and a half years ago, the tonnage of UK-owned trading ships has increased by 85%. Over the same period the new tax regime, although flag-blind, allied to the customer-focused changes at the Maritime and Coastguard Agency have been the most significant causes of an increase in tonnage under the UK-flag of over 200 per cent. There

are now 618 trading ships owned, and 563 registered, in the UK. The average ages of both fleets is also falling.

In total, 62 shipping groups, representing some 200 companies and operating some 720 vessels, have elected to join the tonnage tax regime. It is hoped that this number will soon grow now that the EC has recognized the UK's Aggregate Carrier fleet as eligible vessels.

There is good news too in employment. In the last year there has also been a 29% increase in the recruitment of officer cadets, the first major rise in 15 years. Although this also partly stems from the renewed confidence in the UK shipping industry, its major cause is the unique training commitment in the UK tonnage tax.

Whether these success stories will continue depends, in large measure, on the maintenance of a favourable political and economic environment. The last year has seen a number of misconceived and potentially damaging challenges to this environment spring up from within Government. The Chamber is working, together with the seafarer unions, to ensure that the revival in jobs and fleet is not compromised.

Another main area of campaign for the Chamber is the Sea Vision initiative. Officially launched in January 2003 at the London Boat Show, the initiative brings together the interests as wide ranging as sub-sea technology, the Royal Navy, commercial fishing, ports, aquaculture, maritime legal and financial services, shipping, manufacturing, leisure boating and boatbuilding, and environmental protection.

Sea Vision now has over 100 partner organisations. Together they aim to raise the profile of the wider maritime sector with the general public and encourage young people to consider a career involving the sea.