FONASBA ANNUAL MEETING LIMA 2013
LINER & PORT AGENCY COMMITTEE

NORDIC RANGE COMMITTEE REPORT

DENMARK

Population:	5.556.452 July 2013 est.)
GDP:	US$ 213.6 billion (2012 est.)
Total Volume of Exports	US$ 105.1 billion (2012 est.)
Total Volume of Imports	US$ 96.99 billion (2012 est.)
Principal Commodities Imported (highest-valued exported products):	machinery and equipment, raw materials and semi manufactures for industry, chemicals, grain and foodstuffs, consumer goods
Principal Commodities Exported (highest-valued exported products):	machinery and instruments, meat and meat products, dairy products, fish, pharmaceuticals, furniture, windmills

Danish Shipbrokers' Association has 91 members (2012: 98) and 43 branches (2012: 34). The economy of the association is under severe pressure as the main revenue is from membership fees.

General Shipping Climate
Demanding, challenging and with only a few bright spots. These words briefly summarise the conditions for Danish shipping. However, fluctuations are well known in shipping and Danish shipping companies have a considerable amount of know-how and will also weather the present crisis.

Ports and Infrastructure: The Danish infrastructure is heavily congested. There is a political wish of transferring cargo from road to sea however, with more and more administrative burdens and additional expenses been put on maritime transport, it is often difficult to compete with alternative modes of transportation.

ISPS in the ports are presently being upgraded and CCTV and strict control etc. are being implemented. It is the impression that the Danish authorities are aiming for a very high level of security (and higher than other EU countries) and the economical consequences are at present unknown. A group consisting of various NGOs and relevant authorities are presently looking into the matter.

Schengen rules are still a challenge and for several years it has not been possible for the authorities to issue guidelines. During the summer some politicians got involved and started asking questions to the Minister of Justice. Late August a meeting was held with the Danish National Police and it was promised by the police that a solution would be found within a month's time.

Custom rules and procedures are presently being discussed. For years the procedure has been that deliveries to vessels employed in foreign trade are exempted from VAT. The Association of Danish Port have for a long time been in discussion with the Tax

Authorities and have now informed that if the invoice is issued to the agent then VAT should be added.

We have informed our members that it is therefore necessary that the invoice is issued to the vessel. The invoice can still be settled by the agent on behalf of the vessel.

This is creating quite some administrative challenges.

Furthermore rumours tell that some very heavy custom fines are issued for relatively small administrative errors. We do not know the details of these fines but are of the opinion that they are issued to parties representing the cargo and not the vessel.

Icebreaking rules has been changed in Denmark. In the future the authorities will establish areas of readiness, when required and icebreaking service actually performed will be charged to the party ordering the service.

The stand-by service will be financed by a system where each tons of cargo passing the pier pays a small amount DKK 0.07 pr. ton is expected).

Members' meetings
During the spring meetings were arranged in different areas with the members in order to inform of the various activities the Association is involved in, the various political activities, legal aspects etc. On 20 September 2013 the Annual General Meeting is held.

Education
Education is still given very high priority. Last year the Shipowners Association recently decided to offer an alternative education. This education will be open to foreign student. The total costs are in the area of US$ 15.000 per student. The education is not validated by any educational institutions.

The official Danish shipping education is still considered to be first class and will in the future consist of 7 weeks spread over the two-year period of apprenticeship. Together with the "normal" shipping education the student are offered further lessons leading to AP (Academy Profession Degree) in International Transport and Logistic. An AP Degree is comparable to the first two years of a 3-year Bachelor Degree. Because of this, AP Degree Programmes also qualify graduates for further studies at universities or business schools in Denmark or abroad.

Unfortunately there is a reduction in the number of students mainly due to the difficult financial times.

The last few years the number of shipping students has been:

2009	Total 52	-	21
2010	Total 59	-	21
2011	Total 70	-	18
2012	Total 60	-	0
2013	Total 40	-	0 (estimate)

Danish Shipbrokers' Association is Distance Learning Centre for The Institute of Chartered Shipbrokers and during recent years the numbers of students have been as follows:

2009	51 students attending exam in		127
2010	41	89	(Pass rate 63 %)
2011	25	47	(Pass rate 40 %)
2012	24	56	(Pass rate 50 %)
2013	29	55	(Pass rate 64 %)

In 2010 a Danish Branch of The Institute of Chartered Shipbrokers was opened and this branch has 56 members at present.

FINLAND

Population:	5, 3 millon
GDP (US$):	$ $35,400 (2012 est.) per capita
Total Volume of Exports (US$):	$ $69.4 billion (2012 est.)
Total Volume of Imports (US$):	$ $64.96 billion (2012 est.)
Principal Commodities Imported:	foodstuffs, petroleum and petroleum products, chemicals, transport equipment, iron and steel, machinery, textile yarn and fabrics, grains
Principal Commodities Exported:	electrical and optical equipment, machinery, transport equipment, paper and pulp, chemicals, basic metals; timber

Membership
The total amount of members is 59. One member has cancelled their membership and one given notice of cancellation by the end of this year. One new member was gained in January 2013.

Annual meeting
The Annual meeting was held in Helsinki, March 14th. followed by presentations of FONASBA/ECASBA by ECASBA Chairman, FONASBA Vice president Europe and FONASBA General Manager. Further representatives from Customs, Transport Agency and Confederation of Finnish Industries gave their presentations on current issues.
The subsequent Dinner was attended by 55 delegates/guests.

Economy of the association
Yet stable and as budgeted. The declining membership base is a cause of concern and caused need to increase the membership fee by Eur 50,-

Economic outlook (Ministry of Finance review)

- Finnish GDP will contract by 0.4% in 2013. The economy will return to moderate growth in the latter half of the year. The growth projection for 2014 is 1.2%. In 2015 growth will also be less than 2%.
- The risks in the forecast are on the downside and mainly stem from the economic situation in the euro area. World trade growth is also sluggish and will remain well below the long-term average over the outlook period.
- Industrial output will continue to fall in 2013 for the second year running, coming in at around 4½% lower than last year. At year-end 2015 output will still not have recovered to the levels recorded in 2008.

- Finnish exports will grow more slowly than global trade throughout the outlook period. In 2013 exports will post no growth. In the next few years export growth will increasingly come from the export of investment-related services.
- Increasing consumer uncertainty and continued sluggish growth in household real disposable income are undermining the potential for private consumption growth. Employment trends are central to the development of consumer expectations and income formation.

- In 2013 the number of employed persons will fall by 0.7% and the unemployment rate will edge up to 8.3%. The employment growth prospects remain muted for 2014, as the positive employment effects of economic growth are eroded by persistent labour market mismatch problems.
- It is estimated that in 2014, the national accounts deficit in central government will be around EUR 6 billion, or some 3 % of GDP. State debt will continue to rise and there will be no turnaround in debt-to-GDP during the outlook period

Political decisions affecting the industry
The sulphur content legislation for the Baltic to be implemented 2015, reducing sulphur emissions within the SECA areas is yet great cause of concern for the Finnish trade. Additional costs occurring for the trade is estimated to 400-600 million Euros annually. As a consequence the Government has earmarked 10 million Euro for aiding Finnish flag vessels to acquire scrubbers.
Other supporting measure just approved upon is a reduction of the fairway dues 2014 by 50 percent. (impact abt. 40 million Euro annually)

Both fairway dues and piloting charges are this year maintained at 2012 level.

Under the direction of the Ministry of Transport preparation of a maritime transport strategy for Finland commenced in autumn 2012. The strategy is due to be completed by the end of 2013.

Four different scenarios have been depicted in the work: Age of growth, Age of regulation, Age of locality and Age of transformation.
The central characteristics of the **Age of growth scenario** are fairly rapid economic growth, growth of value added, and increase of services, as well as retaining the significance of Russia and Europe as the most important trading partners.
The Age of regulation scenario is particularly defined by globally binding and strict environmental restrictions, weak economic growth, diminution of basic industry as well as the increased significance of distant countries as trading partners.

The central elements in the **Age of locality** are the rapid explosion of the climate crisis, binding emission quotas and the high price of energy and the resulting return from global to local economy.
In turn, the **Age of transformation** is represented by an economic boom due to several growth industries, the affordable price of energy resulting from breakthroughs in energy technology, and Russia's strong integration into Europe.

The aim of the study was not to define the most likely future, but open up possible directions of development.

Fonasba Quality Standard
The Association has a approved FONASBA Quality Standard status since 2012 but member participation proven slow.
In order to boost the broker/agent status we are now launching a scheme whereby merited broker/agency staff can apply for a approved status of acknowledged ships agent and/or broker. The reception has been positive and some applications coming in although the whole issue yet need minor streamlining.

NORWAY

Population (01.04.13):	5 063 709
GDP 2012 (US$):	USD 486 billion
Total Volume of Exports (2012):	USD 197 billion
Total Volume of Imports (2012):	USD 133 billion
Principal Commodities Imported:	Vehicles, industrial machinery and equipment, electrical machinery and appliances, manufactured and consumer goods
Principal Commodities Exported:	Oil, gas, metals, fish, mineral oils, industrial machinery and equipment, services (shipping)

Membership / Economy of the Association
We currently have 144 members, having lost 5 and gained 8 members since last year. Most of our income is generated from annual fees. Other important revenues are financial investments, the royalty of our document SALEFORM, and education activities. Our financial situation is good.

Annual Meetings
The annual general meeting took place in Haugesund on the 27th of April. We arranged a “traditional” week-end event with partners, and although we hoped for more participants. The annual meeting elected two new members of the board. The seminar featured Mr Jan Fredik Meling, CEO of Eidesvik Offshore, and Per Lothe, Managing Director of Knutsen Technology. The topics were low-fuel consumption, LNG propulsion, and ballast water treatment. For more details please see our web page www.shipbroker.no .

Fees charged/Developments within the Industry
As we reported last year the NoX tax will be continued until 2017 and the Government have renewed the Nox fund agreement with the industry until the same year. The tax for

2013 is NOK 17,01 per kilo Nox for ships not accredited to the Nox fund, and NOK 4,00 per kilo (NOK 11,00 for offshore vessels) for ships that are accredited to the Nox fund.

We have very good co-operation with other maritime organisations including the most important one; Maritimt Forum, the umbrella organisation for maritime companies and organisations. As one of the founders of this organisation, we are represented on the board of directors.

Education

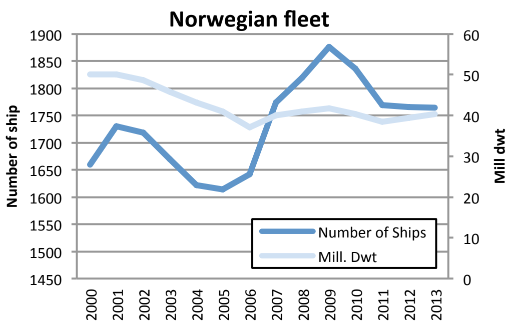
We have been through our seventh year as a Distant Learning Centre for the TutorShip program. The number of students totalled 27 this last year – down 5 from last year. 14 signed up for the Foundation Diploma, 6 for the Advanced Diploma and 7 for the Professional Diploma. 17 students met for the exams this year. Of the 25 exams completed, 18 passed. We are very pleased with the 72% pass ratio – 57% passed Foundation diploma, 50% Advance Diploma and 86% passed PQE. One of our students completed the PQE this semester.

Political Decisions affecting the Industry

This past year there has been no political decisions that affect the shipping industry in general, but more focus on short sea shipping from the central government has been welcomed by the industry. The results of this is a very recent policy paper on the short sea strategy from the Fisheries- and Coastal Department, where we and several other organizations have contributed with our views, as well as a thorough going through the pilotage regulations which is currently on hearing for comments by various organizations including ourselves.

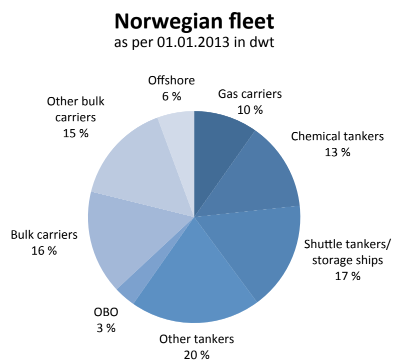
Norwegian shipping [1]

As of January 1st 2013 the Norwegian controlled fleet totaled 40,3 million dwt, an increase of 2,2% since January 1st 2012. The total number of ships was 1764 – net reduction of 1 ship. 43% of the total fleet has Norwegian flag, which is down 1% since last year. Bahamas has 21% of the foreign flag ships with Singapore at 15% and Malta just short of 10%.



Source: Norwegian Shipowners' Association

As of January 1st, Bulk Carriers and "other" bulk carriers were at 658 ships, while 269 were chemical tankers and 130 ships were shuttle tankers and ordinary tankers. The total liquid fleet (tankers and chemical tankers) is 50% of the total Norwegian fleet (in dwt capacity).



There are 137 newbuilding orders for Norwegian account as of January 1st 2013, down from 153 a year earlier. 85 ships are offshore service vessels, 21 dry cargo ships, 10 chemical tankers

[1] *Source: Norwegian Shipowners' Association*

and 10 gas carriers. In addition 18 mobile offshore units are on order as of 1st January 2013. The total value of ships and rigs on order for Norwegian account is NOK 111,5 billion (USD 18,6 billion).

Others issues

The annual meeting in April approved the new General Terms of Business. These terms has been made with legal counsel. The General Terms of Business has two main purposes; to limit the exposure for our members and secure lien for outstanding claims.

We have introduced professional indemnity insurance for small and medium sized companies in cooperation with ITIC and AON Norway. This insurance is based on similar structure as Denmark and Sweden. We offer insurance up to 24 employees. The premium of the insurance is depending of the limit and number of employees including back-office involved in brokerage/agency. Members with FONASBA Quality Standard gets 5% rebate. The feed-back from our members are positive and several companies has already signed up for the insurance.

No further members have sought to be certified according to the FONASBA Quality Standard, so only 3 members have been approved so far.

Our members use the association to get help and advice in various matters of professional nature. This is handled by our various sub-committees as well as our legal consultant and the administration.

Our agreement with insurance company Storebrand regarding mandatory pension plans have been a success. About half our members are currently participating, and their combined savings is estimated to more than 2 million kroner annually. We have other agreements that benefit our members financially in terms of saving expenses; hotel agreement in Oslo (Park Inn Hotel) as well as a very good price for telecommunication with Mobitalk.

SWEDEN

Population 2013 July:	9,119,423
GDP 2012 (US$):	526,2 billion
Total Volume of Exports 2012:	178,5 billion
Total Volume of Imports 2012:	163,6 billion
Principal Commodities Imported:	Machinery, petroleum and petroleum products, chemicals, motor vehicles, iron and steel, foodstuffs, clothing
Principal Commodities Exported:	Machinery, motor vehicles, paper products, pulp and wood, iron and steel products, chemicals

Membership, FQS and economic position of the association
When we closed the year 2012 The Swedish Shipbrokers' Association had 138 members, five more than the previous year.

60 companies have qualified for the FONASBA Quality Standard (FQS) three less than 2012. We hope FQS will be a help to the principals to identify "quality agency providers", in Sweden and worldwide. We also expect more commitment in this matter from all the other members, worldwide.

The economy of the association is OK, but not more than that. We raised our members' fee with 900 SEK this year, and surprisingly we didn't lose any member. But for next year we didn't dare to raise it again, so when ICS raises their costs for their education we have to find other sources of income. We expect breakeven this year, but it has been harder for every year.

Annual meetings
We had our 94th anniversary in Åhus, the home of Absolut Vodka in May this year. 95 members attended and besides the AGM and dinner, we also visited the Absolut Vodka factory.

In our autumn meeting in Gothenburg we could listen to Tonny D Paulsen, talking about new opportunities in the shipbrokers world. Other topics were Clean Shipping Index and the new EU sulphur directive. As always, we ended the meeting with an Open House in the Association´s office before the Shipbrokers' Dinner. 112 members attended.

Education
19 (27) students registered for TutorShip, 18 (21) enrolled for the exam and only 7 (8) succeeded in at least one subject. Six of them were students at Chalmers and only two of them passed.

To improve the interest for TutorShip we have also launched a new diploma *Diplomerad Skeppsmäklare*. To get the diploma you need to pass the Advanced Diploma within ICS and have two years' work-experience.
We are not satisfied at all with the pass ratio, and we have to investigate the reason behind.

We have also had one-day courses. The last year we have had one VAT-course and one course in Liner Trades. All courses were highly appreciated by the roughly 70 students.

PR and lobbying
This summer (2013) we were part of the Politician Week (*Almedalen*) in Gotland, an island outside the mainland where everyone involved in politics, media and lobbying meet in July every year.

We also arranged "Sjöfartens Entreprenörsdag" (Shipping Entrepreneurial Day) in May, a well-attended conference with our most distinguished entrepreneurs as speakers, together with our Minister of Infrastructure and the principal of Chalmers. More than 300 students and people from the industry attended and Cajsa Henriksson received the prize "Ung

Sjöfartsentreprenör" (Young Shipping Entrepreneur) which, besides the honour, include 50 000 SEK and lunches with five of the entrepreneurs. The idea and all administration where ours and we also could count some surplus from the event.

We have also close co-operation with the Swedish Maritime Forum, Sjöfartsforum, where Berit Blomqvist is a member of the board.

Developments within the industry
The Swedish flag is continuing its decline. 2009 we had 240 Swedish flagged vessels, today we have 149! The volume has dropped from 2,5 milj dwt to 1,4 milj dwt. Swedish controlled vessels under foreign flag has raised from 354 (7,5 milj dwt) to 389 (8,4 milj dwt). The total Swedish controlled fleet has then decreased from 594 vessels 2009 (10 milj dwt) to 538 (9,8 milj dwt) today.

Furthermore, nothing has happened regarding the new IMO regulation (rules governing sulphur-emissions reduction in SECA areas). It is still scheduled to be implemented in 2015 in the North Sea and the Baltic Sea only! Even if the government today, the 3 September, announced a bill of one billion to the Swedish Maritime Administration in order to decrease the fairways dues by maybe 30 percent.

Other issues
Just as in Norway we have been working hard to secure lien for outstanding claims and to limit our exposure by launching new General Terms of Business. They were approved by our Annual meeting and after translation into English they will be in force 14 November where we have the next Autumn Meeting, if not before.

The meeting between the Nordic ship brokers associations were held in Bergen 6th September 2013.

Oslo, 14 October 2013
KFE