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REPORT FROM THE COMMISSION TO THE COUNCIL

**on the
implementation of Council Regulation
3577/92 applying the principle of freedom
to provide services to maritime cabotage
(1995-1996) and on the economic and
social impact of the liberalisation of
island cabotage.**

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1. INTRODUCTION

1. This is the second report on the implementation of Council Regulation (EEC) N° 3577/92 of 7 December 1992, which entered into force on 1 January 1993. The first report, covering the period 1993-1994, was presented on 6 September 1995. The Regulation provides that every two years the Commission shall present to the Council a report on the implementation of the Regulation and, secondly, that the Commission shall make an in depth examination of the economic and social impact of the liberalisation of island cabotage and submit a report to the Council by the end of 1996. The present report deals with both aspects.

2. The present report analyses the following main issues:

Chapter 2 : the effects of the implementation of Regulation 3577/92 for the period 1995-1996 during which one more cabotage sector, namely mainland cruise services was liberalised. This part analyses economic developments in the cabotage sector with reference to the period covered by the previous report.

Chapter 3 : the participation of DIS¹ and MAR² vessels in maritime cabotage trades of EU Member States and the question of the extension of Regulation 3577/92 to the EEA.

Chapter 4 : manning cost comparisons of the different EU and EFTA registers participating in EU cabotage.

Chapter 5 : the economic and social impact of the liberalisation of island cabotage. In order to assess the above, an attempt has been made to extrapolate from the situation in the Northern Member States and in the liberalised sectors of the Southern Member States and to assess the cabotage related employment in the different Member States and in the island regions in particular. This Chapter presents in its conclusions a policy option that the Commission believes could be appropriate on crew nationality requirements for certain sectors of the cabotage market (see Article 3 of Regulation 3577/92).

3. This report is presented for information to the European Parliament, the Economic and Social Committee and the Committee of the Regions.

2. DEVELOPMENTS IN THE CABOTAGE SECTOR IN THE EUROPEAN UNION (1995-1996)

2.1 Legislative developments

In most Member States there have been no legislative developments since 1994 either because the Regulation had already been fully implemented by national

¹ DIS : Danish International Ship Register

² MAR : Madeira International Ship Register

legislation before (Germany, Portugal, Spain) or because no specific legislation is needed due to the lack of relevance of cabotage (Belgium, Luxemburg), or because Member States follow traditionally an open coast-line policy (United Kingdom, Ireland, Denmark, Netherlands). The Commission initiated infringement procedures against those Member States with conflicting national legislation (Italy, Greece, France).

Denmark adopted Law 464 of 12 June 1996 amending the law on the DIS International Register in order to allow DIS cargo vessels (not passenger) access to Danish cabotage trades. It entered into force by order of 1 December 1996.

Portugal adopted an amendment allowing MAR vessels to participate in Portuguese mainland cabotage which entered into force as from 1 January 1997.

Spain adopted Law 42/1994 increasing the fiscal allowances for ships registered in the Special Canary Islands Register (REC) to 70% of the employers' Social Security contribution, 25% of the seafarers' income tax and 35% of corporate taxation³. Royal Decree 392/1996 of 1 March 1996 allowed ships used in mainland and island cabotage of strategic products to be registered in the REC.

As far as the new Member States are concerned :

- the Austrian legislation does not mention cabotage since maritime cabotage is geographically impossible in the case of Austria ;
- until recently Finland operated a restrictive cabotage regime, only allowing national flag vessels to participate. Since its entry into the EU the law has been adjusted in accordance with Regulation 3577/92 by an amending act 1362/94 of 22 December 1994 to the Restrictive Trade Practices Act. This act has abolished restrictions concerning participation of EU vessels in Finnish cabotage trades.
- the cabotage trade in Sweden was reserved for Swedish vessels. However, through bilateral agreements Norwegian and some EU vessels could gain access. Following the entry into the EU the law was amended in accordance with Regulation 3577/92 by Decree of 1 July 1995 amending Decree 235/1974 on authorisation to carry out domestic maritime transport operations using foreign vessels, in the sense of allowing access to EU vessels as provided for by Regulation 3577/92.

For the remaining EEA countries:

- cabotage legislation does not exist in Iceland, all vessels have free access ;
- Norway operates an open coastline policy, but NIS⁴ vessels may not participate in cabotage, while vessels involved in regular passenger services require a special license.

³ It is understood that these percentages were raised again by Law 13/96 of 30 December 1996. This latter modification, entering into force on 1.1.1997, falls outside the scope of this report.

⁴ NIS : Norwegian International Ship Register

Annex I presents an overview of the cabotage legislation in the above mentioned States as regards : waiver systems, crew nationality requirements, vessel ownership requirements and fiscal regimes.

2.2 Cabotage volumes (EU15 + other EEA)

2.2.1 Liberalised and protected cabotage services by 31 December 1996:

In the Northern Member States (SWE, FIN, DK, UK, IRL, DE, NL and BEL) all maritime cabotage services are liberalised either because they have a traditionally open coast policy or because of the implementation of Regulation 3577/92.

In the Southern Member States (FR, SP, POR, IT and GR) the following cabotage services have been liberalised by 31 December 1996:

- domestic mainland transport of non-strategic cargoes carried by vessels larger than 650 GT, on 1 January 1993; and
- mainland cruise services, on 1 January 1995.

The following services remained protected in the reference period 1995-96 :

In mainland trades:

- the transport of strategic commodities (oil, oil products and drinking water), which is liberalised as from 1 January 1997.
- services by vessels smaller than 650 GT, protected until 1 January 1998 and
- regular passenger and ferry services, protected until 1 January 1999.

In island trades:

- island cabotage in the South European Member States (including Ceuta and Melilla and the French overseas departments) will be liberalised on the 1st of January 1999.
- Regular passenger and ferry services, as well as services provided by vessels less than 650 GT in Greece shall be exempted from liberalisation until 1 January 2004.

2.2.2 Cargo trades (EU-15)

The total volume of cabotage trades in the countries of the former EU-12 has been estimated at 239 mln tonnes in 1995, compared to 226 mln tonnes in 1993. This was 5.8% higher than the level of 1993. In the new Member States 19.5 mln tonnes were transported in 1995, nearly 10% more than in 1993 (17.8 mln tonnes); of this Sweden generated 13.6 mln tonnes, Finland 5.9 mln tonnes.

The total volume of cabotage cargo trades in the EU in 1995 was therefore 259 mln tonnes. Of this 46% concerned 'mainland' trades, the other part being 'island' trades.

Two recent events have had a significant effect on the trade volumes:

- due to the establishment of a pipeline between Sicily and the mainland in 1995, the Italian oil transport by coastal vessels is declining;
- an increase in the transport of fresh water was responsible for a significant increase in the Spanish cabotage.

Table 1 Summary of cabotage cargo trade volumes in EU countries in 1993 and 1995 (mln tonnes)

Area	1993	1995
North Europe (Belgium, Denmark, Germany, Ireland, Luxembourg, the Netherlands, United Kingdom)	100	106.5
South Europe (France, Greece, Italy, Portugal, Spain)	126	133.0
Sub-total EU-12	226	239.5
Sweden and Finland	(18)	19.5
Total EU-15	(244)	259.0

2.2.3 Cargo trades in other EEA countries

In two EEA countries - Iceland and Norway - around 39 mln tonnes of cabotage cargoes were transported in 1995 ; of this Iceland accounted for only 0.4 mln tonnes. As is the case in the UK, oil transport from the continental shelf accounts for a large part of Norway's cabotage volume.

Annex II contains a detailed overview of cabotage developments in the Member States and in Iceland and Norway.

2.2.4 Passenger trades (EU15 + other EEA)

The most important passenger trades are presented in table 2.

Table 2 Cabotage Passenger trades in EU and EEA countries, 1995 (million passengers)

Country	Passenger
Liberalised	
Belgium	-
Denmark	21.5
Finland	4.0
Germany	5.5
Netherlands	3.3
Sweden	1.1
United Kingdom	40.6
other EEA	
Iceland	0.3
Norway	47.2

Country	Passenger
Protected	
Italy	38.0
Portugal	0.4
Spain	7.1
France	1.3
Greece a)	36

a) 1994 figures.

In nearly all cases the passenger movements relate to 'island' traffic. The liberalisation of mainland cruise passenger traffic on 1 January 1995 has had no impact because there are no mainland operations of cruise vessels taking

place in South Europe. Domestic cruise passenger traffic only occurs within the Greek archipelago.

2.3 Cabotage cargo volumes in South European Member States

The North European Member States have already fully liberalised their trades. The ongoing liberalisation will thus affect cabotage trades of Southern European Member States. Apart from the liberalisation of 3 mln tonnes of protected mainland cargoes in Spain in February 1994, following the expiry of the safeguard measures under Art. 5 of the Regulation, no new cargoes were liberalised during the period 1995-1996.

2.3.1 Liberalised (by 31.12.1996)

The cabotage trades in the South European Member States liberalised in the reference period involved non-strategic mainland cargoes, carried by vessels exceeding 650 GT. This segment totalled 18 mln tonnes in 1995. This represents 13,5% of the total cargo volume in Southern cabotage. The following table presents the updated actual figures for 1993 and estimates for 1995.

The total of liberalised trade includes an approximate 3 to 4 mln tonnes of cargoes that are transported on "own account". This concerns mainly transport by vessels owned by cement producers in Spain and Greece and transport of iron and steel products by the producers in Italy.

Table 3 Liberalised cargo trades by market segment and country, 1993 and 1995 (mln tonnes)

category	bulk cargo		general cargo		chem/gas		Total	
	1993	1995	1993	1995	1993	1995	1993	1995
France	1.1	1.3	-	-	0.5	0.6	1.6	1.9
Greece	1.9	2.0	0.2	0.1	-	0.1	2.1	2.2
Italy	5.1	5.6	2.1	2.8	0.6	0.8	7.8	9.2
Portugal	0.1	-	-	-	0.1	0.2	0.2	0.2
Spain	3.7 ^{a)}	3.5	0.3	0.2	0.8	0.8 ^{b)}	4.8	4.5
Total	11.9	12.4	2.6	3.1	2.0	2.5	16.5	18.0

a) the total refers to the volume that theoretically would have been effected if the liberalisation had already been in effect during 1993. Due to the safeguard measures that were in force until February 1994, the cabotage volume that was liberalised in reality amounted to some 0.5/0.8 mln tonnes only.

b) estimate.

2.3.2 Non liberalised (by 31.12.1996)

The non-liberalised cargoes in Southern Europe (i.e. mainland transport of non-strategic cargoes by vessels <650 GT and all strategic and island cargoes), amounted to 115 mln tonnes in 1995 divided as per Table 4 .

Table 4 Non-liberalised trades in Southern Europe by market segment (mln tonnes)

category	revised actual 1993	estimated 1995
carried by vessels < 650 GT	3.0	3.5
strategic mainland trades (oil & water) ^{a)}	28.1	26.5
strategic island trades (oil & water)	33.1	37.9
bulk cargoes - island	23.4	22.5
general cargoes - islands	21.7	24.5
Total non-liberalised trades	109.3	114.9

a) bulk liquids, excluding non strategic sections (chemicals, gases, edible oils, etc.).

2.3.3 Involvement of foreign flags in liberalised cabotage trades

Cargo trades - general

Of the 18 mln tonnes of liberalised Southern European trades, 3 mln tonnes or 17% was carried by non-national vessels, from other EU or non-EU registers. Compared to the corresponding figure for 1993 (12%), this points at a growing market share for non-national flags. However, compared to the total amount of maritime cabotage trade in Southern European Member States (133 mln t.), the market share of non-national flags remained small with 2.3% (compared to 1.6% in 1993).

A further breakdown of the volume of 3 mln tonnes carried by foreign flags is presented in table 5.

Table 5 Flag involvement in liberalised South European cargo trades (1995 - mln tonnes)

Country	Total Cabotage Trade	EU flag involvement	non EU flag involvement	total foreign flag involvement
France	8.9	0.210	0.430	0.640
Greece	18.4	0.005	nil	0.005
Italy	58.9	0.095	0.170 (a)	0.265
Portugal	6.0	nil	nil	nil
Spain	40.5	1.420	0.720	2.090
Total	132.7	1.730	1.320	3.050

(a) the division between liberalised and non-liberalised is unknown. It is assumed that most of the transport under foreign flag relates to liberalised trades.

It appears that only 1.73 mln tonnes were carried by EU vessels on the basis of Regulation 3577/92, whilst 1.32 mln tonnes were carried through waivers by non-EU vessels. Hence, it has to be concluded that the impact of the liberalisation under Regulation 3577/92 during the period of review has been very modest : only 10% of the liberalised cargo volume (18 mln t.), or 1,3% of the relevant market (1.73 mln

tonnes on a total of 133 mln tonnes) was actually carried by ships registered in other Member States.

A comparison by Member State between 1993 and 1995 shows no significant changes, because national market shares remained close to 100%, except for Spain. In 1995, 82% of the mainland trade was carried by Spanish flag vessels, compared to 89% in 1993. However, the difference is mainly caused by reflagging of Spanish owned cabotage vessels to the Madeira register. The flagshares in mainland cabotage are now as follows : Spanish = 82%, MAR = 7.5%, EU flags = 3.5%, non-EU flags through waivers = 7%.

2.3.4 Foreign flag involvement in non-liberalised cabotage trades

The non liberalised cargoes (114.9 mln tonnes in 1995) were in principle still exclusively reserved for the national flags. However, in 1995 an estimated 6.6 mln tonnes (6%) of these protected cargoes were transported by non-national vessels through waivers in cases where national flag vessels were not available. Waivers were predominantly issued by three countries: France (0.6 mln tonnes), Spain (1.3 mln tonnes) and Portugal (4.7 mln tonnes). Compared to 1993, the volume of traffic carried under waivers increased by 10%.

Table 6 Flag involvement in non liberalised South European trades (1995, mln tonnes)

country	EU flag (incl. second registers) involvement	non EU flag involvement	total foreign flag involvement
France	0,370	0,260	0,630
Greece	nil	nil	nil
Italy (a)	nil	nil	nil
Portugal	4,700	nil	4,700
Spain	600	0,700	1,300
total	5,670	0,960	6,630

(a) see footnote table 5.

Compared to the previous report, the utilisation of waivers went up in France and Spain, although the total volume remained modest. In Greece and Italy, waivers are rarely granted ; volumes remained negligible.

As set out in the previous report, all cabotage transport of oil products in Portugal (4,7 mln tonnes) is carried out by Portuguese owned vessels operating under the Madeira register through waivers.

N.B.

As announced in the previous report, the Commission has examined whether the derogations accorded by Article 6 of Regulation 3577/92 remain justified considering that Member States' provisions on waivers for access to non-liberalised trades do not include a preference system in favour of EU flags (of all Member States only Germany applies the principle of Community preference, see Law on Coastal Navigation of 26 July 1957 modified on 15

July 1994). However, taking into account that the volumes carried under waivers are limited, whilst a substantial proportion of the carriers concerned have an economic link with the Community, there appears to be no economic necessity for a specific initiative in this field at present.

2.4 Foreign flags in cabotage trades of Northern Europe

2.4.1 North European Member States - CARGO

The cabotage in all North European Member States is fully open to all other EU flag vessels. In some Member States non-EU vessels require waivers (D, SW, FIN), unless they have been granted access on the basis of bilateral agreements. In the other Northern Member States third country vessels can participate on the same basis as EU vessels. The degree of foreign participation differs considerably from country to country.

For Denmark and Sweden statistical data are not available, while for Austria, Luxembourg, Belgium and the Netherlands this issue has no relevance, cargo cabotage being marginal or non-existent. The situation in the other countries is illustrated in table 7.

Table 7 Flag division in the cabotage trades in North European Member states (1995)

Country	total volume (mln tonnes)	national share (%)	EU flag share (%)	non EU flag share (%)
Finland	5.9	88	12	nil
Germany	7.6	67	15	18
Ireland	0.7	4	80 ^{a)}	16 ^{a)}
United Kingdom	77.5	40	15	45

a) estimate.

2.4.2 Northern European Member States - PASSENGERS

The quasi totality of passenger cabotage in Northern Member States is island cabotage. According to the information available within the Commission services, 100% of these operations is carried out by vessels flying the national flag.

2.4.3 Iceland and Norway

There is no foreign participation in Iceland. The Norwegian flag accounts for 83% of Norwegian cabotage. It is not known how the remaining 17% is divided between EU and non-EU registered ships. For passenger traffic, the same applies as for the Northern European Member States : 100% national flag.

2.5 Cabotage fleets

Annex III contains data relating to the cabotage or "coastal" fleets of the Member States. Comparative data are provided for 1994 and 1996. Ships registered in DIS, MAR, Norway or Iceland are not included ; they are referred to in Chapter 3 of this report.

In the Southern Member States, dedicated cabotage fleets can be identified on the basis of specific licences, etc. However, in the Northern Member States this is not possible, as explained in the previous report. Therefore the "coastal" fleet consisting of vessels below 6,000 GT (10,000 DWT) has been chosen as the yardstick.

Between 1.7.1994 and 1.7.1996 the coastal fleet of the Northern Member States (except Austria, Finland and Sweden) decreased by 14% from 1,490 to 1,200 ships, but increased slightly in capacity measured in GT (+3%).

In the Southern Member States the number of vessels did not change significantly (1191 units in 1996) but the capacity in GT increased by 44% due to the bringing into service of new big ferries in Greece, Italy and Spain. The small Portuguese cabotage fleet declined further due to continued reflagging to Madeira.

2.6 Conclusions

In the reference period 1995-1996, not many changes took place compared to the situation described in the first cabotage report.

The liberalised segment of the market in Southern Europe remained restricted to mainland cargo cabotage with vessels over 650 GT, which represents 18 mln tonnes of a total Southern cabotage market of 133 mln tonnes.

The only new market segment being liberalised in the reference period concerns the so-called mainland cruises. However, this is a theoretical step without practical consequences since all cruise programmes include at least one island destination. Island cabotage and mainland passenger operations will not be liberalised until 1 January 1999⁵.

The participation of non-national EU carriers in the liberalised segment of the Southern cabotage market remained modest : almost 10% of this market segment of 18 mln tonnes was carried by non-national EU vessels on the basis of Regulation 3577/92 in 1995. Non-EU carriage through waivers was more substantial : 7.9 mln tonnes, of which 1.3 mln tonnes in the liberalised market segment and 6.6 mln tonnes of non liberalised trades.

The outlook for the next period 1997-1998 is that, due to the liberalisation of strategic mainland trades (26.5 mln tonnes) as from 1.1.1997, a more substantial step will be made on the way towards liberalisation of the Community's maritime cabotage market.

⁵ Island cabotage in Greece, as far as regular passenger and ferry services and services provided by vessels below 650 Gt are concerned, shall only be liberalised by 1.1.2004.

3. THE PARTICIPATION OF DIS AND MAR REGISTERED VESSELS IN EU CABOTAGE AND THE QUESTION OF THE EXTENSION OF REGULATION 3577/92 TO THE EEA.

3.1 Introduction

The two questions referred to above were discussed in the Council of December 1995, following the presentation of the first cabotage report. On both issues, several delegations expressed concern that vessels registered in DIS, MAR, Norway or Iceland may have considerable cost advantages over the vessels of other national registers of EU Member States and therefore were reluctant to grant cabotage rights to these vessels in the same manner as to other EU vessels. Decisions were postponed until after the presentation of the second cabotage report.

In this chapter the two questions are examined in more detail by analysing in particular : the evolution of the relevant fleets since 1994 and the cabotage involvement at present. The comparative crew costs for all relevant registers are examined in Chapter 4.

The temporary derogation provided for in Article 1.2 of Regulation 3577/92 suspending the application of the provision of Article 1.1 requiring that ships fulfill all conditions for carrying out cabotage in the Member State of registration, expired on 31 December 1996. The derogation applied to the vessels of the DIS and MAR registers. In anticipation of the expiry, the Danish authorities have lifted⁶ the ban on the participation of DIS cargo vessels in Danish cabotage. The Portuguese law has also been amended to allow MAR registered vessels to participate in Portuguese mainland cabotage as from 1 January 1997. This means that DIS cargo⁷ vessels can continue to participate without restrictions in EU cabotage, whilst MAR vessels have access to mainland cabotage.

Vessels registered in Norway or Iceland will have no access to EU cabotage as long as no decision is made on the extension of the cabotage Regulation to the EEA. In addition, it should be noted that NIS vessels are not allowed to participate in Norwegian national cabotage. Therefore, even if Regulation 3577/92 were extended to the EEA, NIS vessels would still have no cabotage rights. On various occasions the Norwegian authorities have stated that it is not their intention to modify the present NIS legislation in the near future. In this case, Icelandic and NOR registered vessels would gain access to provide maritime cabotage services. The NOR register is situated among the more expensive registers compared to EU standards.

3.2 Fleet developments

3.2.1 DIS and MAR fleets

Annex IV describes the composition of the DIS and MAR fleets. The main developments are the following :

⁶ Law 464 of 12 June 1996 which entered into force on 1 December by order 1003 of 29 November 1996.

⁷ The situation for vessels carrying passengers has not been changed. Vessels carrying both cargo and passengers, such as Ro-Ro ferries, are considered as passenger vessels.

The number of ships registered in DIS showed a slight decrease from 1994 to 1996 (from 478 to 448 ships ; -6%). However, total tonnage went up from 6.7 to 7.6 mln tonnes DWT (+13%) due to an increase in the tanker sector. The tonnage of other ship types remained more or less unchanged. The fleet is relatively young : 70% of the vessels is under 10 years.

The MAR fleet is still relatively small, although the number of ships increased from 35 in 1994 to 59 in 1996. However, DWT capacity decreased by 27% (from 1.46 mln DWT to 1.07 mln DWT) due to the fact that a number of large tankers flagged out. Of the 59 ships 19 are Portuguese owned and 34 are Spanish owned (compared to 9 in 1994).

3.2.2 The fleets of Iceland and Norway

The Icelandic fleet, comprising 17 vessels is largely involved in domestic trades, only a few vessels operate internationally. There were no fleet changes between 1994 and 1996.

The National Norwegian Register (NOR) covers 772 vessels of mainly small size, but also some 60 larger tankers for the offshore oil trades. Most vessels operate nationally. The average ship size stands at 2,700 GT only. Since mid 1994 this fleet has hardly changed.

The NIS fleet has an entirely different structure and consists mainly of large bulk vessels ; 287 tankers, 116 bulk carriers and 155 general cargo vessels. The average ship size here is 28,000 GT. Since 1994, about 80 vessels (mainly bulk) left the register. Other ship types include container vessels (6), reefers (13), ro-ro cargo (72), ro-ro passenger ferries (5) and passenger vessels (16). The total number of vessels at 1.1.1996 was 670 with 18,799,000 GT.

3.3 Cabotage involvement

3.3.1 Participation of DIS and MAR vessels

In the previous report it was estimated that of the total DIS fleet, at most 50 units were employed regularly in EU cabotage outside Denmark, mainly in Germany and the U.K. It was further estimated that 1 to 2% of the turnover of the DIS fleet was earned from cabotage activities, while only one quarter of this percentage stemmed from activities in Southern Europe, such as incidental transport of chemicals, gases and container feeder services.

The pattern found in 1996 is basically the same as described above, although DIS involvement showed an increase in Spain, where participation in the mainland container feeder trade went up from 0.094 mln tonnes in 1994 to 0.175 mln tonnes in 1996. The increase is due to the replacement of previously chartered non-EU tonnage by DIS vessels operating mainly in "international" feeder trades carrying cargoes on domestic routes on a through bill of lading.

MAR vessels participate in Portuguese cabotage (4.7 mln tonnes of oil products through waivers) and Spanish cabotage (1.6 mln tonnes). The MAR vessels operating in Spain are Spanish owned and have recently been flagged out from the Spanish register (see chapter 2, paragraph 2.3.3). In the case of Portugal, the MAR vessels are all Portuguese owned and employ Portuguese crew. There are no reports of significant MAR involvement in other cabotage trades.

3.3.2 Participation of Icelandic and Norwegian vessels in cabotage

Although precise figures are not available, it is commonly known that NIS vessels are strongly represented in the British mainland oil trades and in shuttling oil cargoes from the British offshore fields to the mainland. According to the reports received by the Commission, Norwegian vessels do not play an important role in any of the other cabotage markets of Member States. It is reported that Norwegian vessels carried 0,5% of total Spanish cabotage volumes in 1995 (compared to 0,6% in 1994 and 0,4% in 1993) on the basis of waivers. In addition, the French authorities granted 5 single trip waivers to NIS vessels in 1995 for the carriage of liquid gases and chemicals. No other reports of Norwegian cabotage involvement have been received, neither were any Icelandic vessels identified in EU cabotage.

3.4 Conclusions

- a- In the reference period 1995-1996 DIS and MAR vessels had the same cabotage rights as other EU vessels on the basis of Art. 1.2 of Regulation 3577/92, which provision expired on 31.12.1996. Following the amendments of relevant Danish and Portuguese laws, DIS cargo vessels will continue to have such rights, whilst MAR vessels have access to mainland cabotage.

As NIS and Icelandic vessels were not covered by Regulation 3577/92 in the reference period, participation in cabotage was only possible through waivers.

- b- From the data presented in paragraph 3.3, it follows that the participation of DIS, Norwegian and Icelandic vessels in EU cabotage in Southern Member States has been marginal until now.

The case of MAR is different in the sense that a number of traditional cabotage operators established in Portugal and Spain have reflagged vessels to MAR in an attempt to reduce their operating costs, while their vessels continue to operate in their traditional markets.

- c- Already in 1994, the Commission proposed to the Council the extension of Council Regulation (EEC) N° 3577/92 applying the principle of freedom to

provide services to maritime transport within Member States as part of the "interim package". In 1995, when the first cabotage report was presented to the Council, the Commission expressed the view that Regulation 3577/92 had to be extended to the EEA. Consequently, in 1996, the Commission transmitted a proposal to the Council to extend Regulation 3577/92 to the EEA. The European Parliament endorsed this position. Furthermore, the observed market developments since then have given no reason for concern on economic grounds. Therefore, the Commission confirms its position regarding the EEA relevance of Regulation 3577/92 and the resulting obligation of the Community to grant the right to carry out maritime cabotage to the EFTA/EEA States.

4. CREW COST COMPARISONS

4.1 Calculations (input and outcome)

Crew costs are an important element in the competition between carriers operating under different flags (although there are many other factors involved, see paragraph 4.2). Therefore, the Commission has asked a specialised consultant to estimate the comparative crew costs for three shiptypes which are considered to be representative for cabotage operations : a 1500 GT / 3000 DWT and a 3300 GT / 6000 DWT dry bulk cargo vessels and a 9000 GT/15000 DWT product tanker.

Manning costs are predominantly determined by the following factors : crew composition, nationality requirements and the different salary levels for such seafarers and, thirdly, specific national rules regarding income tax and social contributions of seafarers.

Generally, there is a difference between South European cabotage manning requirements and Northern European requirements in the sense that (a) the number of seafarers on board is above the average found in the North and (b) nationality requirements tend to be more strict (in some cases the rules require 100% EU or national crew). On the other hand, the so-called second registers (presented in bold in table 12) hardly impose any nationality requirements : normally only the captain has to be a national of the flag State.

As regards market access rights, it should be recalled that DIS-cargo vessels and ISR-vessels (Germany) have the same cabotage rights as ships in first registers. MAR vessels had such rights until 31.12.1996 and since then they have access to mainland cabotage only. In Spain, REC vessels have free access to those market segments that have been liberalised⁸ under Regulation 3577/92. NIS vessels have no cabotage rights.

The outcome of the crew cost calculations is presented in tables 5.1, 5.2 and 5.3 of Annex 5. A comprehensive overview of the results is summarized in the following table. The figures relate to the average crew number and nationality situation as has been found to be typical for the fleets of the different countries. The estimate shown in this table represents the net manning costs to the shipowner, i.e. gross manning costs minus tax benefits or other labour related State aids which applied in the various countries in January 1996.

⁸ REC vessels also have access to strategic cargo in island cabotage in Spain, provided that until 1.1.1999, 100% of the crew consists of EU nationals and that the captain and his first officer are Spanish nationals.

Table 12 Comparative crew costs by shiptype and register (average EU = 100) h) - Situation January 1996.

	general cargo		Product tanker
	1,500 GT	3,300 GT	9,000 GT
DIS minimum (Denmark) c)	35	50	43
Madeira (Portugal)	45	40	50
NIS (Norway)	53	45	67
Netherlands	55	46	56
ISR (Germany)	56	65	86
Portugal a)	74	72	79
REC (Spain) a)	77	76	78
Italy	78	78	107
Iceland	n.a.	80	75
DIS - Danish crew (Denmark) c)	83	115	107
Germany	86	78	103
United Kingdom	92	89	78
Greece a)	92	97	100
Ireland	95	93	80
Denmark	105	147	137
Spain a)	107	105	100
Norway	107	107	139
Finland	114	128	110
TAAF (France)	133	129	104
Luxembourg	140	123	115
Sweden	158	141	133
Belgium	180	160	150
France	236	236	202

a) Consultants' estimate based on shipowners data.

b) Ranking according to estimated costs for a 1,500 GT vessel.

c) "DIS minimum" stands for Danish captain and entirely foreign crew paid on the basis of a collective bargaining agreement concluded with foreign seaman's unions. "DIS-Danish crew" stands for Danish captain and either Danish crew or mixed crew paid according to Danish standards.

Sources: Tecnecon/MERC/ISF.

4.2 Conclusions

From the above table, the following tentative conclusions can be drawn for cabotage cargo vessels :

- crew costs are lowest in the second registers : DIS-minimum, MAR and NIS, but crew costs under the Dutch national register are in the same range ;
- crew costs under ISR, Portuguese national register and REC are also clearly below average ;
- slightly below average are : Italy, Iceland, DIS-Danish, Germany, the UK, Greece and Ireland ;
- the other registers are average or above, among which the registers of France, Belgium and Sweden show the highest manning costs.

These tentative conclusions should be interpreted with great caution taking into account the following considerations :

- a- The crew costs under different registers are strongly influenced by specific fiscal arrangements which are changed by national authorities from time to time. At present, the Commission is examining several new labour cost related State aid schemes for 1997 (France, Sweden, REC). Germany has recently revised the support measures for shipowners and temporarily reduced the overall budget for this programme. Norway has also modified labour cost related arrangements for seafarers : these new measures are currently being examined by the EFTA Surveillance Authority. In some other Member States, discussions on such measures are underway between the government and the social partners. Consequently, the competitiveness ranking of table 12 is likely to change considerably in the near future.

To illustrate the point, the high ranking of the Dutch register in table 12 is due to the fact that in January 1996 a new scheme came into force by which a zero rate was introduced for income tax and social contributions of Dutch seafarers on board Dutch flag vessels. At the same time, investment premiums were abolished. If, for 1995 the same calculations had been made, then the crew costs ranking of this register would have been around EU average.

- b- Crew costs form only a small percentage of the total costs of a cargo vessel⁹. Fixed costs, of which capital costs are the main component, normally account for more than half of the overall costs. The other so-called operational costs broadly include fuel, expenditures for surveys, repairs and maintenance and manning costs. As a general rule, fuel costs account for 45-50% of the operational costs, surveys, maintenance and repairs for 10 to 15%, and manning costs for the balance.

Certain of these cost components can be assumed to be the same in all Member States (e.g. fuel is tax free in all M.S.), however, other cost elements may differ considerably. For instance, capital costs are influenced by investment premiums (granted in a number of Member States) or by interest rate subsidies, or by accelerated depreciation schemes or by other fiscal facilities concerning tax free reserves, profit and loss compensations, etc.

In conclusion, table 12 should not be understood as being the yardstick for the overall competitive position of different registers. It merely compares the manning costs at January 1996, knowing that the picture changes regularly in function of the variables set out above.

⁹ Passenger operations are more labour intensive, hence, crew costs play a greater role.

5. LIBERALISATION OF ISLAND CABOTAGE AND ITS ANTICIPATED SOCIO-ECONOMIC IMPACT.

5.1 Legislative provisions

Article 6.2 of Regulation 3577/92 provides that island cabotage in the Southern Member States¹⁰ shall be temporarily exempted from the implementation of the Regulation until 1 January 1999. Article 6.3 provides that this derogation should be extended for Greece until 1 January 2004 for regular passenger services, ferry services and services provided by vessels less than 650 GT.

On manning nationality requirements for vessels engaged in island cabotage (valid for both Southern and Northern Europe), Article 3.2 of the Regulation provides that all matters relating to manning shall be the responsibility of the State in which the vessel is performing a maritime transport (host State). However, Article 3.3 states that, as from 1.1.1999, manning of cargo vessels over 650 GT engaged in so-called consecutive island cabotage¹¹ shall be governed by flag State conditions.

Article 3.4 further provides that (a) the Commission shall make an in-depth examination of the economic and social impact of the liberalisation of island cabotage and shall submit a report to the Council before 1 January 1997, and (b) that this latter report should serve as a basis for a proposal to be submitted to the Council which may include adjustments to the manning nationality provisions laid down in paragraphs 2 and 3 of Article 3 and that the definitive system shall be approved by the Council before 1 January 1999.

The present chapter summarizes the findings of the aforementioned examination of the possible socio-economic impact of the forthcoming liberalisation of island cabotage. A proposal on manning nationality provisions will be submitted shortly after the present report has been discussed in the Council framework.

5.2 Cabotage related employment in South European Member States

From the study carried out on behalf of the Commission, it appears that the issue of liberalisation of island cabotage is still a very sensitive one in Southern Europe. In particular, if it was decided to modify the current nationality manning requirements from host State to flag State, the Unions of seafarers fear there would be an important loss of local employment. It should also be stressed that the unemployment rate in certain island regions is very high compared to the national average of the countries concerned. Hence, it would be very difficult for any seafarers resident in the islands made redundant to find alternative employment there. For example, Sicily and Sardinia are island regions with an unemployment rate substantially above average. However, there are also islands with a relatively low unemployment rate :

¹⁰ that means : island cabotage in the Mediterranean and with regard to Canary, Azores and Madeira archipelagoes, Ceuta and Mellila, the French islands along the Atlantic coast and the French overseas departments (Guadeloupe, Martinique, Guyane, Reunion).

¹¹ that means : the island cabotage voyage concerned follows or precedes a voyage to or from another State.

the Balearics, Crete and Madeira. In the other island regions, the employment situation is not very different from the mainland.

The total number of jobs directly related to South European cabotage is summarized in the following table :

Table of Estimated total number of jobs associated with South European cabotage activities (1995)

category	sea		shore		Total		
	total	island trades	total	island trades	total	island trades	island residents
France ¹²	4,094	3,350	1,747	1,457	5,841	4,820	1,820
Greece	14,430	12,200	2,500	900	16,930	13,100	5,860
Italy	18,450	17,500	2,050	1,950	20,500	19,450	7,780 ^a
Portugal	523	500	88	70	611	570	128
Spain	6,300	4,540	1,240	1,090	7,540	5,630	1,602
Total	43,797	38,090	7,625	5,480	51,422	43,570	17,190

These figures include all cabotage sectors : cargo (liquid bulk, dry bulk, containers etc.), regular passenger/ferry services and cruise activities. Cabin crew and catering personnel on board passenger vessels are counted as seafarers and are included in the above figures, which refer to all island regions as specified in footnote 10.

From these figures, it follows that island cabotage is indeed an important source of employment in the regions concerned. With some 38.090 seafarers in island cabotage and some 5.480 directly related shore staff, the island sectors count for 43.570 jobs.

¹² Although by virtue of Art. 6 of Regulation 3577/92 island cabotage with the French DOM's is temporarily exempted (until 1.1.1999) from its application, French national legislation only reserves to the French flag cabotage trades between ports of one and the same overseas department and between ports in Guadeloupe, Guyane and Martinique. As a result, cabotage related employment is limited to a small number of local seafarers (+/- 100) and shore staff (+/- 20), which figures are included here.

The great majority (70%) of seafarers jobs in island traffic is found in the labour intensive passenger trades (see below) :

- regular passenger/ferry services :	22.200 seafarers	= 58.4%	} 70%
- island cruise services :	4.400 seafarers	= 11.6%	
- island cargo trades :	11.400 seafarers	= 30%	
	+ -----	+ -----	
	total of 38.000 seafarers	= 100%	

5.3 The socio-economic impact of cabotage liberalisation until now

5.3.1 Southern Member States

In order to estimate what the likely socio-economic impact of the forthcoming liberalisation of island cabotage in Southern Europe will be, it has been examined what conclusions can be drawn from :

- a- the partial liberalisation of mainland cabotage in Southern Europe up to now and
- b- the completed liberalisation of both mainland and island cabotage in Northern Europe (see 5.3.2).

As regards point -a-, the analysis presented in chapter 2 has shown that the impact of the liberalisation has been very limited : of the 18 mln tonnes of cargo being liberalised under Regulation 3577/92, only 1.73 mln tonnes (10%) were carried by ships from other Member States. There are no indications that this modest participation of foreign EU carriers has had a significant impact on the position of seafarers in Southern Member States.

Another development, with perhaps a greater bearing on the position of EU seafarers, was the participation of foreign registered vessels (both EU and non-EU) in non-liberalised trades on the basis of waivers granted by national authorities for a total volume of 6.6 mln tonnes. As stated before, it has been observed that national carriers tend to cut costs (notably in Portugal and Spain) by reflagging cabotage vessels to a second register and to use these same vessels on the basis of waivers in cabotage trades. However, the trend to cut costs by re-flagging is a general one, observed in all sectors of Community shipping, independent of the cabotage Regulation.

If any conclusion can be drawn from the above situation, it appears to be that the socio-economic impact of the cabotage Regulation is less pronounced than initially expected or feared by certain parties. However, this is only a preliminary conclusion since it should be borne in mind that the liberalisation of cabotage in Southern Europe has only just begun : 18 mln tonnes have been liberalised out of a total cabotage cargo volume of 133 mln tonnes. More significant volumes of strategic mainland cabotage are now being

liberalised as from 1 January 1997 whilst the liberalisation in passenger trades will not start until 1.1.1999.

5.3.2 Northern Member States

Some Northern Member States apply traditionally an open coast line policy (UK, Ireland, Denmark, Netherlands, Belgium). Hence, cabotage has been completely free and open to worldwide competition for many decades. In other Member States cabotage was liberalised with the entry into force of Regulation 3577/92 (Germany) or at the moment of accession to the Community for Sweden and Finland respectively.

The U.K., with a substantial cabotage market and a completely liberal policy, is an interesting case to see to what extent national carriers can be substituted by foreign carriers in the long run. It appears that the situation differs for the following market segments : liquid bulk, dry cargo and passenger services. In liquid bulk, UK registered ships hold a market share of only 30%; in dry bulk, the share is around 50%, whilst passenger cabotage services are entirely carried out under the national flag.

The UK tanker cabotage market is a special case. The substantial oil transport from the continental shelf in the North Sea has attracted international tanker operators (NIS, Finland, others). The average loading capacity of tankers used in this trade is also much higher than of tankers in conventional cabotage trades.

It should also be borne in mind that in the bulk sector and in particular in Northern Europe, many EU established shipowners have chosen to re-flag their vessels to non-EU registers (for fiscal and other reasons falling outside the scope of the cabotage Regulation). This may lead to a situation where the number of vessels required to serve the national cabotage market is no longer available under the national flag.

In the other Northern Member States, passenger island cabotage is 100% carried out by nationally owned, crewed and registered vessels. Cabotage passenger trades are important in Denmark and to a lesser extent also in Germany, Finland and the Netherlands (see table 2).

As regards cargo cabotage, the situation varies by Member State. In Germany, national carriers operating under the national flag held in 1995 (see table 7) 67% of the market (liquid bulk and dry cargo combined), 15% was carried under other EU flags and 18% by third country registers through waivers.

For Denmark and Sweden, no precise figures are available, but experts suggest that the global patterns should be roughly similar to those found in the UK and Germany respectively.

In Finland, national carriers have 88% of the market, 12% is carried by other EU flags.

5.4 Extrapolation of trends observed

To what extent can the experiences gained with free cabotage in Northern Europe be used to forecast future developments in Southern Europe? Obviously, the differences between the relevant markets have to be taken into account.

From the preceding section it appears that domestic regular passenger services tend to remain in the hands of carriers established in the State concerned, operating ships registered in that State and crewed by nationals of that State, even if the market is open and free for many years. The most likely explanation for this phenomenon in Northern Europe is that it is not financially attractive for a newcomer to set up a regular passenger service to Nordic islands in parallel to the existing service of the traditional carrier. In the Northern Member States such services are normally carried out on a purely commercial basis, which implies modest profit margins in an open low-growth market. It is also worth noting that cabotage passenger operators hardly make use of the possibilities under the laws of Northern Member States to engage foreign non-EU staff on board their domestic ferries. Language considerations may partly explain this preference for national seamen.

The market for regular passenger services to and from islands in Southern Europe is different in the sense that the seasonal fluctuations in demand (summer peak) are much more pronounced. Island services can be very profitable in the summer. Hence, it is not to be excluded that newcomers would find it commercially attractive to set up new regular passenger services in parallel to those offered by the traditional carriers. Although, such an evolution would be compatible with the principle of freedom to provide services, it also implies that the issue of harmonisation of competition conditions merits special attention.

The concern of seafarers Unions and ferry operators in Southern Europe with increased competition from outside should be seen against the background of other fundamental changes taking place in their economic environment, such as moves towards privatisation of presently State-owned ferry companies serving island regions in Italy and Spain, pressure from certain governments to re-examine the provisions on public service obligations in favour of a new approach based on public tender, the introduction of fast ferries, etc. These developments should in any event force operators to become more market oriented and competitive, a process which can already be observed.

When being asked to express their views on the forthcoming liberalisation of the cabotage market and the possible switch from host State to flag State manning conditions, it became clear that this latter point is the main source of concern amongst South European seafarers, in particular in relation to the labour intensive passenger services. It would be considered unfair if North European carriers were allowed to set up regular passenger services in Southern Europe making partial use of cheap third country labour, as is allowed to some extent under their flag State manning provisions.

As regards island cargo trades, the situation is less sensitive. First of all, because crew costs play a lesser role in cargo trades and only 30% of all seamen employed in Southern island cabotage work in the cargo sector (see page 20). Secondly, some 40% of these jobs are found on board very small vessels with a loading capacity of less than 650 GT, which hardly exist in fleets of Northern Member States. The

possible application of flag State conditions would therefore not be likely to have a significant impact on this sector.

In island cargo cabotage, with bigger vessels, Northern carriers could offer competition. However, considering that Regulation 3577/92 provides for long transition periods allowing the parties concerned sufficient time to prepare for the opening of the market, further considering that there is no legal obligation to open the cabotage market to non-EU carriers (as has been done in certain Northern Member States), and taking into account the experience gained with the liberalisation of mainland cargo cabotage, there is no reason to assume unsustainable socio-economic consequences as a result of the liberalisation of island cargo cabotage.

5.5 Conclusions

The host State manning conditions as set out in Article 3 of Regulation 3577/92 are to be regarded as a temporary derogation to the normal flag State regime.

As regards maritime cabotage cargo services, the analysis presented in the previous chapters of this report has not revealed compelling arguments to justify a long lasting derogation from the usual flag State manning conditions. Cargo cabotage services are often carried out by ships which participate alternatively in international and domestic traffic. The manning conditions for this type of cabotage can therefore not deviate substantially from the accepted practice in international trades. The Commission therefore takes the view that as of a certain date (to be decided) flag State manning conditions should apply to the entire EU-market for maritime cargo cabotage.

As regards regular passenger/ferry services in island cabotage, the special character of the market and the potential socio-economic implications of the forthcoming liberalisation, in combination with the envisaged switch from host-State to flag-State manning conditions, would justify the adoption of certain special provisions to counteract a possible disruption of the competition conditions. The Commission believes that this objective can be achieved by the introduction of a regime whereby flag State manning conditions shall in principle apply to all cabotage passenger services but the host State may be allowed to require that, in the case of regular passenger cabotage services, its rules concerning the proportion of EU nationals in the crew shall apply (which would require an amendment of Article 3 of Regulation 3577/92).

In addition, from the safety aspect it should be recalled that Member States may require, in accordance with Council Directive 94/58/EC of 22 November 1994 on the minimum level of training for seafarers (O.J. N° L 319 p. 28), that a certain percentage of the crew members and in particular those nominated on muster lists to assist passengers in emergency situations, must have communication skills that are sufficient for that purpose and which may consist, inter alia, in speaking the language or languages appropriate to the principal nationalities of passengers carried on a particular route.

This approach will allow the internal market to work on the basis of Community social standards wherever this is possible.

It is the Commission's intention to submit to the Council a legislative proposal amending Article 3 of Regulation 3577/92 along the lines set out above, in the near future.

ANNEXES

ANNEX 1

Table A.1 Overview of cabotage provisions for EU Member States

Country	Basic principle on cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1st Register	2nd Register	1st Register	2nd Register	
Austria	No maritime cabotage	-	not applicable	None, negotiated on ship by ship basis.	not applicable	Vessel owned/managed by EU citizen/company domiciled in Austria	not applicable	None applicable for shipping
Belgium	Not restricted	-	not applicable	Captain should be Belgian citizen, waivers given in case of non availability.	not applicable	Vessel owned by Belgian/EU citizen/company domiciled in Belgium/EU or non EU national represented by Belgium/EU citizen with office in/managed from Belgium	not applicable	None specifically for seafarers
Denmark	Not restricted: Decree 658/94 allows all foreign vessels to participate.	Previous restrictions for DIS cargo vessels have been abolished as of 1 December 1996.	not applicable	Captain must be Danish.	DIS Register: - Captain to be Danish national. - Third country nationals can be employed on local wage conditions.	Vessel owned by Danish or EU persons or companies and managed from Denmark.	DIS Register: see 1st register	Seafarers on board DIS vessels are tax exempted and paid net wages.

Source : Merc TecEcon

Country	Basic principle on cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1st Register	2nd Register	1st Register	2nd Register	
Finland	<p>Restricted:</p> <p>Cabotage governed by Section 4 of Restrictive Trades Practices Act.</p> <p>Foreign vessels generally prohibited from entering domestic coastal trades.</p>	<p>An amending Act (1362/94) issued on 1.1.95:</p> <p>abolished restrictions concerning cabotage for EU vessels.</p>	<p>Permits granted for maximum of 1 year to foreign vessels trading between Åland and mainland.</p> <p>3 awarded in 1993. No permits awarded in 1995/6.</p> <p>Special permits be obtained from MOTC for foreign ships in mainland cabotage if no suitable Finnish ship available.</p> <p>10 permits given in '95, 5 in '96 (mainly Eastern Europe flags).</p>	<p>Finnish citizens retained on collective labour contracts.</p>	<p>Master must be Finnish national.</p> <p>May recruit foreign crew members on certain conditions by way of derogation from the usual collective labour agreements.</p> <p>Half the crew may consist of members domiciled in the EEA.</p> <p>Finnish crews are largely used in practice.</p>	<p>Registration governed by Marine Registration Act (512/1993).</p> <p>>60% vessel owned by Finnish citizens/ companies.</p> <p>Amendment to Shipping Act (167/1939) of 1.10.94 to allow foreign ships registered in Finnish register if owned/ controlled by Finnish - or EEA entities.</p>	<p>List of Merchant Vessels in International Trade (Act No. 1707/1991).</p> <p>Ownership requirements same as 1st register.</p> <p>Vessels must be less than 20 years old.</p> <p>Registration not permitted for passenger/ car ferries or vessels engaged only in cabotage.</p>	<p>Tax rebates and partial refund of social security costs paid by the owner are available for ships listed on the International Register.</p>
France	<p>Restricted:</p> <p>Art.257 'Code des Douanes' (11/5/77):</p> <p>only French flag vessels can participate between metropolitan ports.</p> <p>Art.258 extends this to voyages between ports in one dom and ports of Guadeloupe, Guyane and Martinique.</p>		<p>Waivers can be granted for single or consecutive voyage(s) to non-EU vessels in liberalised trades and EU-vessels in non-liberalised trades in case of "identified demand" (art 257).</p>	<p>1st Register: master and first mate French citizens,</p> <p>other crew citizens of the EU or EEA.</p>	<p>TAAF (Kerguelen) Register: -35% of crew should be French nationals, incl. captain and 1st engineer.</p>	<p>Vessel must belong 100% to a physical person national of EU/ EEA or 50% to a company having its registered office in EU, and its operation carried out from France.</p>	<p>TAAF register: similar as 1st register.</p>	<p>partial refunding corporate tax paid to local authorities,</p> <p>partial refunding social security costs for operations in international trades.</p>

Source : Merc TecEcon

Country	Basic principle on cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1st Register	2nd Register	1st Register	2nd Register	
Germany	Restricted to EU registered or owned vessels: Regulated in Art. 5: para 2, 3 'Gesetz über die Küstenschiffahrt' (Law on coastal shipping).	Paragraph 2.1 sub 3 (which came in effect on 23 July 1994) brought Art 5. in line with CR 3577/92.	Para 2.2 & 3 of Art.5 define: -conditions for granting of waivers to non-EU flag vessels; -these conditions may be waived in case of reciprocity.	According to the para 1 of the Schiffsbesatzungsordnung: Master should be a German national. No further stipulations.	Basically same, but: - Vessels on ISR list, (operating >half year international) may employ foreigners. - Vessels >half year in cabotage cannot enter ISR list and may only employ foreigners if nationals not available.	>50% ownership/control by German or EU nationals with representative domiciled in Germany.(Art. 1 and 2 of Flaggenrechtsgesetz).	ISR same as 1st register.	- ships operating solely in cabotage: no tax relief on income and no subsidies. - profit from ships operating internationally taxed at maximum 28.2% instead of normal 47%.
Greece	Restricted: Regulated in legislative decree 187/73 for passenger and cargo transport. in principle only Greek vessels are allowed	Pres. Decree 215/94 partly harmonised Greek law in accordance with CR 3577/92: - allows involvement of oth. EU vessels in non-strategic trades by vessels >650 GT.	Waivers can be granted: - Art.166 of Nautical Law 187/73 regulates waivers. - During 1995/6 only 4 waivers were granted, for specialised vessels.	Pres. Decree 12/92 demands: - 100% of crew consists of Greek/other EU nationals.	not applicable	Article 5 of Law 187/93 states: >50% of ownership by Greek nationals or legal entities.	not applicable	- Officers pay 8% income tax, - Ratings are totally exempted from income tax.
Ireland	Not restricted	-	not applicable	- Officers to be Irish, UK, other EU or Commonwealth citizens. - Ratings: Irish, UK, or other EU citizens.	not applicable	Vessels owned by Irish citizens/Corporate body or citizens/corporate body of reciprocating states recognised by Government.	not applicable	- 10% Corporate profit tax - 15% straight line depreciation - No reduction on standard tax for seafarers.
Italy	Restricted Regulated in: 'Codice della Navigazione' Chapter III (Shipping Code). in principle, restricted to Italian vessels	Min. of Merchant Marine Circular of 1992: - allows other EU vessels in liberalised cabotage sections.	Waivers may be granted on case by case basis through special authorization by the Ministry.	- Master and chief officer to be Italian, - other crew members Italian or EU citizens (certificates recognised by Italian law).	not applicable	More than 50% property belonging to Italian citizens/companies, as regulated in Art.143 Codice della Navigazione.	not applicable	- 8.86% detaxation of social benefit charges plus - Until 30/11/1996: 10.6% allowance on social benefit charges.

Country	Basic principle on cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1st Register	2nd Register	1st Register	2nd Register	
Luxemburg	No maritime cabotage	-	not applicable	Independent register mainly used by Belgian owners. Captain EU citizen, licence recognised by Luxemburg. Crew according STWC standards.	not applicable	Owned >50% by nationals of EU or commercial companies with registered office in EU, if significant part of management is handled from Luxembourg	not applicable	- none specifically for seafarers
Netherlands	Not restricted	-	not applicable	Captain Dutch national, other crew according to STCW standards, certificates recognised by Dutch authorities.	not applicable	2/3 vessel must belong to Dutch national persons or legal entities with EU nationality. Substantial part of (operational) management to be Dutch/ organised from Holland, regulated in Law of Commerce Art. 311.	not applicable	- Exemption Social Security payment / income tax lower tax brackets for seafarers, - Choice between corporate or tonnage tax.
Portugal	Restricted Regulated in Decree Law 368 /93 restricted to Portuguese vessels	Decree Law 368/93 incorporates CR 3577/92: liberalised trades are open to other EU vessels.	Art.3.1 of D.L.368/93 allows for authorization Minister use of other vessels in case of demand.	100% Portuguese or EU nationals.	Madeira register: - Captain + 50% crew Portuguese or EU nationals	Decree Law 414/86 states: - Portuguese national controlling >50% capital/management of vessel. Office in Portuguese territory. - definition 414/86 is in line with Community law.	Madeira register: - (branch) office in Madeira	Decree Law 293/91 Art.30 D: - taxation on 30% of the profit from the transport activity only.

Source : Merc TecEcon

Country	Basic principle on cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1st Register	2nd Register	1st Register	2nd Register	
Spain	Restricted Regulated in Law 27/1992 on State Ports and Merchant Marine. Decree 392/96 allows participation REC vessels in certain trades.	C.R.3577/92 was temporarily suspended until February '94 for some industrial main-land cargoes.	Art.81 of Law 27/1992 regulates possibility for waivers. During 1995 326 waivers were issued.	Captain and 1st officer Spanish nationals, other crew EU nationals.	Canary Island Register (REC): - captain & 1st officer Spanish nationals, - other crew 50% EU nationals, possible waiver for non EU crew. - If involved in non-liberalised trades all crew to be EU nationals.	Any Spanish company, or EU company with representative appointed in Spain.	All companies may use the REC register, provided that a legal representative is appointed in the Canary Islands.	Law 19/49 (1994) allows fiscal allowances for REC register vessels and for Spanish registered ships operating liner trades to Canaries: - 70% reduction employer social security contribution - 25% deduction in calculation base income tax seafarers, - 35% reduction Corporate Tax
Sweden	Restricted Closed to foreign vessels.	Trades have been liberalised to EU vessels in accordance with CR 3577/92 since 1.8.95.	Exemptions are granted by the National Maritime Administration in cases where no suitable Swedish/EU vessel is available.	None. All crew retained on collective wage agreements regardless of nationality.	not applicable	Governed by maritime Act (1891:35). More than 50% should be owned by Swedish citizens or corporations. Government reserves right to permit foreign ships flying Swedish flag.	not applicable	Tax regime revised end '93. - Shipowners receive full rebate of tax paid on seafarers' income plus additional cash sum of SEK 29,000 per full time employee for social cost contributions.
United Kingdom	Not restricted		not applicable	For 'strategic' ship-types: master British national. Other ships in accordance STCW standards.	not applicable	Vessel >50% owned by British/commonwealth/EU citizen or bodies corporate incorporated in UK/EU.	not applicable	Only for Shipowners; - depreciation allowance, - profit tax, - credit facilities

Source : Merc TecEcon

Source : Merc TecEcon

Country	Basic principle on cabotage	Comment	Waiver system	Crew nationality requirements		Vessel ownership requirements		Fiscal regime
				1st Register	2nd Register	1st Register	2nd Register	
Other EEA countries								
Iceland	Not restricted Open coastline.	Practically unlimited scope for foreign merchant ships to trade between Icelandic ports.	not applicable	Since EEA, all EEA citizens are eligible crew. Under Act 26/1987 Employment Rights of Foreigners, all non EEA crew must obtain work permit from Min.of Social Affairs for entering in employment on board.	not applicable	Governed by Registration of ships Act 115/1985, previously limited registration to Icelandic nationals and residents. Amending Act 62/1992 gives right of registration to citizens/corporations of EEA countries.	not applicable	Seafarers obtain following tax privileges: - income tax deduction US \$ 10,4 x 1.49 for each sea day. - shipowners do not receive any rebates/refunds for social cost contributions.
Norway	Not restricted - Open coastline. NIS vessels in principle excluded, but permission is given for cargo vessels if certain requirements are fulfilled.	Under the scope of the Public Transportation Act 1976, all operators deploying vessels on scheduled coastal passenger services are required to obtain a licence from the MOTC (also applicable to NOR vessels).	NIS vessels can enter some cabotage cargo trades. Such vessels are entered on a list of the Maritime Directorate. The current list contains 16 vessels, mostly highly specialised gas tankers.	None, except master must be Norwegian. All crew retained on collective wage agreements.	NIS register: General requirement for Norwegian master. However exemptions for other nationalities are readily available.	Norwegian Ordinary Register (NOR) governed by the Maritime Transportation Act. Open only to Norwegian citizens/residents or unlimited partnership where at least 60% of ownership is by Norwegian citizens or the owner is a limited company where at least 60 percent of the capital and operating powers are in Norwegian hands.	NIS register put into operation by the Norwegian International Ship Register Act of 12.6. 1987. Ownership requirements as for NOR. If nationality conditions are not met, registration also open to limited company or partnership with head office in Norway, or shipowning partnership with Norway based managing owner, or owner with appointed representative authorised to accept writs on behalf of the owner.	All crew members serving onboard NOR or NIS vessels are entitled to special tax deduction limited to 30% from their gross income, but not more than Nkr 70,000 pa. Limited to seafarers working for a minimum sailing period. Tax rebate system from 1994 providing refunds to shipowners of tax paid on seafarers' wages. Rebates only available for crew members resident/liable for taxation in Norway. Restricted to NOR vessels except where entire crew NIS vessels fulfil residence/liability requirements.

Note: Two of the (former) EEA countries had bilateral and reciprocal cabotage agreements with other EEA and/or EU countries;

Sweden: with Norway, incl. NIS and some of the EU Member States,

Norway: with Sweden, Iceland, Denmark, UK and Portugal.

Source: MERC/TecnEcon

ANNEX II

Table A.2 Overview of cabotage developments by EU Member State (mln tonnes)

EU Member	Category	DRY BULK		LIQUID BULK		GEN. CARGO		TOTAL		TOTAL
		mainl.	islands	mainl.	islands	mainl.	islands	mainl.	islands	
Belgium	1984	NA	-	NA	-	NA	-	NA	-	NA
	1992	NA	-	NA	-	NA	-	NA	-	NA
	1993	-	-	0.05	-	-	-	0.05	-	0.05
	1994	-	-	0.05	-	-	-	0.05	-	0.05
	1995	-	-	0.05	-	-	-	0.05	-	0.05
Denmark	1987 ^{a)}	3.9	3.0	0.5	2.6	-	8.6	4.4	14.2	18.6
	1992 ^{a)}	5.25	2.05	0.55	2.65	-	8.2	5.8	12.9	18.7
	1993 ^{a)}	4.25	1.9	0.45	2.5	-	9.5	4.7	13.9	18.6
	1994 ^{a)}	4.2	1.85	0.5	2.75	-	9.5	4.7	14.1	18.8
	1995 ^{a)}	4.1	1.8	0.6	3.2	-	9.5 ^{a)}	4.7	14.5	19.2
Finland	1992	0.6	0.55	4.1	0.05	-	0.1	4.7	0.7	5.4
	1993	0.55	0.45	4.1	0.05	-	0.1	4.65	0.6	5.25
	1994	0.7	0.45	4.75	0.05	-	0.1	5.45	0.6	6.05
	1995 ^{a)}	0.8	0.5	4.45	0.05	-	0.1	5.25	0.65	5.9
France ^{d)}	1984	2.4	0.3	7.2	0.3	-	1.2	9.6	1.8	11.4
	1992	1.6	0.3	6.8	0.3	-	0.9	8.4	1.5	9.9
	1993	1.6	0.2	6.5	0.3	-	0.9	8.1	1.4	9.5
	1994	2.0	0.2	5.7	0.45	-	0.85	7.7	1.5	9.2
	1995 ^{a)}	1.9	0.2	5.5	0.4	-	0.9	7.4	1.5	8.9
W.Germ. -unified Germany	1987	0.5	-	1.5	-	-	-	2.0	-	2.0
	1992	1.45	-	7.35	0.1	0.05	0.5	8.85	0.6	9.45
	1993	0.95	-	6.05	0.1	0.05	0.5	7.05	0.6	7.65
	1994	0.7	-	5.8	0.1	0.05	0.45	6.55	0.55	7.1
	1995	0.8	-	6.15	0.1	0.05	0.5	7.0	0.6	7.6
Greece	1984	3.0	3.55	6.5	0.9	0.6	2.0	10.1	6.45	16.55
	1992	3.7	4.1	6.0	2.0	0.4	2.4	10.1	8.5	18.6
	1993	3.7	4.1	6.0	2.0	0.4	2.4	10.1	8.5	18.6

EU Member	Category	DRY BULK		LIQUID BULK		GEN. CARGO		TOTAL		TOTAL
		mairl.	islands	mairl.	islands	mairl.	islands	mairl.	islands	
	1994	4.0	4.4	5.0	1.7	0.35	3.1	9.35	9.2	18.55
	1995 ^{a)}	4.1	4.5	4.8	1.5	0.3	3.2	9.2	9.2	18.4
Ireland	1984	0.05	-	0.45	-	-	-	0.5	-	0.5
	1992	0.15	-	0.55	-	-	-	0.7	-	0.7
	1993	0.3	-	0.55	-	-	-	0.85	-	0.85
	1994	0.1	-	0.6	-	-	-	0.7	-	0.7
	1995	0.05	-	0.65	-	-	-	0.7	-	0.7
Italy	1984	4.85	8.35	7.5	21.4	4.0	6.9	16.35	36.65	53.0
	1992	5.4	10.8	6.65	23.15	5.85	11.65	17.9	45.6	63.5
	1993	5.1	17.6	3.75	23.9	2.1	7.4	10.95	48.9	59.85
	1994	4.9	17.2	4.4	25.75	2.0	6.9	11.3	49.85	61.15
	1995 ^{a)}	5.6	16.55	4.65	22.8	2.8	6.5	13.05	45.85	58.9
Netherlands	1984 ^{a)}	-	1.0	-	-	-	0.15	-	1.15	1.15
	1992	0.3	1.45	-	-	-	0.2	0.3	1.65	1.95
	1993	0.4	1.25	-	-	-	0.2	0.4	1.45	1.85
	1994	0.4	0.9	-	-	-	0.2	0.4	1.1	1.5
	1995 ^{a)}	0.4	0.7	-	-	-	0.2	0.4	0.9	1.3
Portugal	1984	0.1	0.5	3.0	0.2	-	0.4	3.1	1.1	4.2
	1992	0.1	0.5	5.0	0.4	-	0.8	5.1	1.7	6.8
	1993	0.1	0.5	4.3	0.4	-	0.8	4.4	1.7	6.1
	1994	-	0.5	4.3	0.4	-	1.0	4.3	1.9	6.2
	1995	-	0.3	4.3	0.4	-	1.0	4.3	1.7	6.0
Spain	1984	8.15	0.9	16.2	5.5	2.45	5.1	26.8	11.5	38.3
	1992	4.9	1.2	11.65	6.65	0.3	9.8	16.85	17.65	34.5
	1993	4.25	0.95	9.5	6.4	0.35	10.15	14.1	17.5	31.6
	1994	4.65	0.85	8.15	8.45	0.25	11.05	13.05	20.35	33.4
	1995	4.05	0.95	9.65	12.85	0.2	12.8	13.9	26.6	40.5
Sweden	1992	3.55	1.85	6.9	0.1	-	0.1	10.45	2.05	12.5
	1993	3.55	1.7	7.15	0.1	-	0.1	10.7	1.9	12.6
	1994	3.55	1.4	7.15	0.45	-	0.1	10.7	1.95	12.65
	1995 ^{a)}	4.1	1.7	7.55	0.15	-	0.1	11.65	1.95	13.6
United	1984	4.7	-	32.5	30.0	-	8.8	37.2	38.8	76.0

EU Member	Category	DRY BULK		LIQUID BULK		GEN. CARGO		TOTAL		TOTAL
		mainl.	islands	mainl.	islands	mainl.	islands	mainl.	islands	
Kingdom	1992	8.5	2.0	26.1	29.7	-	9.0	34.6	40.7	75.3
	(incl. 1993	7.4	2.0	28.9	23.8	-	9.5	36.3	35.3	71.6
	offshore) 1994	8.6	4.6	34.7	23.2	-	10.2	43.3	38.0	81.3
	1995 ^{a)}	7.5	3.5	42.0	17.0	-	7.5	49.5	28.0	77.5
EU-12	84/87	27.65	17.6	75.35	60.9	7.05	33.15	110.05	111.65	221.7
	1992	31.35	22.4	70.65	64.95	6.6	43.45	108.6	130.8	239.4
	1993	28.05	28.5	66.05	59.4	2.9	41.35	97.0	129.25	226.25
EU-15	1994	33.8	32.35	81.1	63.3	2.65	43.45	117.55	139.1	256.65
	1995	33.4	30.7	90.35	58.45	3.35	42.3	127.1	131.45	258.55
OTHER EEA										
Iceland	1993	0.05	-	0.3	-	0.05	-	0.4	-	0.4
	1994 ^{a)}	0.05	-	0.3	-	0.05	-	0.4	-	0.4
	1995 ^{a)}	0.05	-	0.3	-	0.05	-	0.4	-	0.4
Norway	1993	8.0 ^{b)}	NA	4.55 ^{b)}	22.0	1.25 ^{b)}	NA	NA	NA	35.8
	1994 ^{a)}	8.0	NA	4.5	27.0	1.2	NA	NA	NA	40.7
	1995 ^{a)}	8.0	NA	4.5	25.0	1.2	NA	NA	NA	38.7

- a) Consultants estimate.
- b) Mainland and island trade together.
- c) Includes estimated data, on trade volume, trades area or commodity allocation.
- d) Only European cabotage.
- e) Provisional figures for major ports with total cargo volumes >2 mln tonnes only.

ANNEX III

North European coastal fleet^{b)} according to register per 1/7/1994 and 1/7/1996.

country	Number		1000 GT Tonnage ^{a)}		1000 DWT		remarks
	1994	1996	1994	1996	1994	1996	
Belgium ^{b)}	23	17	78	66	37	36	13 cargo and 4 large passenger/ferries
Denmark	129	127	199	213	92	88	70 cargo vessels & 57 ferries
Germany	551	373	650	550	1,040	866	incl. 266 small coasters - 577,000 DWT
Ireland ^{b)}	54	49	95	98	130	134	incl. 38 small coasters - 100,000 DWT
Netherlands	237	248	450	480	602	680	incl. 175 small coasters - 400,000 DWT
Un.Kingdom ^{c)}	493	470	1,585	1,734	972	956	inc. 116 RoRo, 188 coasters, 32 pass.
Total EU-12	1,487	1,284	3,057	3,141	2,873	2,760	
Austria		29		60		100	all small dry cargo vessels
Finland		323		140		100	incl. 190 small pass.vsl, agr. 27,000 GT
Sweden		280		180		150	all extremely small vessels
Total EU-15		1,916		3,521		3,110	

- a) Vessels < 6,000 GT and all ferries.
- b) Total fleet.
- c) UK owned trading fleet.
- d) contains various estimates.

South European cabotage fleet per 1/7/1994 and 1/7/1996

country	number		1000 GT Tonnage ^{a)}		1000 DWT		remarks
	1994	1996	1994	1996	1994	1996	
France ^{b)}	86	90	539	510	713	731	incl. 18 large RoRo+27 mainland coasters
Greece	498	515	1,249	1,900	440	563	incl. 15 cruise+200 ferries+250 coasters
Italy	372	362	672	1,036	569	619	incl. 140 ferries/hydrof. and 109 tankers
Portugal	22	15	63	120	83	75	1 small passenger+14 dry cargo vessels
Spain	210	209	575	900	784	868	incl. 25 tankers+54 larger ferries
Total	1,188	1,191	3,098	4,466	2,589	2,856	total South European cabotage fleets

- a) Contains various estimates.
- b) Excluding some smaller local ferries.

ANNEX IV

Tables 4.1 and 4.2 present overviews of the respective fleets.

Table 4.1 Fleet developments of DIS register (1992-1996)

Ship type	number			Tonnage					
				1000 GRT/GT			1000 DWT		
	1992	1994	1996	1992	1994	1996	1992	1994	1996
Trampers	237	228	215	918	889	950	1,555	1,491	1,511
Liners	86	98	93	1,990	2,093	2,177	2,217	2,360	2,483
Tankers	100	99	90	2,160	1,567	1,979	3,965	2,740	3,500
Pass./ferries	6	7	6	84	122	136	16	20	17
Other	44	46	44	56	66	75	65	75	73
Total	473	478	448	5,208	4,737	5,318	7,818	6,686	7,584

Table 4.2 The fleet of the MAR register (1994-1996)

Shipowners Type of Vessel	Portuguese Shipowners			Non Portuguese Shipowners			Total 1996			Total 1994		
	N°	DWT	Crew	N°	DWT	Crew	N°	DWT	Crew	N°	DWT	Crew
	General Cargo	4	12.4	33	27	89.1	230	31	101.5	263	9	29.2
Containers	2	6.2	20				2	6.2	20	3	10.9	33
Dry Bulk	2	27.8	25	7	85.9	77	9	113.7	102	3	34.1	38
Liquid Bulk	7	545.1	110	2	287.1	35	9	832.2	145	16	1,377.9	284
LPG	2	9.6	24	2	9.0	21	4	18.6	45	2	9.6	24
Passenger	2	0.9	43	1	0.1	4	3	1.0	47	2	2.7	85
RoRo				1	1.6	11	1	1.6	11			
Total 1996	19	602.0	255	40	472.8	378	59	1,074.8	633			
Total 1994	24	739.5	324	11	724.9					35	1,463.4	549

ANNEX V

Table 3.3 COMPARATIVE NET MANNING COSTS: GENERAL CARGO VESSEL 1,500 GT

Register	Crew Complement (number/nationality)		Total Crew	Back up factor ^(a)	Total Manning Cost (US\$ '000/year)	Index (Ave = 100)
	Officers	Ratings				
France*	6E + 0F	6E + 0F	12	1.6/1.6	1,594	237
Belgium*	5E + 0F	4E + 0F	9	1.5/1.5	1,214	180
Sweden*	4E + 0F	5E + 0F	9	2.0/2.0	1,068	159
France (Kerguelen)	4E + 2F	1E + 5F	12	1.6/1.6	895	133
Luxembourg*	5E + 0F	4E + 0F	9	1.5/1.5	941	140
Finland*	5E + 0F	6E + 0F	11	2.0/2.0	768	114
Spain *	5E + 0F	6E + 0F	11	1.5/1.5	724	108
Norway (NOR)*	4E + 0F	3E + 0F	7	2.0/2.0	720	107
Denmark*	3E + 0F	3E + 0F	6	1.8/1.4	707	105
Iceland	5E + 0F	5E + 0F	10	1.5/1.5	645	96
Ireland*	4E + 0F	4E + 0F	8	1.5/1.5	642	95
Greece	5E + 0F	7E + 0F	12	1.2/1.2	620	92
United Kingdom*	4E + 0F	4E + 0F	8	1.5/1.5	618	92
Germany*	3E + 0F	3E + 0F	6	1.8/1.8	580	86
DIS (Danish crew)	3E + 0F	3E + 0F	6	1.8/1.4	560	83
Italy*	5E + 0F	4E + 0F	9	1.6/1.6	525	78
Spain (Canary)			11	-	516	77
Portugal	5E + 0F	4E + 0F	9	1.5/1.5	501	74
Germany (ISR)	3E + 0F	0E + 3F	6	1.5/1.5	379	56
Norway (NIS)*	2E + 1F	0E + 4F	7	2.0/2.0	355	53
Netherlands *	3E + 0F	3E + 0F	6	1.7/1.2	368	55
Portugal (MAR)	3E + 2F	2E + 2F	9	1.5/1.5	303	45
DIS (minimum)	1E + 2F	0E + 4F	7	1.8/1.4	239	35
Average					673	100

(a) Applies to national seafarers only

E: EU/EEA nationals

F: Foreign

*: Based on ISF data

Source: MERC/TecnEcon

Table 3.4 COMPARATIVE MANNING COSTS: GENERAL CARGO VESSEL 3,300 GT

Register	Crew Complement (number/nationality)		Total Crew	Back up factor ^(a)	Total Manning Cost (US\$ '000/year)	Index (Ave = 100)
	Officers	Ratings		Officers/ Ratings		
France*	7E + 0F	9E + 0F	16	1.8/1.8	2,041	236
Belgium*	6E + 0F	4E + 0F	10	1.5/1.5	1,385	160
Denmark*	6E + 0F	4E + 0F	10	1.8/1.4	1,267	147
Sweden*	5E + 0F	5E + 0F	10	2.0/2.0	1,220	141
France (Kerguelen)	4E + 3F	3E + 6F	16	1.8/1.8	1,114	129
Finland*	7E + 0F	9E + 0F	16	2.0/2.0	1,107	128
Luxembourg*	6E + 0F	4E + 0F	10	1.5/1.5	1,062	123
DIS (Danish crew)	6E + 0F	4E + 0F	10	1.8/1.4	991	115
Norway (NOR)*	5E + 0F	4E + 0F	9	2.0/2.0	925	107
Spain *	6E + 0F	8E + 0F	14	1.5/1.5	909	105
Greece	6E + 0F	7E + 0F	13	1.2/1.2	840	97
Ireland*	5E + 0F	5E + 0F	10	1.5/1.5	802	93
United Kingdom*	5E + 0F	5E + 0F	10	1.5/1.5	772	89
Iceland	6E + 0F	5E + 0F	11	1.5/1.5	691	80
Italy*	6E + 0F	7E + 0F	13	1.6/1.6	670	78
Germany*	3E + 1F	2E + 4F	10	1.8/1.8	671	78
Spain (Canary)			14	-	656	76
Portugal	5E + 0F	8E + 0F	13	1.5/1.5	621	72
Germany (ISR)	3E + 1F	2E + 4F	10	1.5/1.5	559	65
DIS (minimum)	2E + 4F	0E + 5F	11	1.8/1.4	432	50
Netherlands *	5E + 0F	0E + 3F	8	1.7/1.2	398	46
Norway (NIS)*	2E + 2F	0E + 4F	8	2.0/2.0	385	45
Portugal (MAR)	3E + 2F	2E + 4F	11	1.5/1.5	348	40
Average					864	100

(a) applies to national seafarers only

E: EEA nationals

F: Foreign low cost

*: bases on ISF data

Source: MERC/TecnEcon

Table 3.5 COMPARATIVE MANNING COSTS: PRODUCTS TANKER 9,000 GT

Register	Crew Complement (number/nationality)		Total Crew	Back up factor ^(a)	Total Manning Cost (US\$ '000/year)	Index Ave = 100
	Officers	Ratings				
France*	7E + 0F	11E + 0F	18	1.8/1.8	2,223	202
Belgium*	7E + 0F	5E + 0F	12	1.5/1.5	1,646	150
Norway (NOR)*	7E + 0F	8E + 0F	15	2.0/2.0	1,531	139
Denmark*	7E + 0F	5E + 0F	12	1.8/1.4	1,503	137
Sweden*	6E + 0F	6E + 0F	12	2.0/2.0	1,464	133
Luxembourg*	7E + 0F	5E + 0F	12	1.5/1.5	1,267	115
Finland*	7E + 0F	11E + 0F	18	2.0/2.0	1,213	110
DIS (Danish crew)	7E + 0F	5E + 0F	12	1.8/1.4	1,178	107
France (Kerguelen)	4E + 3F	3E + 8F	18	1.8/1.8	1,144	104
Germany*	4E + 3F	3E + 10F	20	1.8/1.8	1,129	103
Greece	7E + 0F	13E + 0F	20	1.2/1.2	1,100	100
Spain *	7E + 0F	10E + 0F	17	1.5/1.5	1,094	100
Italy*	7E + 0F	13E + 0F	20	1.6/1.6	1,180	107
Germany (ISR)	4E + 3F	3E + 10F	20	1.5/1.5	941	86
Ireland*	4E + 0F	8E + 0F	12	1.5/1.5	878	80
Portugal	7E + 0F	11E + 0F	18	1.5/1.5	864	79
Spain (Canary)			17	-	861	78
United Kingdom*	4E + 0F	8E + 0F	12	1.5/1.5	854	78
Iceland	7E + 0F	7E + 0F	14	1.5/1.5	821	75
Norway (NIS)	4E + 3F	0E + 8F	15	2.0/2.0	739	67
Netherlands*	7E + 0F	0E + 8F	15	1.7/1.2	617	56
Portugal (MAR)	4E + 3F	5E + 6F	18	1.5/1.5	546	50
DIS (minimum)	2E + 5F	0E + 6F	13	1.8/1.4	476	43

Average					1,099	100
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(a) Applies to national seafarers only

E: EEA nationals

F: Foreign low cost

*: based on ISF data

Source: MERC/TecnEcon

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