Merchant marine and maritime transport

2011 // 2012
World seaborne trade registered, in 2011, a new historical record, adding up 8,947 million tonnes. Measured in tonnes-mile, seaborne trade increased by 4.7%. Containers trade grew notably (+8.6%) as well as bulk trade (+5.5%), while crude oil and oil products trade remained practically unchanged (+0.3%).

On 1 January 2012, world merchant fleet comprised 55,138 ships with a total of 991,173,697 GT, which shows a very important increase of 8.9% in terms of GT as compared with the previous year, well above maritime transport demand.

Newbuilding contracts halved during 2011 to 63.3 million dwt. Meanwhile deliveries reached, once more, a historical record, totaling 163.6 million dwt and leading to a 24.5% reduction of the orderbook. Prices decreased, on average, by 10%.
The Ministry of Public Works announces a strategic plan to strengthen the competitiveness of the Canary Islands register. The State Ports holding confirms that it is not their intention to amend the Ports law, but to ensure full compliance. The Justice Ministry started working again on the draft Law on Navigation.

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After a year 2010 with an outstanding growth (5.1%) of world's GDP, from spring 2011, the sovereign debt crisis in Europe, the natural disasters in Japan and Thailand and the turmoil in the Arab countries led to a more modest growth of the world's economy (+3.9%), and more uneven too. In particular, the advanced economies grew jointly just by 1.6%, compared with 3.2% the previous year.

In 2011, 8,947 millions of metric tons (Mt) of goods were transported by sea, that is, 4.1% more than in 2010. But, due to record levels of new tonnage deliveries, the growth of the world fleet was much higher (+8.9% in GT). As a result, the imbalance between maritime transport supply and demand continued to increase, which caused that both bulk carriers and tankers freight rates fell at such low levels that, in many cases, they didn’t even cover the running costs. In both markets, the hardest hit was the largest ships segment (capesize bulk carriers and VLCC tankers). The container lines began the year in a positive tone, but also depressed in the second half of the year.

Throughout 2011, the average price of the Brent crude oil reached 111.3 $/barrel. Although on the summer of 2008 it registered higher levels, this value is the historic high of the annual average price. And, during the first quarter of 2012, the average price was even an 8.8% higher than in the same period of the previous year.

This is the overall tone of the maritime markets presently: weak demand, high level of deliveries, highly depressed freight rates and fuel costs in upward tendency.

In Spain, although GDP only increased by 0.7% in 2011, seaborne trade rose by 3.0%, amounting to 302.7 Mt, not including the port movements of international transshipped containers, which reached 45.5 Mt, a 5.8% more than the previous year. The weakness of the domestic demand is forcing the Spanish industries to sell abroad: while imports and national cabotage trades registered similar levels as in the year 2003, exports increased by 21.8% as compared with 2008.

It might seem surprising that, in an industry that undergoes such a deep freight markets crisis, one of the main concerns, perhaps the first one in the international field, remains the piracy attacks in the Somalia / Gulf of Aden area. In 2011, although the number of attacks continued to grow, the percentage of attacks ending in ship and crew kidnapping decreased significantly.

It is very positive that the European Union decided to extend, for two additional years, the Atalanta Operation, which protection turns out to be each time more effective. And almost all the ships navigating in the risk area now apply the "best recommended practices", which have proved to reduce the risk of being captured in case of attack. A key fact is the use of private armed guards on ships, because there is no evidence of ships being hijacked while carrying this security on board. But this cannot be conceived as the definitive solution in the medium to long term, which can only come through strengthened
international cooperation that allows the restoration of law and order in Somalia.

In July 2011, IMO made major progress in the regulations of CO₂ emissions from ships, by agreeing to make mandatory the Energy Efficiency Design Index (EEDI) for new ships, and the Ship’s Energy Efficiency Management Plan (SEEMP) for all ships. A Lloyd’s Register and Det Norske Veritas report for IMO estimated the effects of these measures in around 152 Mt of CO₂/year in 2020 (a 13% of the total emissions from merchant ships, as compared with the inaction alternative) and around 330 Mt/year in 2030 (a 23% reduction).

IMO continues working to agree the so called “market-based instruments” to achieve additional reductions or compensation of the CO₂ emissions. Although the emerging countries (led by China, India, Brazil and South Africa) still continued to block the discussions in IMO, the international shipping organizations, coordinated by the International Chamber of Shipping (ICS), reached a consensus that rules out an emissions trading scheme coordinated by the International Chamber of Shipping (ICS), reached a consensus that rules out an emissions trading scheme and favors, instead, a levy on bunker which would endow an international fund to finance emissions reduction programs. This agreement probably paves the way for a definitive solution in IMO.

In the European Union, in July 2011, the Commission made a proposal to amend the Directive on the sulphur content of marine fuels, which could introduce new elements beyond the international framework (MARPOL Annex VI). The European shipowners associations (ECSA) considered that this could put at serious risk the future of short sea shipping in Europe, by shifting a part of the demand back to road transport, which could increase the external costs related to transport and, in particular, the CO₂ emissions.

Although some amendments that tightened even further the Commission’s proposal were originally presented in Parliament, after extensive discussions, the Council and the Parliament reached an agreement in first reading very much in line with ECSA’s aspirations. ANAVE appreciates very much the initiative of the Spanish administration to set up a coordination mechanism on this matter between the ministries of Environment, Industry and Infrastructure, in permanent contact with the business organizations involved (ANAVE and AOP). This is a very positive example of how this kind of matters should always be managed.

By the beginning of 2012, the European Commission’s DG COMP, under the direction of Commissioner Almunia, started to review the 2004 Community Guidelines on State Aid for Maritime Transport, through a public consultation to the interested parties. These Guidelines are the legal support of measures like the special registries and the tonnage tax system, which are key for the competitiveness of European flags, being therefore essential their continuity, with the least possible changes.

In the purely domestic field, no substantial changes have been registered during the last year in the industry: low maritime transport demand, rise of bunker prices, severe credit restrictions to companies... All these elements forced shipowners to rationalise their services and their staff, and for the time being, no light can be seen at the end of the tunnel.

On 1 January 2012, 145 merchant ships were registered in the Special Canary Islands Register (REC), amounting to 2,569,263 GT and 2,312,778 dwt. All through 2011, this fleet decreased by 3 units and by 2.5% of the dwt. This shows that the REC continues to face a fierce competition from other ship registries (especially those of Malta and Madeira) which, while being considered as EU registries for all purposes, offer more attractive conditions, not only in the taxation and labor fields, but also in the technical ones.

At the beginning of 2012, ANAVE and the UGT-Mar trade union renewed the agreement they reached in 2006 to make possible the enlistment of non-EU seafarers on board REC-registered ships. For the sake of legal certainty, ANAVE has asked the Government to return to the regulation on this matter previous to 2005 and we hope to get the support of the ministries of Infrastructure and Employment. In fact, in the Strategic Plan to promote the REC’s competitiveness announced by the ministry of Infrastructure, the revision of the labor law should be a key element, because this would not only translate into greater flexibility for the Spanish shipowners, but will also be clearly positive for the employment of national seafarers.

It is good news that the ministry of Justice has decided to re-launch the draft Law on Maritime Navigation and that ANAVE continues to be taken into account to actively participate in the revision of the previous draft. This legislative initiative can modernise and clarify the existing legal framework in many matters.

Finally, in the business field, at the initiative of ANAVE and with the support of several maritime industry organizations, the Spanish branch of BusinessEurope (CEOE) formally established, in September 2011, a Sea Council, which brings together more than 30 business organizations, either sectoral or geographical, interested in maritime affairs, and that comprises shipping, port services, nautical, fishing and its related industry companies. ANAVE’s president, Adolfo Utor, has been elected as the first Chairman of this Sea Council.
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After a year 2010 in which the world economy seemed to be emerging from the crisis with a significant growth (+5.1% of world GDP), from spring 2011, the sovereign debt crisis in Europe, the global supply chains disruption caused by natural disasters in Japan and Thailand and the tensions in the Arab countries led, according to the latest International Monetary Fund (IMF) reports, to a world economy growth not only lower (+3.9%), but also uneven.

Growth was lower in the advanced economies, which together grew by 1.6% in comparison with 3.2% last year: the U.S.A. +1.7% vs 3.0% in 2010; the euro area +1.4% vs +1.9% in 2010 and Japan, due to the tsunami, -0.7% after +4.4% in the previous year. China grew by 9.2%, slightly below 2010, when it increased by 10.4%. In Spain, after two years of negative rates (-0.1% in 2010 and -3.7% in 2009), GDP grew by 0.7%. Industrial production increased by 3.1% in the OECD and 4.0% in the U.S.A. while it decreased by 3.6% in Japan. In Spain, it fell by 1.4%.

Although the IMF’s prospects for 2012 point to an improvement in the global economy, the recovery will remain very vulnerable. It is expected a world GDP growth of 3.5% and 1.4% in the advanced economies (even lower than in 2011). China (+8.2%), the U.S.A. (+2.1%) and Japan (+2.0%) will record growths while the euro area will decrease by 0.3%. Spain will return to negative rates (-1.8%).

During 2011 the imbalance between supply and demand of seaborne trade increased further. According to Clarkson, 8,947 million tonnes (Mt) of goods were transported, 4.1% more than in 2010. The demand reached 42.79 trillion (10^{12}) in t·miles, with an increase of 4.7%. But the world fleet growth, in terms of GT, was much higher (+8.9%) especially in the bulk carrier segment (+16.9%).

By merchandise type

Clarkson estimates that 1,840 Mt of crude oil (-1.0%) and 837 Mt of oil products (+3.0%) were transported by sea in 2011. In t·miles, crude oil transport demand increased only by 0.9% to 8.8 trillion and oil products demand increased by 3.5% to 2.4 trillion.

According to the International Energy Agency, world crude oil production increased in 2011 by 1.3%, to 88.4 million barrels per day (mbd). OPEC countries produced 35.7 mbd (+2.8%) and non-OPEC 52.7 mbd, almost the same than in 2010. The largest world producer was the U.S.A. (14.5 mbd, +3.1%), followed by Russia (3.6 mbd, +0.2%).

Transport demand of the three main dry bulks (iron ore, coal and grain) grew by 4.8% to 2,335 Mt. Growth in t·miles was similar (+5.0%), reaching 12.2 trillion. Iron ore recorded the largest increase (+6.1%) to 1,053 Mt. Coal increased by 4.5% to 938 Mt and Grain reached 344 Mt (+1.8%).

According to Clarkson, 1,385 Mt of containerised cargo (+8.6%) were transported, with somewhat lower growth in t·miles (8.3%) to 7.1 billion. It was also remarkable the growth in the trade of liquefied gases, mainly LNG, totaling 286 Mt (+9.6%) and 1.2 trillion t·miles (+9.2%) and the group of other dry bulks with increases of 6.7% (up to 1.351 Mt). Finally 913 Mt of conventional general cargo (+2.5%) were transported.

In the last 10 years, the LNG trade has recorded the highest cumulative average growth (5.0%) followed by containerised cargo and iron ore (+4.9% annual average in both cases). In contrast, the maritime trade of crude oil increased by only 0.7% annually.

The average distance was 4,151 miles in 2011 for crude oil and oil products (+1.1%), 5,221 miles for the main dry bulks (+0.2%) and 4,795 miles (+0.4%) for other dry bulk.

By commodity

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By world region

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During 2011, tankers freight market was very weak. A remarkable fleet growth (+6.4%) together with the slight growth in demand (+0.3%) led to exceptionally low freights from second quarter 2011, even below running costs. The disruption in exports from Libya reduced the cargo volume, as it took some time for producing countries to increase their production to compensate, and led to higher oil prices, which resulted in lower demand.

VLCC freight rates were the worst hit, with a year average of 14,900 $/day, 57.2% lower than in 2010. Suezmaxes averaged some 16,700 $/day (-40.4%) and Aframaxes 12,900 $/day (-39.7%).

Platou estimates that some 33 million dwt of tankers will be delivered during 2012, more than 7.5% of the existing fleet and around 20 million dwt will be scrapped, more than double total 2011 volumes, which will mean a net fleet increase of 6.0%, compared with estimated demand growth in t·miles of 2.3%, which will continue pushing freights levels down.

It was also a very difficult year for the bulk-carrier market. Average freight rates for capesizes fell by 50.6% until 16,200 $/day on average; those of panamaxes fell by 43.4% to 14,600 $/day and supramaxes freight by 35.7% (14,400 $/day). In 2011, BDI stood at 1,548 points on average, well below the 2,441 points of 2010 or 2,190 in 2009. On January 2012, floods in Brazil and West Australia led to a further...
collapse in freight rates, especially for capesizes, and the BDI reached 647 points, the lowest record since 1986. For some months the recovery was slow, and the BDI remained below 1,000 points until mid-April, forcing owners of larger vessels to assume the running costs, and even part of fuel costs on some routes, to reposition their vessels to other more profitable routes.

The forecast for this market is anything but positive: it is expected a fleet growth of 11 or 12%, well above the demand growth of the main dry bulks (+3.8% in t·miles).

Although the global economy behavior can greatly influence demand, even if demand is greater than initially forecast, the excess will be entirely absorbed by the higher fleet growth, so a recovery in freight rates seems unlikely, even in the medium term.

Time charter freight rates for container ships were, on average, 25% higher than in 2010, but with a variable behavior throughout the year, being rather strong during the first half of 2011, only to fall by 50% during the second half. The largest vessel segment was the most affected. Ships of 1,000 TEUs recorded average freight rates of about 8,300 $/day (+43.1% as compared with 2010), those of 3,000 TEU of 14,000 $/day (+27.3%) and ships of 4,500 TEUs, of 20,300 $/day (+31.0%).

In 2012 it is expected that container trade will grow by some 7 or 8%, driven especially by the intra- Asiatic traffic and that between Asia and the Middle East, West Africa and Latin America. The fleet and demand will grow fairly evenly, around 8%, remaining the utilization rate at levels similar to those of 2011. Shipowners should adjust the productivity of their fleets by using extra-slow steaming or laying up part of it. The alliances formed in recent months on routes between Asia and Europe will lead to greater competition to increase market share, which may delay the idle process of part of the fleet, making more difficult a potential short-term recovery.

The ro-ro and car carriers segment suffered the consequences of the earthquake and tsunami in Japan. Many suppliers of car parts were damaged so that, in the first months after the disaster, Japanese vehicle exports plummeted, giving rise to the lay up of many of these vessels. Fortunately, recovery was quick and already in August, demand had recovered to 2010 levels. This year the market for such vessels is expected to be rather balanced, with demand growth of around 7%, driven by growth in China and Latin America.

Spot average freight rates for LNG increased from 39,000 $/day in 2010 to 93,000 $/day in 2011. Around 240 million tonnes, 11% more than in 2010, were transported by sea, partly due to the increase demand for natural gas in Japan after the nuclear disaster. For 2012 Platou expects a traffic growth of 2-3% for this fleet with a demand increase of 10.6% in t·miles, assuming that nuclear energy production in Japan continues paralysed, which may carry freight rates up to record levels.
According to Lloyd’s Register Fairplay, as of 1 January 2012, world cargo carrying fleet consisted of 55,138 ships, with 991,173,697 GT and 1,483,121,493 dwt, which shows a very important increase of 8.9% in terms of GT and 9.9% in dwt as compared with the previous year.

The segment of the fleet that registered the biggest increase, in GT, was the bulk carriers fleet (+16.9%) followed by container ships (+8.3%), oil tankers (+6.4%) and gas carriers (+3.1%). The only segment that decreased in GT terms was the general cargo fleet (-3.0%). GT distribution of the world merchant fleet showed no significant changes as compared with the previous year: at the beginning of 2012, 34.4% of world’s merchant fleet GTs were of bulk carriers, 23.0% of tankers and 17.3% of container ships.

According to ISL Bremen statistics, during 2011, 1,516 merchant ships, with 40.5 million dwt were broken up (2.8% of the fleet), which means an increase of 12.8% in number and 40.8% in dwt, as compared with 2010. The average age of the broken up fleet was 32.1 years. Oil tankers removals fell by 38.4% as compared with 2010, to 9.0 million dwt, as well as those of container ships, which halved, totaling 1.3 million dwt. On the other side, tonnage of bulk carriers scrapped was four times higher, adding up to 24.3 million dwt, due to the very low freight levels of the dry cargo market. The average age of the world merchant fleet remained practically unchanged and, as of 1 January 2012, it was 18.7 years. Crude oil tankers (9.9 years), LNG carriers (10.7 years), container ships (10.9 years) and bulk carriers (11.4) were the fleet segments with a lowest average age, followed by chemical tankers (12.1 years), LPG carriers (16.4 years) and ro-ro carriers (16.6 years). Above the average age of the world merchant fleet were product tankers (22.4 years), cruises (23.4 years), general cargo ships (23.8 years), reefers (25.5 years) and passenger ships (25.9 years).

One more year, Panama was the flag with more registered tonnage. At the beginning of 2012: 210.6 million GT, 6.9% more than in January 2011, and with a 21.2% share of the world merchant fleet. Liberia, with 118.2 million GT (+13.3%) and a share of 11.9%, stands at second position, followed by Marshall Islands with 72.8 million GT (+22.6% and 7.3% of the world cargo carrying GT). Hong Kong (70.1 million GT) and Singapore (52.4 million GT) also showed very important increases (22.6% and 20.3% respectively) occupying the fourth and fifth position.
Half of the GT registered in Panama corresponds to bulk carriers (31.3% of the world bulk carriers fleet), 16.0% to container ships and 14.1% to oil tankers. Liberia flag fleet consists of container ships (31.9% of the GT) and oil tankers (28.6%). Bulker carriers (34.3%) and oil tankers (33.6%) are the most important fleet segments flying the flag of the Marshall Islands, while 55.2% of Hong Kong’s registered GT are bulk carriers. Bahamas registers 33.5% of the world cruise fleet.

During 2011, Malta became the first EU flag, at seventh position at world level, with 44.8 million GT (+16.4%), displacing Greece (41.2 million GT and +1.3%) to the eighth place. The United Kingdom, with 33.4 million GT (+10.2%), is the 3rd EU register (10th in the world ranking) followed by Cyprus (20.5 million GT, +0.8%). EU (27) flagged fleet adds to a total of 211.4 million GT (+5.8%), which makes up 21.3% of the world GT.

In addition to those already mentioned, the fleet under Finnish (+9.4%), German (+0.1%) flagged fleet also grew, but to a lesser extent. All other EU countries (27) registered fleet suffered decreases of different amount.

According to ISL Bremen, the ranking of controlled fleet, by nationality of the owner continued, once more, led by Greece, with 217.1 million dwt (16.2% of global shipping capacity) and an increase of 7.5% over the previous year, operating 70.1% of its fleet under foreign flags. Japan stands at second position, with 209.8 million dwt (+7.6%) and 90.1% of its tonnage flying foreign flags; Germany is third, with 125.5 million dwt (+9.4%) and 86.1% of its fleet registered under foreign registries. The fourth place is held by China, with 115.6 million dwt (+8.9%) of which 56.6% fly foreign flags.

During 2011, according to Lloyd's Register Fairplay, the fleet controlled by Spanish shipowners lost 5 places in the world tonnage ranking, falling to the 36th position, with a total of 4.0 million dwt and a decrease of 6.6%. EU (27) Member States plus Norway operate, altogether, 570.3 million dwt, 38.7% of the world tonnage.

Greek shipowners account for 18.2% of the world tanker tonnage, followed by the Japanese, with 11.1%. Bulk carriers are operated mainly by Japanese (20.3%), Greeks (17.1%) and Chinese (11.9%) shipowners, while German shipping companies control 33.2% of the world container ship fleet.

### WORLD MERCHANT FLEET BY SHIP TYPES

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(1) Includes chemical tankers, other tankers, passenger ships, ferries, ro-ros, car carriers, etc.

Figures as of 1 January, except 1980, 1985 and 1990 (figures as of 1 July)

Source: Lloyd’s Register

### LEADING WORLD MERCHANT FLEETS

by country of domicile, as of 1 January 2012

Source: ISL Bremen

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<thead>
<tr>
<th>Country</th>
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1 JANUARY 2012

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<td>Denmark</td>
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</tbody>
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NS: Thousand ships
GRT: Million GRT
GT: Million GT
For 2012, new buildings deliveries are forecast to remain very high. Even assuming a slippage of around 30 million dwt of bulk carriers and that, as in 2011, only 65% of scheduled deliveries will end up entering operation, the bulk carriers fleet will probably grow between 11 and 12%.

Regarding the tanker fleet, it is estimated that, out of the 45 million dwt scheduled for delivery during this year, only 33 will be finally put into service which, along with very high scrapping levels (estimated at 20 million dwt, almost double those in 2011), will translate into a 6% fleet increase.

Assuming an increase of the scrapping levels of smaller ships and 1.6 million TEU deliveries (corresponding mainly to ships in the higher capacity segment), the container fleet is expected to grow around 8%.
During 2011, newbuilding orders decreased by 52.9%, to 63.3 million dwt ordered (4.3% of the fleet). In terms of CGT (unit that measures approximately shipyards work load) orders dropped by 30% to 25 million CGT, of which 16 million CGT were ordered in the first half of the year; in the second half, due to the new financial crisis new orders fell to just 9 million CGT.

Bulk carriers and oil tankers were the most affected segments, with their orders going down nearly a third, while those of container ships and LNG tankers increased over the previous year. Platou estimated that, in 2011, some 50 billion dollars were invested in newbuildings, one third less than in 2010.

In the last year, 44.2% of the newbuilding orders were bulk carriers and 14.5% oil tankers. Container ships’ orders totaled 1.7 million TEU and 18.5 million dwt as compared with 7.8 million dwt in 2010, largely due to one single contact, by AP Moller-Maersk, of 20 container ships of 18,000 TEU each.

During 2011, also 50 LNG tankers were ordered, a staggering number when compared with the 13 contracts signed in 2010. After the nuclear disaster in Japan, many countries began to look for alternatives to nuclear energy, pushing up the demand for this type of ships.

The difficulties encountered by shipowners to finance ships already ordered, as well as the inability of some shipyards to meet their obligations, resulted in rather high levels of cancellations in previous years. Thus, in the period 2008-2010, 56 million dwt of bulk carriers were cancelled, 19 of tankers and 0.8 million TEU of container ships. In 2011, this trend continued, and 13 million dwt of bulk carriers, 10 of tankers and 0.2 million TEU of container ships were cancelled.

In sharp contrast, deliveries set a new historical record, totaling 163.6 million dwt (+13.2 %). 60.3% of deliveries were bulk carriers, totaling 99.2 million dwt (16.1% of the fleet of such ships existing at the end of 2011). Oil tanker deliveries amounted to 39.7 million dwt (9.0% of the existing fleet) with an increase of 24.3% as compared with the previous year. Finally, 1.2 million TEU of container ships were delivered.

The sharp decrease in orders and the increase of deliveries reduced the order book by 24.5%, to 321.5 million dwt. Bulk carriers amounted, by the beginning of 2012, to 58.7% of the order book, with 188.7 million dwt, 23.4% less than in the previous year; oil tankers to 23.3%, with 75.0 million dwt (-33.9%), and container ships to 14.2%, with 45.8 million dwt. Bulk carriers on order were 30.7% of the world fleet of this type of ships, oil tankers 17.1% and container ships close to 28%.
Korea, China and Japan continued to lead the shipbuilding market, getting altogether 83.5% of the CGT ordered in 2011. Korea obtained 43.5% of the new orders, increasing by 15.9% the CGT contracted as compared with 2010 and overcoming China, which registered a fall of 46.4%, obtaining 27.2% of new building contracts in CGT. Japan get 12.9% of the CGT ordered, with a decrease of 23.6%.

EU (27) shipyards achieved only 4.9% of new orders in CGT, 0.6% of which reverted into Spanish shipyards. For the second consecutive year no merchant ship was ordered in Spain, and only 7 supply ships of different types (3 tugs, 3 rescue and fire fighting vessels and 1 oil rig support vessel) compared with 25 orders in 2010. Out of these ships, only one, with 434 GT, was for a national shipowner and the other 6, with 6,907 GT, for export.

Newbuilding prices fell, during 2011, around 10%, being some 40% below the peaks reached by mid 2008, because demand is far below shipyards’ capacity (estimated in some 50 million CGT/year) and there is fierce competition for new contracts. Furthermore, the strength of some currencies such as the yen or the yuan, against the dollar, lead to an effect of reduction of newbuilding prices in dollars.

BRS-Alphaliner also points out that prices of newbuildings in 2011 were close and even in some segments below construction costs, due to factors such as the increase in the amount of steel needed to build the hulls of ships complying with the new IACS Common Structural rules, enhanced international standards in the fields of coatings or emissions, the increase of energy costs and higher labour costs (a Chinese worker earned in 2011 about 800 $/month while 10 years ago he was paid 100 $/month), which have reduced shipyards margins. Just consider that the price in dollars of a bulk carrier or an oil tanker was practically the same in 2011 than in 1993.

In 2012 it is expected that, in the three main segments, the world fleet will grow, at least one or two percentage points above the demand and, as a result, freight rates are anticipated to continue very low (at levels similar to those of 2011), so the volume of new orders will likely remain similar to last year’s.

Shipyards’ activity will continue below their capacity, which should push new buildings prices further on the downside, even below construction cost.

Nevertheless, new international standards on emissions and energy efficiency could help revitalise the contractual activity in case shipyards may react by offering new and more efficient projects.

From another perspective, the structural problem of shipyards overcapacity could alleviate by redirecting part of their activity to the offshore sector and even other sectors. Everything will depend on their ability to adapt.
We must start this chapter by thanking the statistical department of the Spanish Ports Coordination Body (Puertos del Estado) for their kind cooperation, without which it would have not been possible to include the breakdown of the Spanish seaborne trade by good and trade types. Its data have been completed with information from the ports managed by autonomic communities, especially referred to national cabotage trades.

Total Spanish seaborne trade (import + export + national cabotage) grew by 3.0% in 2011, reaching 302.7 Mt. These figures do not include the movement of containers in international transit, which rose by 5.8%, to 45.5 Mt.

The most important part of the growth was due to general cargo which rose by 8.7% to 97.3 Mt. Bulk trades stayed at same levels as in 2010, with an increase of 0.2% for liquid bulks (134.3 Mt) and of 1.1% for dry bulks (71.1 Mt).

Liquid bulks involved a 44.4% of total Spanish seaborne trade; general cargo represented 32.1% and dry bulk held a quota of 44.4%. Once more, dry bulks are losing share while general cargo is increasing it.

**Analysis by trades**

Spanish seaborne foreign trade (imports + exports) in 2011 added up to a total of 263.0 Mt, 3.3% more than the previous year. Imports reached 188.6 Mt, a 71.7% of foreign trade, with a decrease of 0.8%, while exports were 74.5 Mt, with an increase of 15.6%, being a 28.3% of total foreign trade.
Liquid bulks, that amounted to 53.1% of the imports, decreased by 3.6%, to 100.1 Mt. Dry bulk imports increased by 1.4%, to 55.6 Mt, with a share of 29.5% of imports. Finally, general cargo imports grew by 4.3% reaching 33.0 Mt, a 17.5% of imports.

Coal imports rose by 28.1% and petroleum products by 5.8%, while imports of liquefied gases (-18.5%), iron ore (-9.9%), chemical products (-9.7%), construction materials (-2.5%) and crude oil (-2.0%) decreased. Imports of metallurgical products remained practically stable (+0.5%).

Exports experienced significant increases: general cargo accounted for 61.2% of total exports, adding up to 45.6 Mt (+16.3%); liquid bulk totaled 18.1 Mt (+19.0%) and was 24.3% of total exports. Dry bulk accounted for the remaining 14.4%, increasing by 7.7% up to 10.7 Mt.

From the figures it is apparent that the weak domestic demand is forcing Spanish industries to try and situate their products in foreign trades. While imports and cabotage stand at similar levels as in 2000 and 2003 respectively, exports were 21.8% higher than those in 2008.

**Crude oil and oil products**

In 2011, Spain imported 52.1 Mt of crude oil, 0.6% less than in 2010. Average distance increased by 11.2% up to 3,911 miles, due to the political tensions in Libya and subsequently closure of EU imports from that country since March until November, so that Spanish refineries were compelled to import crude from more distant origins. The main beneficiaries of this situation were Russia, which turned into the largest Spanish supplier, with 8.0 Mt (a share of 15.3% and an increase of 19.7%) and Saudi Arabia, which obtained the second position with 7.7 Mt (14.7% share and an increase of 16.6%).

As a result of the political tensions initiated in Iran, this country, that was our main supplier in 2010, fell to the third position, with 7.5 Mt (-2.3%) and a share of 14.4%. During 2012, the EU blockade to this country, as a measure of pressure over the nuclear program, will undoubtedly have a direct effect on Spanish imports. Nigeria (+23.9%) and Iraq (+102.8%) remarkably increased their supplies to Spain, totaling 6.9 and 3.9 Mt respectively and market shares of 13.3% and 7.4%, placing them, respectively, in fourth and sixth positions. Mexico get the fifth place with a moderate growth (+3.5%) totaling 6.1 Mt. OPEC countries supplied a total of 28.7 Mt (-8.6%) with a share of 55.1%.

Throughout the year 2011, crude oil price fluctuated, reaching its highest value between April and May. Thereafter it began slightly decreasing until the end of the year, resulting an average price of 111.3
$/barrel. Even though during the summer of 2008 it had punctually achieved higher levels, this figure is the maximum historic annual average price. During the first quarter of 2012, average price of the OPEC oil basket has been 117.2 $/barrel, increasing by 8.8%. Price increased until March, to moderate later on.

CIF cost of 2011 Spanish crude oil imports averaged 78.00 €/barrel (108.6 $/barrel), 33.1% higher than in 2010. Average currency exchange was 1.3920 $/€, rising by 5.0% with respect to 2010.

Oil products imports totaled 22.4 Mt, with a decrease of 5.0%. Gasoil imports, with a share of 38.2%, decreased by 20.9%, while fuel-oil (+11.1%) and kerosene (+12.3%) increased, with shares of 16.9% and 12.3% respectively. Gasoline imports decreased by 31.4% and only meant 0.5% of total oil products imports. Besides, 0.6 Mt of liquefied petroleum gases were imported, a 29.0% less than in 2010.

The U.S.A., which held in 2010 the fourth position in the ranking of our products suppliers, climbed to the first position in 2011, duplicating the supply tonnage (3.8 Mt) and its share over the previous year (16.9%). Italy stood at second position, with 3.3 Mt (-25.3%) and a share of 14.7%, followed by Russia, with 1.9 Mt (+0.2%) and a share of 8.4%, and the Netherlands, that lost one position as compared with 2010, with 1.7Mt (-21.0%) and a share of 7.4%. The United Kingdom fell from the second to the fifth position, with 1.6 Mt (-41.4%) and a share of 7.0%. Average distance of our oil products imports increased by 11.4%, up to 2,455 miles, due to the increase of imports from the U.S.A.

Spanish oil products exports increased by 12.8%, totaling 12.8 Mt. Gasoline, which share was 26.1%, declined by 2.4%. During 2011, gasoil exports doubled, reaching a share of 18.5%. Fuel-oil, with a share of 17.1%, increased by 2.5% and kerosene exports, which share is only 2.1%, multiplied by almost 5.5. In 2011, 249,000 t of liquefied petroleum gases were exported, 9.2% more than in 2010.

The main destinations of Spanish oil products exports was the U.S.A., with 16.5% of total exports and an increase of 75.2% as compared with 2010. Portugal, which held the fourth position in 2010, also experienced a strong growth (+48.0%), which led them to the second position, with a quota of 11.1%. The Netherlands kept in third place, with a share of 8.1%, although decreasing by 10.8%. Belgium, although decreased by 6.1% in 2011, jumped one position, to the fourth place, with a share of 6.8%. France, who was the main destination for our exports in 2011, declined by 36.6% and its share dropped to 6.3%. Italy (+3.4%) with a share of 4.8% climbed up to sixth position. Mexico, which in 2012 held the sixth position, fell to the 12th, with a share of just 1.1%, experiencing a downfall of 76.3%. The average distance of this trade reached 2,473 miles, 10.5% more than in 2011, due to the mentioned increase in volumes to the U.S.A.

As a result of the price increase in the international market, the euro/dollar exchange and trade changes, the deficit of the Spanish energy balance increased by 15.8% up to 39,934 million euro. During 2011, the coverage rate was 28.5%.
This chapter analyses the Spanish flagged merchant fleet, operated by Spanish and foreign shipping companies, all of which is registered in the Special Canary Islands Register (REC).

On 1 January 2012, there were 145 merchant ships registered in the REC, totaling 2,569,263 GT and 2,312,778 dwt. Throughout 2011 this fleet decreased by 3 units and 2.5% of dwt while GT increased slightly (+0.8%).

At the beginning of 2012, the Spanish flagged fleet operated by Spanish shipping companies added up to 141 ships, decreasing by one unit as compared with January 2011 and 2.1% of dwt, while increasing by 1.2% of GT. Four merchant ships registered in the REC were operated by foreign shipowners, 2 units less than one year ago, with a decrease of 26.0% in GT and 21.5% in dwt.

The only fleet segments which grew were passenger ships, by 6 units (+19.4% of GT) and general cargo ships (+1 unit and 8.5% of GT). The container ship segment registered the highest decline in terms of GT (-40.3%) as a result of the loss of 2 ships: one that was sold for scrapping and another that was reflagged to another EU Member State.

Gas tankers also lost 2 units but only 1.0% of their GT and ro-ro ships decreased by 1 unit (-1.1% of GT). Special ships, including cement carriers, asphalt tankers, supply ships, chemical tankers and cable tenders, fell by 5 units (-25.6% of GT).
In 2011 a total of 12 ships left the Spanish flag, of which 6 were re-flagged in other registries, mainly European, 2 were scrapped and 4 were sold to foreign shipping companies.

As regards the number of units, passenger ships remain as the fleet segment with the highest share in the Spanish flag (33.8%), followed by general cargo ships (14.5%), ro-ro and oil tankers (both with 13.1%) and gas tankers (8.3%).

In terms of GT, gas tankers hold the largest share (42.1%), followed by passenger ships (19.7%) and oil tankers (19.2%). Ro-ro ships accounts for 10.8% of the fleet, being general cargo (2.3%), container ships (1.4%) and reefers (0.7%) the ship types with lowest shares. Special ships represent 3.4%.

Throughout 2011, 3 newbuildings joined the Spanish flagged fleet (2 passenger ships and 1 cement carrier), with a total of 67,742 GT, a figure significantly lower than in 2010 (366,409 GT) but meaning an investment close to 280 million euro. In the last 5 years, 27 new ships have joined the Spanish fleet with a total investment of 1,900 million euro.

On 1 January 2012 the average age of the Spanish merchant fleet was 12.8 years, slightly higher than the last year average age (12.6 years), although much lower than the average age of the world merchant fleet, 18.7 years.

Gas tankers, with an average age of 5.7 years, is the youngest fleet segment, followed by oil tankers (7.8 years), general cargo ships (12.7 years) and passenger ships (12.8 years). Ro-ros (14.1 years), container ships (18.6 years) and reefers (20.0 years) have an average age over that of the total Spanish flagged fleet. Special ships have an average age of 19.1 years.

During the first five months of 2012, the Spanish flagged fleet decreased by 4 units, -0.4% of GT and -1.6% of dwt. The segment that has suffered the highest decline is the container ships, which has lost 2 units which represent a decrease of 37.1% in terms of GT. One cement carrier, one chemical tanker and 2 passenger ships have also gone from the REC against the incorporation of 1 con-ro cargo and one ferry.
This chapter analyses the total merchant fleet controlled by Spanish shipping companies, both under Spanish and foreign flags. As of 1 January 2012, this fleet included 229 ships with 4,054,308 GT and 4,021,606 dwt. During 2011, it has decreased by 4 units, 2.3% of GT and 6.6% of dwt.

The part of this fleet controlled by Spanish shipping companies under the Spanish flag decreased in 2011 by 1 unit, to 141 ships, 2,540,352 GT (+1.2%) and 2,273,958 dwt (-2.1%). The fleet controlled under foreign flags lost 3 units, 7.7% in terms of GT and 11.9% in dwt. On 1 January 2012, Spanish shipowners operated under foreign flags a total of 88 vessels, with 1,513,956 GT and 1,747,648 dwt.

The average tonnage of the total controlled fleet is 17,704 GT, slightly lower than the previous year (17,729 GT) breaking for the first time the upward trend of more than 20 years.

Only the passenger ships segment increased remarkably, by 6 units and 10.2% of GT. The number of bulk carriers remain unchanged, but their GT dropped by 14.9%. Tonnage of general cargo ships rose by 2.1% and also stayed unchanged in number of units. Gas tankers, reefer ships and container ships decreased by 1 unit, and by 0.5%, 6.7% and 15.2% respectively in term of GT. Oil tankers (-9.2% of GT) and ro-ro ships (-5.4% of GT) dropped by 2 units each.

In 2011 only 3 newbuildings joined the Spanish controlled fleet, totaling 67,742 GT and a joint investment of 280 million euro. The three of them, 2 passenger ships and 1 cement carrier, were registered in the Canary Islands Register.

The average age of the controlled fleet remained practically stable last year and, as of 1 January 2012, it was 14.4 years (14.3 years in 2011). Gas tankers is the youngest fleet segment (6.4 years on average), followed by oil tankers (10.2 years), container ships (13.7 years), bulk
carriers (13.9 years) and passenger ships (14.3 years). Ro-ro ships (15.5 years), general cargo ships (17.3 years) and especially reefers (28.2), present an average age above that of total fleet.

The fleet under Spanish flag accounts for 62.7% of total controlled GT. The remaining tonnage (37.3%) is distributed in 11 different foreign registers. In terms of GT, Malta ranks second (38.0%), followed by Madeira (20.6%), Bahamas (18.3%) and Cyprus (11.7%). But, in number of ships, the foreign registry most used by Spanish shipowners is Panamá, with 28.4% of the units controlled under foreign flags, followed by Malta (25.0%), Madeira (20.5%) and Cyprus (12.5%). 60.2% of ships and 72.3% of GT of the fleet controlled under foreign flags are registered under EU flags. Counting those registered under the Spanish flag (REC), these figures rise to 84.7% of the units and 89.6% of the GT of the total controlled fleet.

80.0% of gas tankers units are operated under the Spanish flag, with 90.1% of GT, 86.4% of the ro-ro ships (92.8% of the GT), 72.1% of the passenger ships (51.7% of the GT), 72.0% of the oil tankers (72.8% of the GT) and 58.8% of the general cargo ships (49.8% of GT). 100% of bulk carriers are operated under foreign flags, 63.6% of reefers (56.7% of the GT) and 66.7% of the container ships (76.7% of the GT).

Until 1 June 2012, the controlled fleet declined by 6 units, although GT remained virtually constant and dwt increased by 3.5%, thanks to the addition of two newly built Suezmax tankers, registered in Madeira, and totaling 162,374 GT. One bulk carrier, one con-ro and one ferry also joined the controlled fleet, of which only two ships were registered in Spain.

Among the 11 deletions recorded in 2012 until June, there are one oil tanker, one ro-ro, one cement carrier, one logistic support vessel, 3 container ships and 4 passenger ships. The most affected segment is the container ships one (-23.8% of GT) followed by passenger ships (-6.3%).

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Source: ANAVE

Figures as of 1 January 2012
SPANISH CONTROLLED FLEET

CARGO CARRYING FLEET
CONTROLLED BY SPANISH SHIPOWNERS
figures as of 31 December each year

REGISTERS USED BY SPANISH SHIPOWNERS
figures as of 1 January 2012
SPANISH CONTROLLED FLEET BY SHIP TYPES
figures as of 1 January 2012

AGE DISTRIBUTION OF THE SPANISH CONTROLLED FLEET
figures as of 1 January 2012
Global Framework (IMO-ILO)

It may seem surprising that, at a time when the shipping sector is going through a deep freight market crisis, one of the top concerns, perhaps the greatest one, at international level, has continued to be piracy attacks in the Somalia/Gulf of Aden area. Statistical data show that, during the last year, the number of acts of piracy and armed robbery has continued to increase although, at the same time, the number of attacks resulting in hijackings of ships and their crews has significantly decreased.

There are two main elements that have contributed to this result: on the one hand, although the naval forces in the area are still insufficient, its protection is increasingly effective. And, at the same time, the percentage of ships applying the Best Management Practices (BMP-4), that have proved to reduce the risk of being kidnapped in the event of an attack, has dramatically grown. A key factor appears to be the presence of armed security personnel on board, because there is no evidence of any ship being kidnapped while using this type of protection. But some flag states still prohibit private armed guards on board ships and, in any case, this could not be the ultimate solution in the medium to long term.

On 27 February 2012, the EU Council agreed to extend the mandate of the European Union Naval Force (EU NAVFOR) Somalia - ATALANTA Operation for an additional period of two years, until December 2014, and extend it to targets ashore, which is indeed a very positive decision. But the final solution, which will only be achieved in the long term, will require much greater involvement of the international organizations, such as the UN (for the re-establishment of the law and order in Somalia) and IMO (for the setting up of an international legal framework, probably on the path towards a specific international convention). Even though this type of attacks are especially seen in this area, they undoubtedly could be replicated in other geographical areas in the future, which is the main reason why the international community needs, as soon as possible, to provide itself with the necessary and agreed legal instruments.

After several years of work, in July 2011, considerable progress were made by IMO in the regulation of GHG emissions from ships, establishing a framework for the compulsory application of the Energy Efficiency Design Index for new ships and the Ship Energy Efficiency Management Plan for all ships. In November, a joint study, developed by Lloyd’s Register and Det Norske Veritas for IMO, evaluated its likely impact in some 152 million tonnes of CO2 per year by 2020 (13% of the total merchant ship emissions) being reduced with respect to the inaction alternative, and approximately 330 million t/year by 2030 (23% of reduction).

IMO continues its work to complement these measures, already adopted, with the so-called “Market Based Measures”, in order to render additional reductions or compensations of the CO2 emissions. Although the emerging countries (led by China, India, Brazil and South Africa) still block negotiations on this matter in IMO, a new important step has been taken by the international organisations of shipowners, coordinated by the International Chamber of Shipping (ICS), who have reached a consensus, by ruling out an emissions trading scheme and preferring, instead, a levy on bunker along with an international fund, that would be provisioned to finance reduction programs of the above mentioned emissions. This agreement probably paves the way for a definitive solution in IMO.

Over the last twelve months there have been 16 ratifications of the ILO’s Maritime Labour Convention (MLC, 2006), and there are now only 2 left to reach the 30 established for its entry into force, which seems highly likely that it could take place before the end of 2013. In Spain, both the shipping companies and the Maritime Administration are already preparing for the implementation of this important Convention.

In 2011, according to data published by the International Tanker Owners Pollution Federation (ITOPF), all records of effectiveness of the standards on prevention of marine pollution from accidental oil spills from tankers
were broken, with only one spill of certain importance and a total of just around 1,000 tonnes of crude oil leaked, the lowest figure since this data is being collected. This is an excellent result, especially taking into account that the average over the last 5 years has been 7,200 t/year, but it is much more striking if we consider that the average registered in the 90’s was approximately 114,000 t/year. This impressive progress is the result of more than three decades of continuous improvement, both of ship safety standards and of the monitoring mechanisms to make them effective, and confirm that the serious maritime pollution incidents are finally under control, with very few exceptions that, as in all human activity, cannot be ruled out. Stimulated by this success, the shipping industry is seeking to further strengthen the safety culture in the daily ship operation by shipowners and crews, with the target to completely eliminate accidental oil pollution from tankers, a goal that now seems to be more and more realistic and at hand.

European Framework

On January 2012, the European Commission opened a public consultation process on possible market based instruments, to be applied only at European level, for the reduction of CO₂ emissions from ships. Both the shipping organisations (ECSA, ICS, BIMCO) and some States (for example, Japan) expressed their strong disagreement with this possibility, because a global problem such as this one, requires global solutions as well, and because the EU should better concentrate all its determination in achieving a global agreement in IMO and rule out unilateral regional measures in this field.

Another similarly complex matter is the regulation of the reduction of the sulphur content of marine bunker. In July 2011 the Commission presented a proposal to amend Directive 1999/32, which regulates this matter in the EU and which, in a number of aspects, goes beyond the international framework established by IMO by means of the revised MARPOL Annex VI. The European shipping industry, through ECSA, asked that no new element should be established beyond MARPOL provisions, because that would put in a serious risk the future of short sea shipping in Europe, shifting a part of demand towards road transport, which would significantly increase the associated external costs and, in particular, CO₂ emissions.

Although some amendments were initially presented in the Parliament that would even harden the Commission’s proposal, following extensive discussions, an agreement has been reached, in first reading, between the Council and the Parliament, very much in line with ECSA aspirations. ANAVE highly appreciates the coordination mechanism, between the Environment, Industry and Infrastructure ministries, in permanent contact with the affected business associations (ANAVE and AOP), established by the Spanish Administration on this matter. This is a very positive example of how it would always be convenient to manage this type of matters.

In the beginning of 2012, the European Commission DG COMP, under the direction of Spanish Commissioner Joaquín Almunia, opened the review process of the 2004 Community Guidelines on State Aid to Maritime Transport, by means of another public consultation to the interested parties. The continuity of these Guidelines, with the minimum possible changes, is of the greatest importance for the European shipping industry, since they are the legal support of measures so fundamental for the competitiveness of the European shipping companies such as special registries and tonnage tax systems.
The past twelve months have not been for the Spanish shipping companies but a continuation of the panorama that we recorded in this report one year ago: very low transport demand in national cabotage trades, along with very depressed freight rates in the international market, due to existing over supply. Besides, the difficulties for accessing loans and the long duration of the crisis, are forcing shipping companies to apply settings on the settings made the previous year in services and costs, in order to stay afloat.

Nor this period has brought us great innovations on sectoral policy in Spain. The main new regulation, Legislative Royal Decree 2/2011, is just a consolidated text of various legislative instruments adopted in previous years, which hitherto regulated the regime of Spanish Ports and the Merchant Marine.

The President of the Spanish Ports Coordination Body (Puertos del Estado) has declared that the new Government intends to maintain the agreement reached with the Socialist Party to adopt Law 33/2010 and, therefore, this Law will not be changed in any substantial aspect. However, he has also indicated that existing port legislation must be respected, referring in particular to the agreement that the two major parliamentary groups reached with the majority Union of the stevedoring service.

This agreement affects several aspects of the stowage service, such as the transport of new cars, short sea shipping services and motorways of the sea, the loading and unloading of self-propelled vehicles, supplies to cruise ships, etc. Obviously, there is a great interest to progress in these areas, in order to improve the efficiency and competitiveness of our ports.

Moreover, these efforts for the strict adherence to existing regulation should also be extended to other port services such as pilotage. Spain has one of the stricter regulations in the EU regarding pilot exemption certificates (PECs) and, in addition, some ports apply it in an extremely restrictive way. The European Commission has launched a study on the procedures applied in the different EU countries for granting PECs, aiming to “identify best practices” in this area, which we hope could be applied also in Spain, because it would be very positive for the competitiveness of regular maritime services.

Another key need is to find a solution to the legal uncertainty Spanish shipowners find when they employ non-EU seafarers on board their ships. Current Spanish legislation, which entered into force in 2005, has already caused a 35% reduction in the employment on board ships registered under the Special Canary Island Registry. Its review is absolutely essential, not only for the competitiveness of the Spanish flagged ships, but also for the employment of Spanish seafarers. In January 2012, the seafarers Union, UGT-MAR, and ANAVE, signed an agreement that renews the one held since 2006 to make possible the enrolment of non-EU seafarers on board Spanish flagged ships, sharing
the conviction that this agreement is essential to enable the maintenance of ships under the Spanish flag.

For the sake of greater legal certainty, ANAVE has proposed the Government restoring the immigration regulation that was in force prior to 2005. We hope that the Infrastructure and Employment Ministries may support our proposal. In fact, the Strategic Plan to promote the competitiveness of the REC announced by the Infrastructure Ministry, will be an effective mean to revise its labour standards. This revision would not only result in greater flexibility for Spanish shipping companies but would also be clearly positive for the employment of national seafarers.

Probably, in a broad sense, the most complex and of greater significance news for the Spanish maritime sector was the publication by the European Commission, on 21 September 2011, of a formal investigation procedure on the tax regime applicable in Spain to the leasing of ships (Tax Lease), because of its consideration as a State Aid, incompatible with the EU’s internal market.

This procedure is the result of the complaints made by the shipbuilding industry and some European shipping companies. Due to this investigation, orders of ships in national shipyards has been practically paralysed during the second half of 2011 and first half of 2012. For the time being, the procedure has not yet been solved.

Despite the necessarily restrictive approach on the Spanish General Budget for 2012, the maintenance of the support for the promotion of accepting cadets on board ships by the Spanish shipping companies is highly appreciated. Although the amount allocated is very limited, it is a positive action to help young seafarers to complete their training, and facilitates to shipping companies a more efficient staff selection.

In the business area, following an ANAVE’s initiative and thanks to the support of several maritime sector organizations, the Spanish branch of Businesseurope (CEO) formally created, in September 2011, the Sea Council, which brings together national employers’ organizations involved in maritime affairs, embracing shipping operators and shipowners, port services, fishing, pleasure crafts, shipbuilding, and their related industries. ANAVE’s President, Adolfo Utor, was elected as first President of this Sea Council.

The relaunching by the Justice Ministry, last April, of the General Navigation Law, and the invitation to ANAVE to actively participate in the review of the previous draft, is very good news for this year. There are many and varied fields in which this legislative project can update and clarify the legal framework of our sector, which will provide a higher legal certainty that will also translate into greater efficiency. The Sea Council may be an ideal forum where all maritime business interests could contrast their positions on this draft law.

To end up, it should be pointed out that the Spanish flag remains in 2012, for the seventh consecutive year, in the white list of the Paris MOU on Port State Control. However, the results of the inspections carried out in the first half of 2012 are worrying.

ANAVE is working with the General Directorate of Merchant Marine, to raise shipping companies awareness on the need to give the highest priority to this matter, in order to strengthen the position of the Spanish flag among the safest fleets in the world.
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