

The Faroese Maritime Authority is preparing for an upgraded international ship registry that will place the Faroe Islands in a strong competitive position with high standards and an attractive fiscal regime.

A COUNTRY WITH a large proportion of its population skilled in the maritime trades and professions; situated in the middle of the ocean, physically as well as mentally; and with tangible ambitions to establish itself as a serious player in the highly competitive industry of international ship registries. That's a picture of the Faroe Islands, set to become a favored flag jurisdiction of international merchant vessels.

"We are developing our open ship registry to become an attractive alternative to serious international shipping firms while building on our present image of high quality administration and services," said Óli Hans Hammer Olsen, managing director of the Faroese Maritime Authority (FMA).

In addition to being professionally trained and internationally experienced as a master mariner, Mr Olsen holds a master's degree in Shipping and Logistics. Since he was installed as managing director of the FMA a few years ago he has worked enthusiastically to refine the general quality and competitiveness of Faroese maritime administration. His expectations are high in anticipation of new adjustments to the existing open



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international ship registry, the FAS. Also on its way is a tonnage tax regime, planned to serve as an option to the present 20 percent company profits tax principle used under the FAS system.

According to the Ministry of Finance, a tonnage tax plan will be presented to Parliament in the first half-year of 2005, while a series of legislative updates for the FAS are likely to be in place later in the year.

Óli Hans Hammer Olsen, managing director; Samskip's 'Helgafell' joined the FAS registry in early 2005 (bottom right).

"This is a matter we take very seriously and we are working closely with the Ministry of Fisheries and Maritime Affairs to have a really competitive registry ready as soon as possible," said the Finance Minister, Bárður Nielsen, in January. A few weeks later, the Minister of Fisheries and Maritime Affairs, Bjørn Kalsøe,

joined hands with the Finance Minister and the Minister of Social Affairs and Health, Hans Pauli Strøm, to set up a commission to review the FAS system in order to enhance the registry's competitiveness. Chaired by Mr Olsen, the commission's agenda includes the financial competitiveness of the FAS, fiscal matters, registration fees, manning costs in terms of social security, taxes etc, and overall cost levels.

COMPETITIVE CLUSTER: With a small and easily accessible administration in the Faroes, a revamped FAS is set to become both robust and competitive in the international marketplace, according to Mr Olsen. He cited the islands' unique base of technical skills in maritime matters which will combine with their advanced organisational infrastructures.

"Our natural advantages in this area are many," Mr Olsen noted. "For one thing there is the competence and skills of our many officers at sea, mariners, and land-based technicians and administrators with a working connection to fisheries and nautical industries. Our people are intimately connected to the sea, both as professionals and in their daily lives. Given our experiences with both closed and open ship registries, some interesting recent research into the international shipping market and its conditions and demands has also provided a few clues. In the face of globalization, we have reason to update the legal framework of the FAS and to introduce a

tonnage tax regime. The idea is to utilize our effective, no-nonsense approach in conjunction with recognized international standards for safety at sea, minimum safe manning on ships, certification on ships upon survey, and so forth."

Of a total population of about 48,000 the Faroe Islands have, according to official estimates some 3,400 qualified navigators and trained marine engineers; that's about one-eighth of the country's entire workforce. Many of the ship officers are educated at the Faroe Islands' two Maritime Academies while others are trained abroad. While Faroese ship officers enjoy a high reputation with major shipping companies, the islands have an enviable maritime cluster with shipyards and numerous mechanical workshops specializing in marine machinery plus a host of services for the maritime industries.

Covering hundreds of commercial fishing vessels, the closed Faroese ship registry is rigorously controlled by standards that generally go further than international minimum stipulations in a number of areas, including safety at sea. The open registry, on the other hand, is aligned directly to International Maritime Organisation (IMO) standards and related international conventions.

"All regulations issued by the FMA correspond to and fulfill the requirements laid down by the the IMO," Mr Olsen maintained. "Whereas our closed registry will remain extra rigorous, the FAS will be fully on par with international stan-

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Primary assignment: preserving and improving safety at sea.

Main tasks include preparing laws regarding safety at sea, approval of minimum safe manning on ships, certification on ships upon surveys, and the issuance of certificates of competencies to seafarers. All regulations issued by the FMA correspond to and fulfil the requirements laid down by the the International Maritime Organisation (IMO). The FMA reports to the Ministry of Fishery and Maritime Affairs. The FMA cooperates with international organisations who are dealing with safety at sea including the International Maritime Organisation (IMO) and the classification societies.

dards. Still, the technical expertise derived from our experiences with the closed registry proves extremely valuable for the effective administration of the FAS.

"So while the consensus is that the FAS Act of 1992 is in need of an upgrade in line with with the introduction of a tonnage tax system, once we're there, I believe we will be very competitive."

