

EMERGING SHIP REGISTRY OFFERS NEW OPPORTUNITIES

The emerging merchant shipping industry and related services could represent a potential new economic driving force for the Faroe Islands with the FAS ship registry playing a leading part, according to the Faroese Maritime Authority.

ALTHOUGH Faroese exports still largely consist of fishery and aquaculture products, merchant shipping is expected to grow significantly in the years ahead.

About one-tenth of the entire Faroese workforce are marine engineers and navigators while, for example, a significant percentage of the ship's officers in the Danish merchant fleet are Faroese, with thousands of Faroese working on fishing vessels, offshore support vessels, tankers and freighters around the world. Against this backdrop the FAS—the Faroe Islands International Ship Register—was established, initially in 1991, as a way to help bolster the domestic merchant fleet. Later, in 2008 and further in 2009, the FAS was revised and redesigned to make it consistent with international demand.

Alongside financial and fiscal considerations, the needs and requirements of international shipowners that have been noted in the Faroe Islands include recruitment opportunities and smooth dealings with public authorities, said Hans Johannes á Brúgv, Director General of the Faroese Maritime Authority (FMA).

Thus, Mr. á Brúgv added, for a growing number of shipowners from Sweden, Norway and many other countries across the world, the FAS is emerging as a viable alternative.

“With FAS, the Faroe Islands is asserting itself as an internationally competitive flag jurisdiction,” he said.

The crew wage tax refund system under the FAS refunds shipowners the full amount

- Vessels up to 1,000 NT:
6 DKK per 100 NT per on-hire day.
- Vessels over 1,000 NT up to 10,000 NT:
4 DKK per 100 NT per on-hire day.
- Vessels over 10,000 NT up to 25,000 NT:
3 DKK per 100 NT per on-hire day.
- Vessels over 25,000 NT:
1 DKK per 100 NT per on-hire day.

In the FAS tonnage taxation scheme each ship is taxed at the fixed rate of 18 percent of taxable revenues, with the taxable revenues calculated from the ship's net tonnage per on-hire day, as specified in this table.

of the income tax withheld from crew working on FAS-registered vessels. The highly cash-flow friendly arrangement allows shipowners to receive their tax refund already within days after payment of monthly wages.

Mr. á Brúgv added: “Full refund of payroll taxes and a viable tonnage tax system are some of the factors that make the FAS financially and operationally very attractive, not least from a fiscal perspective. Alongside our competitive tax regime, we offer a friendly service that is relatively ‘bureaucracy-free’ with easy access to civil servants and administrative personnel.”

With the Faroe Islands' vast collective experience and expertise in shipping, which also includes an advanced domestic fishing sector and its associated registry with hundreds of vessels on record, the FAS plays a pivotal part in the overall development of the country's merchant shipping industry.

“One main reason for the success of our registry is that it puts international shipowners in touch with an environment that combines ease of use and friendly service with



FMA Director General Hans Johannes á Brúgv.

FAS – The Faroe Islands International Ship Register

Faroese Maritime Authority
Sigmundargøta 13
PO Box 1178, FO-110 Tórshavn

www.fas.fo
fma@fma.fo
Tel.: +298 351 500
Fax: +298 351 505

Director General:
Hans Johannes á Brúgv

FAS was originally established in 1992 and has proven to be an excellent alternative to other open ship registries. FAS offers a number of financial advantages including flexible, efficient, and uncomplicated public administration.

The Faroese flag, known as Merkið, is internationally recognized.

The Faroe Islands is an Associate Member of the International Maritime Organization (IMO). The relevant IMO/ILO conventions are in force in the Faroe Islands.

FAS-registered RoPax ferry Norrøna.



competitive advantage in the global marketplace. The maritime expertise available through our network also means shipowners can tap into the large pool of highly-respected Faroese ship's officers to fill positions at sea and on land.”

‘WORLDWIDE OPPORTUNITIES’

While covering a mere 1,400 square kilometer in total, the archipelago of the Faroe Islands nonetheless controls a very sizable area of sea with an exclusive economic zone spanning 274,000 sq. km. While located north of Scotland, west

of Norway and south of Iceland, the country remains part of the Kingdom of Denmark; however, it keeps its own domestic government, its own language, culture, flag, parliament, and tax system.

The Faroese flag is on the ‘White List’ of the Paris Memorandum of Understanding on Port State Control (Paris MoU) and the Faroe Islands is an associate member of the International Maritime Organization (IMO).

The FAS administration underwent the Voluntary IMO Member State Audit Scheme (VIMSAS) in 2011 and the outcome was seen as very favorable with only two minor notes on nonconformities.

The Nordic cultural identity of the Faroese lays the basis of a well-organized society, structured in line with the Scandinavian model in a miniature version of its own, as it were. Advanced public road infrastructure, socialized health care, high-quality public education with 100% literacy levels and near-100% in-

ternet penetration are examples of what characterizes the island community. Also noteworthy are the extraordinary language skills with virtually every grownup fluent in ‘Scandinavian’ (Danish/Norwegian/Swedish) and a large percentage proficient or fluent in English.

Moreover, the strategic location of the Faroe Islands is likely to become further highlighted in the years ahead as changes in the climate open new shipping routes in the Arctic and Northeast Atlantic ship traffic through Faroese waters is set to increase.

At the same time, the small-nation advantages offered by the Faroes may gain further notice as new technology is transforming vital aspects of the shipping industry, with the reality of a level playing field becoming the norm in most fields of business.

“Indeed,” Mr. á Brúgv noted, “through the FAS, a stunning wealth of worldwide opportunities are made available.”

FAS-registered workboat Svitzer Gaia.

