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Regulations on trade areas for cargo ships registered in the Norwegian International Ship Register (NIS) - Guidance

Introduction

On 8 October 2015 and 17 December 2015 the Ministry on Trade, Industry and Fisheries adopted amendments to the Regulations of 11 August 1989 No. 802 on trade areas for cargo ships registered in the Norwegian International Ship Register (NIS), hereafter referred to as the Regulations on trade areas for cargo ships.

The amendments entered into force on 1 January 2016.

The purpose of the amendments were to relax the current trade area restrictions for cargo ships registered in the NIS. This was connected with a strengthening of the current grant scheme for employment of seafarers for ships in both the NOR and the NIS.

Purpose

The purpose of this Circular is to provide guidance on the interpretation of section 3 of the Regulations on trade areas for cargo ships.

Interpretation of section 3 of the Regulations on trade areas for cargo ships

Section 3 (1) of the Regulations on trade areas for cargo ships reads:

Cargo ships where a significant part of the ship's activities takes place outside of Norwegian waters are permitted to carry cargo between Norwegian ports when this is carried out:

- a) as part of a regular route between a Norwegian and a foreign port; or*
- b) as carriage of petroleum in bulk from a unit on the Norwegian continental shelf; or*
- c) occasionally for up to 3 months.*

The various expressions in section 3 (1) of these Regulations have the following meanings:

- a) cargo ship means any ship that is not a passenger ship, fishing vessel, barge or recreational craft;*
- b) a significant part of the ship's activities means more than 50% of the ship's activities;*

- c) *activities outside of Norwegian waters* means activities which are permitted without legal basis in sections 3 and 4 of these Regulations;
- d) *Norwegian ports* means Norwegian ports, including units engaged in oil and gas activities on the Norwegian continental shelf;
- e) *regular route* means that the ship has a specified sailing pattern or a time-charter contract where departure and arrival times are indicated;
- f) *petroleum* means any liquid and gaseous hydrocarbons found in their natural state in the subsoil, as well as other substances extracted in connection with such hydrocarbons;
- g) *unit on the Norwegian continental shelf* means any unit engaged in oil and gas activities on the Norwegian continental shelf.

Three alternatives

Cargo ships where a significant part of the ship's activities takes place outside of Norwegian waters are permitted to carry cargo between Norwegian ports when this is carried out:

a) as part of a regular route between a Norwegian and a foreign port

This is typically a ship engaged on a regular service where both Norwegian and foreign ports form part of the route, but where the ship is outside of Norwegian waters more than 50 % of the time, or where the majority of the ports on the route are foreign ports.

b) as carriage of petroleum in bulk from a unit on the Norwegian continental shelf

Such ships typically operate partially on a foreign continental shelf and partially on the Norwegian continental shelf. For instance, if a ship for a period of time has no assignments on a foreign continental shelf, it may now take on assignments on the Norwegian continental shelf as long as the assignment on the Norwegian continental shelf constitutes in total less than 50% of the ship's activities over the last 12 months.

c) occasionally for up to 3 months

This alternative means that the ship can have continuous activities in Norwegian waters for up to three months. Once a given three-month period is over, a new three-month period cannot start until the ship has been engaged in activities outside Norwegian waters again.

The condition stipulating that a significant part of the activities should take place outside Norwegian waters is considered satisfied when more than 50% of the ship's activities in total over the last 12 months have taken place outside Norwegian waters.

Start and end of period

A period of activities in Norwegian waters is considered started from the time the ship starts an assignment here.

Lay-up periods, i.e. periods in yards or similar where it is obvious that the ship is not commercially active, are considered neither as time in Norwegian waters nor as time in foreign waters.

Lars Alvestad

Acting Director General of Navigation and Shipping

Lasse Karlsen

Acting Head of Department