



## **The environmental differentiated fairway dues system**

### **The fairway due**

The fairway dues cover the costs for activities that render services to merchant shipping, besides services where the individual user of the services rendered are identifiable. In those cases the principle of user pays is applied and the individual user is charged.

The basic principle for the design of the fairway dues system is to include the environmental costs, where the most important factor is the airborne emissions from vessels.

The fairway dues consists of two portions, one portion is based on the vessels gross tonnage and the other on the amount of cargo loaded and unloaded. The gross tonnage based portion is differentiated in relation to the emissions of sulphur and nitric oxides. The fairway due ordinance (SFS 1997:1121) embraces both portions of the fairway dues, which means that all rules are equally applicable to both portions of the fairway due.

Vessels calling a Swedish port in foreign traffic and load or unload cargo or passengers, are liable for fairway dues in the first Swedish port of call. Vessels in domestic traffic are liable for fairway dues in the port where cargo or passengers are loaded for a Swedish port.

### **Charging of Fairway dues**

All vessels liable for fairway dues, must, at the latest one week after departure, submit a declaration for fairway dues. The declaration must be submitted by the shipowner or by an agent of him via the e-services available at the homepage of the Swedish Maritime Administration (SMA).

Vessels sailing in scheduled traffic and have met an agreement on credit with the SMA, can be allowed to submit declaration of fairway dues once a month.

A vessel, whose shipowner or an agent of him has been granted credit on the fairway dues, may depart without paying the fairway due. A shipowner that hasn't met an agreement on credit with the SMA must pay the fairway dues to the agent or directly to the SMA before the vessels' departure.

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It is possible for a ship owner to use a Swedish port agent with credit at SMA. However, the shipowner or his agent, that has accepted the responsibility to submit the declarations of fairway dues for the shipowner, are equally liable for payment of the fairway dues to the SMA. For financial reasons, this means that the agent requires prepayment of the fairway dues.

The cargo owner or the charterer is not liable for payment to the Swedish Maritime Administration for any portion of the fairway dues.

### **Exemptions from fairway dues**

In the ordinance (SFS 1997:1121) regarding fairway dues it is stated that not all loaded or unloaded cargo are liable for fairway dues. The following items shall not be seen as cargo in respect of the fairway dues:

- Towed cargo, less than 100 m<sup>3</sup>
- Buses, trucks, railway cars, containers etc. when they are used to transport cargo or passengers, that is when they are used for their purpose.
- Bunker and ships' requisites and provisions to the vessel or to some other vessel belonging to the same shipowner.
- Personal belongings
- Cargo that is unloaded because of ship-wreck, drydocking, repair etc and after that loaded on the same vessel again
- Destroyed cargo
- Ballast water containing oil and other waste or garbage emanating from the operation of the vessel.

There is no fairway due for an individual passenger but the liability for fairway dues arises when passengers embark or disembark a vessel in a Swedish port. The following persons are not considered as passengers:

- Crew member travelling home from the vessel
- A shipwrecked person
- A dead person
- A person that is transported free of charge or as a maximum at a cost that corresponds to the shipowners cost for food.

The following types of vessels are exempted from fairway dues:

- Vessels with a gross tonnage below 400

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- Towing-, salvage- and search and rescue vessels
- Drilling and accommodation platforms or similar arrangements
- Work vessels
- Vessels transporting cargo between ports located in the Gothenburg-, Brofjorden- or Lake Vänern area
- Vessels engaged in regional or local cargo or passenger traffic in public regime or within a county, e.g. the Waxholm and the Styrso traffic in the archipelagos of Stockholm and Gothenburg.

**Cargo based fairway dues**

For loaded and unloaded cargo, a cargo based fairway due of SEK 3.05 per ton is charged. For so called cargo of low value, a due of SEK 0.80 per ton is charged. Cargo of low value are mainly sand, gravel, stone, iron ore, limestone. As mentioned earlier, there is no fee for passengers.

**Gross tonnage based fairway dues**

A maximum of five calls per calendar month are charged for passenger vessels and railway ferries. For other vessels, a maximum of two calls per calendar month are charged.

*Passenger vessels, excl. cruising vessels*

The gross tonnage based portion of the fairway due is charged with SEK 1.80 per unit of the gross tonnage for passenger vessels and railway ferries.

*Cruising vessels*

The gross tonnage based portion of the fairway due is charged with SEK 0.80 per unit of the gross tonnage for cruising vessels. In order to level the playing field for different cruises with different number of port calls and duration, gross tonnage based fairway due is charged only once in the first Swedish port for each cruise. If more than 90 percent of the passengers are switched (so called turn around) in a Swedish port, there is no gross tonnage based fairway due for that whole cruise.

*Other vessels*

The gross tonnage based portion of the fairway due is charged with SEK 2.05 per unit of the gross tonnage for all other vessels.

**Maximum charge**

The maximum charge that is levied for a call at a Swedish port for an oil tanker is SEK 77 000 if the emission level of nitric oxide exceeds 10 g per kWh. The amount is reduced by SEK 6 000 for each gram below ten down to one gram. Below one gram, the maximum amount is SEK 9 500.

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For all other vessels, the maximum charge that is levied for a call at a Swedish port is SEK 51 000 if the emission level of nitric oxide exceeds 10 g per kWh. The amount is reduced by SEK 4 000 for each gram below ten down to one gram. Below one gram, the maximum amount is SEK 6 500.

Maximum charge amounts are not applicable to cruising vessels, passenger vessels and railway ferries.

**Environmental differentiation***Sulphur fee*

In the fairway dues system, there is three limits for the sulphur fee; less than 0.2 percent by mass, between 0.2 and 0.5 percent by mass and above 0.5 percent by mass. The sulphur fee per unit of the vessels gross tonnage is shown in the table below.

Sulphur content, percent by mass	Sulphur fee, SEK
0 - 0,2	0
0,21 – 0,5	0,20
0,51 –	0,70

To be charged with a lower sulphur fee than SEK 0.70, the shipowner has to send in an attestation to the SMA where he certifies that the vessel always and under all circumstances operate on a bunker oil with a sulphur level below 0.5 percent or below 0.2 percent by mass. The SMA then issues a Document of Compliance that entitled the vessel to be charged with a lower sulphur fee. This document must be kept in original onboard the vessel. The observance of the document is checked by the Maritime Inspectorate. If the sulphur level is higher than the stated level of the shipowner, the document of compliance is declared invalid and the vessel has to qualify again for a new document.

The qualification period is four months or at least 20 calls for passenger vessels, cruising vessels and railway ferries and eight calls for other vessels. The shipowner must be able to prove that the vessel, during the qualification period, has been operating on low sulphur bunker fuel only.

*Nitric oxide rebate*

A rebate on the gross tonnage portion of the fairway due can be obtained if measures to reduce the nitrogen emissions have been taken. In order to get a rebate the emission level must be lower than 10 g NO<sub>x</sub>/kWh. The gross tonnage based portion of the fairway due at different levels of nitrogen emissions are shown in the table below.

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Emission level, g NO <sub>x</sub> /kWh	Passenger vessels, SEK	Cruising vessels, SEK	Other vessels, SEK
0 – 0,50	0	0	0
0,51 – 1,00	0.15	0.03	0.25
1,01 – 2,00	0.40	0.08	0.61
2,01 – 3,00	0.63	0.16	0.77
3,01 – 4,00	0.77	0.24	0.93
4,01 – 5,00	0.91	0.32	1.09
5,01 – 6,00	1.05	0.40	1.25
6,01 – 7,00	1.19	0.48	1.41
7,01 – 8,00	1.33	0.56	1.57
8,01 – 9,00	1.47	0.64	1.73
9,01- 10,00	1.61	0.72	1.89
10,01 -	1,80	0.80	2.05

Like the Document of Compliance for the reduction of sulphur oxide, the SMA issues a certificate (NO<sub>x</sub>-certificate) based on an application from the shipowner. A measurement report from an accredited control laboratory, where the emissions of nitric oxide from all engines of the vessel have been measured, must be enclosed with the application.

The observance of the document is checked by the Maritime Inspectorate. If a trespass is verified, the NO<sub>x</sub>-certificate is declared invalid and the vessel has to qualify again for a new document. The qualification period is the same as for the Document of Compliance for the reduction of sulphur oxides.

#### **Other rebates on the fairway dues**

The SMA can, according to section 8 in the Ordinance of Fairway dues, decide on a reduction of or an exemption from the fairway dues if it is consistent with the financial objectives of the SMA or if there are other extraordinarily reasons. The condition for such a rebate or exemption is that they are general and that the competition within the European Union is not distorted.

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The general rebates that the SMA has decided on and the criterias that have to be fulfilled for obtaining the rebate are described in the Regulations in Swedish at the homepage of the SMA. These general rebates are:

- A shipping line with frequent traffic between Sweden and ports located outside the area Iceland, Ireland and the Mediterranean Sea is charged with a maximum of SEK 1.2 million per shipping line and calendar year.
- PCTC, 30 percent rebate on the gross tonnage based fairway due.
- A restitution of the paid fairway due for loaded transit cargo can be granted under certain conditions.
- A restitution with 50 percent of the paid fairway due for loaded containers in transit can be granted under certain conditions.

Rebates according to the above are reimbursed every third month after an application has been sent to the SMA.

Cruising vessels that are exempted from fairway dues are exempted from the obligation to submit a declaration for fairway dues.

**Fairway dues for ship to ship operations (STS)**

An STS operation between two or more vessels that takes place in Swedish waters will be charged only once with the cargo based fairway due. The gross tonnage based portion will be charged for all vessels engaged in the STS operation.