

EU LRIT DC Financial Issues

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A large, dark blue ocean wave with white foam is breaking, set against a clear blue sky. The wave is the central visual element of the slide's background.

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Summary

1. Status on financial agreements with other DCs
2. Amendments to be made on the Conditions of Use for Using the EU LRIT DC
 - Frequency of invoicing
 - Decommissioning-I&B User Web Interface

Update on financial agreements

- Agreements concluded with 55 LRIT DCs in production
- Three umbrella Agreements with Pole Star, Fulcrum and CLS covering 45 DCs
 - Pole Star: 31 DCs including Canada, Kenya, Liberia, Nigeria, Philippines, Singapore, South Africa, Faroe Islands and Bermuda
 - Fulcrum: 8 DCs including Bahamas and Japan
 - CLS: 6 DCs: new comers are Columbia and Egypt
- Ten individual Agreements: Argentina, Brazil, India, Pacific, Russia, South Korea, Turkey, Ukraine, USA and Panama
- 5 days ago agreement with IRAN (Via Company Parsonline) after approval by the European External Action Service

Update on financial agreements

- Negotiations are ongoing with 6 DCs in production (Ecuador and Thailand are the most active requestors of LRIT messages)
- In absence of agreement, EMSA sells at the cost recommended by IMO: 0.19pos/0.38poll/2.28prc /0.38arc
- From 2012, invoices will be issued despite absence of agreements; "Not having a contractual arrangement in place did not obviate the provision and the **payment** for the LRIT information" (Report of MSC 87th session)

Nigeria DC



- Outstanding amount
 - €40,253 was due beginning of July 2012
 - Some invoices were paid in July for a total of € 16,919
 - € 23,334 still outstanding
- Mitigating Actions:
 - EMSA letter to PS in July 2011; no outcome
 - Contact with IMSO for assistance: IMSO met representatives of Nigeria in January 2012

Nigeria DC



- A first offsetting for EUR 2,948.56 was made in April 2012
- Some invoices paid in July 2012 but € 23,334 still outstanding
- In August a 2nd offsetting might be applied if the 2010 outstanding is not paid
- PS has disputed the offsetting procedure and will look for IMO/IMSO assistance
- Last week Deadline by PS to Nigeria to pay all debt by 26/10/12; LRIT Governance Body (including IMO) was informed about notification
- Sanction: Nigerian DC to be decommissioned from the LRIT system
- IF decommissioning, then all LRIT services are interrupted and EU DC will have to pursue the recovery of debt

Conditions of Use - Current Status

- Post-paid accounts (MS/Iceland/Norway) & pre-paid accounts(OCT's & 3rd Countries)
- Post-paid accounts invoiced on a monthly basis if above €100
- Pre-paid accounts receive monthly statements showing balance of pre-paid amount

Conditions of Use - Current Status

- Until 2012, total monthly invoicing was about €3,000 & concerned mainly 5 Participating States
- Amounts subject to monthly invoicing vary within from €100–€1,200
- Since Jan. 2012, number of Participating States subject to monthly invoicing increased from 5 to 9 but total monthly invoicing has only increased by about 5%-10% (from €3,000 to €3,250)

Proposed Changes

- Frequency of the invoicing & balance statements : from monthly to quarterly.
- Increase the threshold from €100 to €1,000

Proposed Amendments - Conditions of Use

- For MS/Iceland, Norway, Article 9.9 should read: "The financial contact point will receive quarterly invoices if the outstanding amount is more than 1000 euros and otherwise will receive an invoice annually".
- For OCT's and 3rd Countries, Article 9.9 should read: "The financial contact point will receive quarterly statements showing the balance of the yearly pre-paid amount"

Proposed Amendments - Conditions of Use

- Decommissioning of the I&B User Web Interface will result in:
 - the removal of the last paragraph of Article 9 of the COU – “EMSA will ensure that the LRIT NCA and/or the Financial Contact Point will have access to the web based /Client Invoicing and Billing interface allowing them to check his/her account status (payable items) with EMSA”.

Questions

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