Nordisk Skibsrederforening
(NORDISK DEFENCE CLUB)

ANNUAL REPORT 2013

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THE MANAGING DIRECTOR'S COMMENTS

Our focus on high quality and competitiveness reaps rewards as Nordisk commences its 125th anniversary year with a record number of units entered.

Georg Scheel, Managing Director

This year we are celebrating the 125th anniversary of Nordisk's foundation. Nordisk was founded when a group of shipowners decided to join forces in order to obtain better terms from charterers, to defend themselves against claims from unreasonable agents, and generally to improve the sophistication of standard charterparties and other contracts. Nordisk was also to represent shipowners' interests versus the authorities. In addition, Nordisk was to provide its members with advice and guidance when necessary, and also cover its members' legal costs in cases of general interest for the shipping industry and importance for the members.

Over the years, the focus of Nordisk's activities gradually changed. Norwegian, Swedish and Danish shipowning organisations were established and became the point of contact for discussions with the authorities. In addition, the establishment of P&I clubs caused Nordisk to focus increasingly on legal matters. Today we act primarily as a law office with in-depth expertise in maritime matters. In particular, we specialize in contracts relating to vessels, such as charterparties and newbuilding contracts. Over the last 30 years,

we have become increasingly involved in the offshore sector, as the number of entered offshore vessels and other mobile offshore units has increased significantly.

Although our day-to-day work mainly involves handling disputes, providing our members with legal advice, and drafting clauses for contracts and other documents, our heritage sets us apart from any other organisation that I know of.

Nordisk continues to provide input to the authorities on new regulations. Today most of this work, however, is conducted through our cooperation with the Norwegian Shipowners' Association and CEFOR. We also work closely with these organizations on other issues of general interest for the maritime industry.

Nordisk is an important participant in the drafting of new standard contracts for the shipping industry. Our lawyers sit on the legal committees of Bimco and Intertanko and have been involved in a high proportion of the new standard clauses and contracts that have been issued by Bimco. Among others, these include standard contracts such as Poolcon, Newbuildcon, Supplytime, Barecon, Shipman, Saleform, Gentime and a number of others.

Another result of our heritage is the excellent relationships we enjoy with a large number of correspondents all over the world. Almost all of these correspondents are among the leading local law firms in their countries in maritime matters. A number have worked with Nordisk for generations. Apart from the obvious benefits of having on our side the best lawyers locally, an extra advantage of our long-term relationships is that these lawyers know our business, know about our relations with our members, and are well aware of our outstanding reputation in maritime matters. When Nordisk celebrated its centenary, we published a history of the association entitled "Mild i form – sterk i Sak" ["Mild in manner – powerful in your case"]. This continues to characterise our approach. We aim to remain among the leaders in our field and to deliver high quality and practical advice to our members. Shortcuts and taking the easy way out are not how we conduct our business.

Challenges lie ahead. Until about 1980, Nordisk had an extremely loyal membership base, with shipowners being members as a matter of course. Membership fees were based on the number of vessels entered and the tonnage, subject to certain discounts for members with particularly large

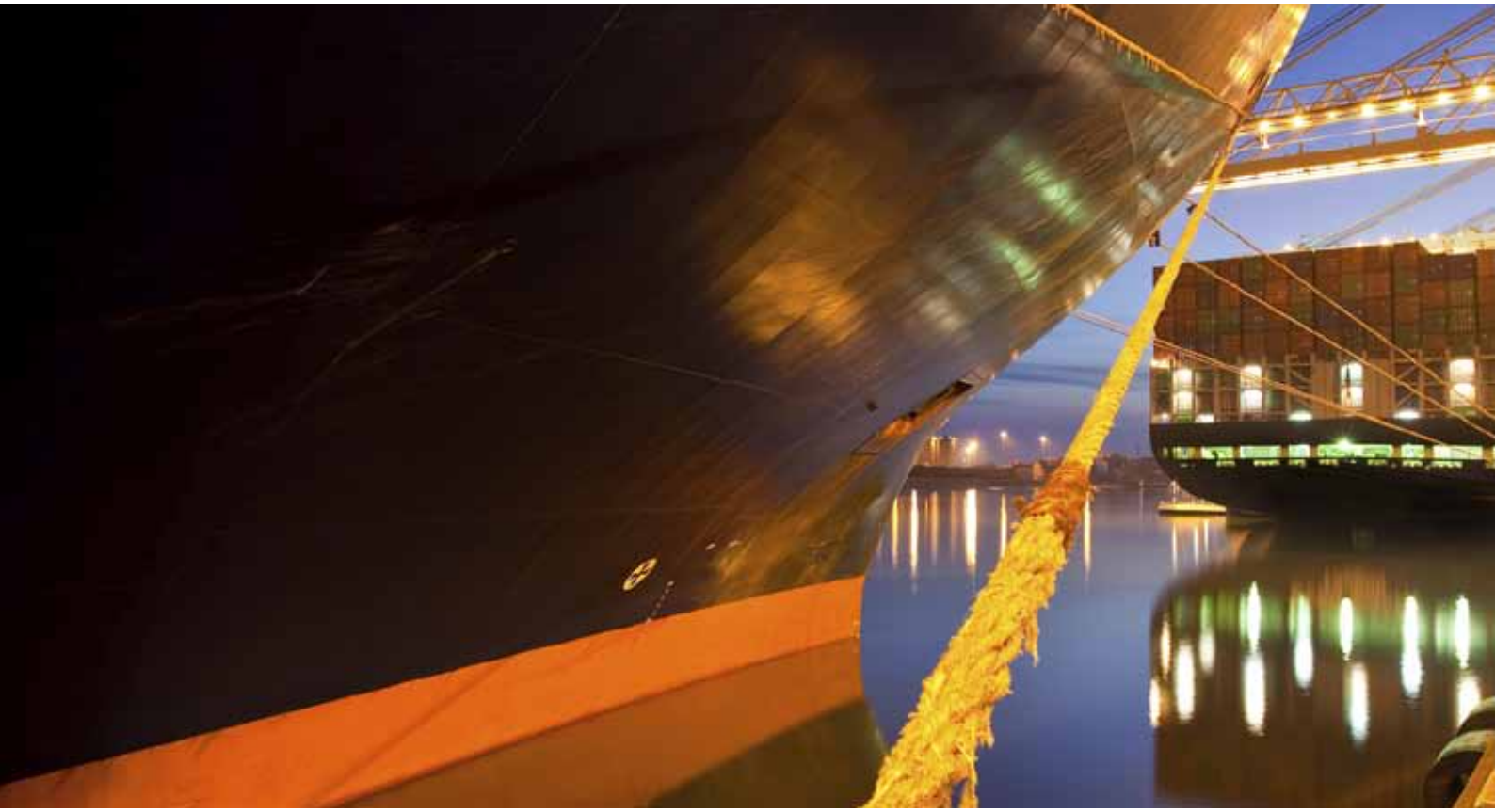
fleets. Today things have changed. Very few, if any, of our members belong to Nordisk simply for the sake of tradition. There is intense focus on costs, and Nordisk has to be competitive on price and at the same time deliver high-quality services. We need to meet our members' expectations, including being service-minded and available when our members need us. Quality, service and cost consciousness are key parameters.

Despite these challenges, I am delighted to note that today the number of units entered is higher than ever before. Nordisk's financial results are strong and our reserves are greater than ever.

What challenges will we face in the future? I am convinced that the bulk of Nordisk's work will continue to relate to traditional types of disputes. Although it might seem reasonable to think that most issues likely to arise under charterparties, such as off-hire, laytime, demurrage, and so on, are now settled law and as such should not give rise to too many conflicts, this is not the case. The legal landscape, and the potential risks and liabilities, continue to develop. While the charterers' business is to transport goods as cheaply as possible, shipowners will of course try to maximise their profits – subject of course to compliance with business ethics, the environment, safety etc. Since the interests of shipowners and charterers differ, inevitably there will be disputes. In addition, we will see the development of new areas of law and practice. I anticipate more problems in relation to eco speed. (For a start, does eco speed mean economical speed, i.e., the speed that generates the best profit for the shipowner when taking into account the charter hire/freight rate and the cost of fuel? Or does it mean ecological speed, requiring goods to be transported with the lowest possible CO2 emissions per ton miles due to environmental concerns?) Other current challenges that we are likely to continue to encounter in the future relate to low-sulphur fuel, regulatory regimes designed to ensure environment-friendly shipping, problems with free trade, access to the oceans (innocent passage), sanctions for trading certain goods to certain countries and so on.

What impact are the so-called Ocean Industries likely to have on Nordisk's work? The exploration for and production of offshore oil and gas, the building of wind farms at sea, the industrial development of fish farming – not only in the fjords but also in the oceans, and the exploration for, and mining of, seabed minerals are all areas that have significant potential for problems. Perhaps in 25 years' time these industries and problems will form a key component of Nordisk's business.

REPORT FROM THE BOARD



Nordisk performs strongly amid newly optimistic shipping markets. With continued growth in offshore work and in Singapore, we are well placed to tackle challenges ahead.

Nordisk is celebrating its 125th anniversary in 2014. The Association has been an important part of the maritime cluster in Scandinavia, particularly in Norway, throughout these 125 years. The Board is pleased to note that the Association today has a record number of entered units, is in a strong financial position and has satisfactory reserves. In addition, it is a very well run organization that now employs a record number of lawyers. The Association is well known for its expertise in maritime matters and is regarded internationally as a top-ranking player in its field. The combination of the Association's long traditions and its ability to adapt to a changing environment makes the Association well placed for further growth.

2013 was a year when optimism returned to the shipping market. Freight rates recovered in many segments. Hull values, including in the dry bulk sector where there had been a steep decline in recent years, started to climb again. These developments

were reflected in newbuilding prices. In addition, forecasts for future freight rates started to show a positive trend. Whether the market upturn, and possibly even higher freight rates in the near future, will continue, is dependent upon further economic growth worldwide, which will give a corresponding boost to the shipping trade.

The upturn in the market also affected the types of cases referred to Nordisk. We have seen fewer cases caused by charterers' default due to insolvency. Instead we are seeing the more normal mix of charterparty problems: disputes about speed and consumption, arguments about laytime and demurrage, off-hire disputes and so on. Regulatory requirements concerning low-sulphur fuel, sanctions for regulatory infringements, and the generally more stringent technical standards being applied to vessels are all sources of problems. Bunker prices have remained high, and even if better rates have made "time more expensive", slow speeding is frequently used and has caused a number of disputes.

In our Annual Reports in recent years, we have commented on the challenges facing the industry due to new rules and regulations. Some of these have profound significance for the industry, such as restrictions on NOX and SOX emissions; rules defining areas where only low-sulphur fuel can be used; and a number of other regulations designed to make the shipping industry more environment-friendly. Many more rules in this area will be implemented in the not-too-distant future. These will include rules on ballast water treatment; the recycling (scrapping) of vessels; rules banning (or reducing) the use of hazardous substances in antifouling systems; and rules to ensure fuel-efficient vessels, in relation both to design and operation.

The regulatory framework is also imposing increasingly strict reporting requirements. Apart from ISM and corporate governance reporting requirements, shipowners also need to comply with rules in areas including, among other things, anti-corruption and competition law. Politically motivated rules that restrict trade with certain countries, such as the partial ban on trading to Iran, or restrictions on doing business with certain persons or companies that are "blacklisted", may also cause problems for the industry. In the years to come, challenges arising from further new rules and regulations will continue to cause problems.

The offshore sector continued to perform strongly in 2013, although forecasts for future growth are less bullish than before. The Association's presence in the offshore sector has continued to grow and we now have in excess of 620 offshore units entered.

In Sweden there appears to be a general view within the industry, confirmed by the Swedish Shipowners' Association, that the Swedish government now has a clear ambition to improve operating conditions for, and thus the competitiveness of, Swedish shipping.

The government has taken action to address a number of the issues identified in last year's "Action Plan for Swedish shipping". For example, Sweden has forwarded a proposal to the European Commission regarding changes to its current system of state subsidies. If implemented, these changes would improve Sweden's compliance with the Community Guidelines for State Aid to Maritime Transport.

The government has also commissioned a further study of Sweden's tonnage tax issues. The findings will be presented in November, after the Swedish elections in September.

In Finland, the positive shipping policy adopted by key

stakeholders in relation to tonnage tax, mixed crews and moderate salary increases, brought new tonnage onto the Finnish Register during 2013. Most of this comprised Finnlines Ro-Ro vessels that were transferred from the Swedish register.

Throughout 2013 most attention was focused on the new sulphur regulations, due to come into force on 1 January 2015 in the two SECAs (the Baltic Sea and the North Sea including the English Channel), whereby the maximum permissible sulphur content in fuel oil will be reduced from 1% to 0.1%. The Finnish government allocated state funds for environmental support to assist shipowners willing to install sulphur abatement technologies ("scrubbers") on board their vessels. This strategy was a total failure, however, as the stringent rules adopted by the authorities resulted in most of the allocated funds remaining unused. As a consequence, most shipowners will shift to the more expensive marine gas oil, since shifting to LNG is only possible for newbuilds. In order to support such a move, Finland has several projects aiming to build the necessary infrastructure for LNG supplies in order to comply with the EU-adopted clean-fuel strategy.

Our Singapore office has continued its steady growth, both in terms of the number of members and vessels handled by the office, and the number of staff. While we have been pleased to welcome some new members, most of the increase in the office's workload has come about because existing Nordisk members have opened offices in Singapore. Over time, these members tend to refer a larger proportion of matters to their local Singapore offices. In turn these offices refer day-to-day problems to our Singapore office and use us for handling arbitrations of disputes involving people situated in Singapore.

The number of new cases received in 2013 was 1,856, a slight increase from 2012. The number of entered units at the end of the year stood at 2,354. This represents an increase of 162 units compared to 2012 and is the highest number of entered units in our history. The corresponding gross tonnage was about 57.3 million. The average membership fee per unit was NOK 40,440 as against NOK 41,270 in 2012. The proportionate increase in the number of entered units was higher than the proportionate increase in the number of cases. As a result the average number of cases per vessel fell slightly in 2013. This is a positive trend.

These figures include tonnage entered with Northern FD&D Company Ltd., a subsidiary of Northern Shipowners' Defence Club, Bermuda Ltd. The latter company is a mutual club that has substantially the same membership as the Association.

The Association's financial statement for 2013 shows a surplus of NOK 5,206,053 and equity of

NOK 52,799,551. The Association has generated a surplus for many years and accordingly has increased its reserves. These reserves are held principally in bank equities and money market funds. The Board finds the Association's financial position to be strong. In addition to the Association's own equity, its financial strength and liquidity are further strengthened through management and insurance agreements with the Bermuda companies. The aggregate equity/retained earnings of these companies and the Association were NOK 193,074,000 at the end of 2013. In addition the reserves made in the Bermuda companies to cover future costs were equal to NOK 72,640,000.

The Association has a reinsurance policy in the Lloyds Market, covering possible particularly high expenditure in individual cases.

The Association's financial resources, its reinsurance policy and the arrangement with the Bermuda companies, the skills and expertise of its employees, and its steady membership base place the Association in an excellent position for future growth. Many of the young lawyers employed in recent years have experience from working in London-based maritime law firms, and with its in-depth knowledge of the maritime and offshore business, the Association is in a strong position to meet challenges in the future.

The Board would like to take this opportunity to thank the Association's management and staff for their excellent work during the past year.

Nils P. Dyvik, Chairman

OSLO, 31 DECEMBER 2013
25 MARCH 2014

NILS P. DYVIK
Styreformann

JAN HÅKON PETTERSEN

HANS NORÉN

THOMAS FRANCK

STAFFAN CARLSON

TRYGVE SEGLEM

HANS PETER JEBSEN

TERJE SØRENSEN

GEORG SCHEEL
Adm. direktør

NEWS FROM OUR SINGAPORE OFFICE AND ASIA

A busy year for the Singapore office and an update on matters relevant to the maritime and offshore industry in Singapore and the wider Asian region

By Ian Fisher

2013 was a year which saw considerable change in the Singapore office of Nordisk, in terms of both staff and the office itself. After more than four years running the Singapore office, Magne Andersen returned to Oslo with his family. An indication of what a great job he did to grow the office and strengthen links with the members in Singapore and Asia was the large turnout for his leaving party.

Magne was replaced by Ian Fisher, an English-qualified lawyer with more than 12 years' experience (half of which have been spent living and practising in Singapore and before that Tokyo). Ian spent more than two months working in the Oslo office getting to know his colleagues and the members there before returning to Singapore to take over the reins from Magne.

In September, Norman Hansen Meyer moved with his family from Oslo for an initial period of three

years. Norman's arrival should, in particular, help ensure that we can service the needs of our growing number of offshore members in Asia.

These additions took the number of lawyers to four and were the main reason why in July we moved into new offices. The new office on Amoy Street is only a couple of streets away from the old office in the heart of Singapore's Chinatown. The main difference is that we have some much-needed additional space and now occupy two storeys of a shophouse. As well as more space to accommodate the increased number of lawyers, we now have a conference room with state-of-the-art video conferencing facilities which allow the Singapore office to regularly join our colleagues in Oslo for the morning meeting or any other talks/presentations which are of interest, for example from external lawyers.

While the total number of new cases opened by the Singapore office was slightly down in 2013 compared to 2012, the office is handling more larger disputes and arbitrations for our members in Asia. We also continue to assist our colleagues in Oslo on matters involving an Asian element. For example, recently we have assisted with a number of sale-&-purchase closings in Singapore. The ability for both offices to work seamlessly across the time zones continues to add real value to the service we provide our members.

Singapore – a leading Asian maritime hub

2013 saw continuing efforts by the Singapore Government, Maritime Port Authority (MPA) and other organisations, including the Singapore Maritime Foundation (SMF), to strengthen the position of Singapore as a leading global maritime hub or International Maritime Centre (IMC), as it is sometimes described.

Singapore is now home to about 130 of the world's top shipping groups and the maritime industry employs more than 170,000 people, contributing about 7% to Singapore's GDP. In 2013 the Port of Singapore maintained its position as global leader in bunker sales and saw good growth in annual vessel-arrival tonnage, and container and cargo throughput.

One important development in 2013 was the opening of

Singapore's new LNG terminal on Jurong Island. The total cost of building the terminal was in the region of USD 1.7 billion. It began operations in May 2013 with two storage tanks and an initial throughput capacity of 3.5 million tonnes per annum (Mtpa). A third tank and additional regasification facilities have now been completed and the terminal was officially opened on 24 February 2014.

The stated aim is for Singapore to be the leading regional LNG hub. It is hoped that the terminal will help the growth of other LNG-related businesses in Singapore, including trading and, potentially, LNG bunkering. Asia has already overtaken Europe as the world's biggest gas importer, accounting for 46% of global trade (according to the International Energy Agency) and Singapore's location arguably means that it is best-placed to be the leading hub for LNG in Asia. The Singapore government are already talking about the possibility of building a second receiving terminal, possibly as a floating facility offshore.

It is reported that an ever-increasing number of shipping and offshore companies are restructuring their activities to have a more prominent presence in Singapore. There are various reasons for this, including the incentives offered to shipowners and operators to encourage them to establish commercial shipping operations in Singapore. One of these incentives is the Maritime Sector Incentive –

Approved International Shipping Enterprise (MSI-AIS) Award. A company awarded this status enjoys tax exemption on qualifying shipping income. In 2013 the period of entitlement for companies with MSI-AIS status was extended from 30 to 40 years, subject to periodic review.

Singapore – continued growth as a legal and arbitration hub

We reported last year on the 2013 revision to the Rules of the Singapore International Arbitration Centre (SIAC). Those changes were intended to keep the SIAC at the forefront of international arbitration developments.

2013 was yet another record year for the SIAC in terms of the number of new cases, with a 10% increase on 2012 to 259 new cases. While the SIAC is perhaps perceived by many in the maritime industry as more costly or too bureaucratic compared to say the LMAA, the fact is that more than 60% of all new cases in 2013 were in the shipping/maritime or trade/commodities sectors.

Singapore's other main arbitration body, the Singapore Chamber of Maritime Arbitration (SCMA) did not see the increase in new cases that was perhaps expected following its inclusion as an option in BIMCO's Standard Dispute Resolution Clause 2013 (as mentioned in last year's report). The number of new cases was the same as 2012, but the SCMA continued to be very proactive in seeking to promote maritime arbitration in Singapore. One significant development was the launch of the SCMA Expedited Arbitral Determination of Collision Claims (SEADOCC). That provides an arbitration procedure to determine collision liability resulting in the publication of a binding arbitration award (under the International Arbitration Act (Cap143A) in Singapore). The procedure was drafted by a leading international shipping firm with support and input from the SCMA, SMF and many insurers and other maritime interests in Singapore.

This is a further example of the ways in which Singapore is seeking to position itself as a leading global arbitration venue and is already arguably the leading venue in Asia. While it still has a long way to go to challenge London, and in particular the LMAA in the maritime sector, we in the Singapore office have seen an increase in the number of charterparties, shipbuilding and other contracts which provide for arbitration in Singapore, particularly where both parties are based in Asia. We expect to see the continued growth of arbitration in Singapore, and the lawyers in the Singapore office have considerable experience of conducting arbitrations in Singapore and so are well placed to handle such arbitrations for our members.

At the end of 2013 the Ministry of Law announced plans to establish the Singapore International Commercial Court (SICC). This will be a division of the Singapore High Court and will hear commercial disputes and offer litigants the option to have their disputes heard by specialist commercial judges, which could include eminent international jurists. The hope is that this will build on the success of arbitration in Singapore and make Singapore an even more attractive venue for dispute resolution in Asia and beyond. There are also plans for a Singapore International Mediation Centre (SIMC). Both

the SICC and SIMC could be launched before the end of 2014.

The legal market in Singapore continues to grow and 2013 saw a number of international law firms opening offices in Singapore. As at the end of 2013 there were about 130 foreign law firms in Singapore. Foreign lawyers in Singapore have almost doubled over the past six years to more than 1,200. As a result the Singapore legal market is ever more competitive, but there are concerns of market overcrowding.

In addition to law firms we have seen further English barristers' chambers establishing a presence in Singapore. The most recent example was Stone Chambers, a leading set of commercial and shipping barristers, who are well known to us at Nordisk.

This growth in the market and the increasing competitiveness it should bring can only be a good thing for purchasers of external legal services such as Nordisk.

Oil and gas market in Asia – increased opportunities

Asia, and in particular South-East Asia, is according to industry analysts among the most exciting regions for oil and gas exploration.

In Indonesia spending on oil and gas exploration and production between 2013 and 2017 is forecast to reach USD 18.7 billion. Indonesia remains, however, a complex country in which to operate. An issue discussed in last year's Singapore update was the likely impact of the Indonesian Cabotage Rules on offshore vessels. By way of quick background, the 2008 Shipping Law required all vessels operating in Indonesian waters to be owned by domestic companies. That law became effective in 2011. However, at that time Indonesia's Transportation Ministry exempted vessels involved in oil and gas exploration/production until the end of 2013. During 2013 this exemption was extended for drilling vessels until 2015. Towards the end of 2013 it was reported that the Transportation Ministry would be extending the exemption to other foreign-owned vessels in the offshore sector, the main reason being that the locally flagged fleet is not currently sufficient to meet the demand for offshore vessels.

Perhaps the most exciting oil and gas market is Myanmar. In January 2013 the Myanmar Ministry of Energy (MOE) launched a bidding process for 30 oil and gas blocks, comprising 19 deep-water and 11 shallow-water blocks. In November 2013, 61 of the 75 bidders, including major international oil companies, were pre-qualified by the MOE. In the end, only 30 companies submitted bids. The results of the tender process have been delayed but are expected in early 2014. It is hoped that the award of these tenders will lead to a significant increase in upstream oil and gas activities in Myanmar, which is underdeveloped following decades of sanctions against the former military government.

Australia – update on effectiveness of foreign arbitration provisions

As we reported last year in the case of *Dampskibsselskabet Norden A/S v. Beach Building & Civil Group Pty Ltd* [2012] FCA 696, the Federal Court of Australia refused to enforce two London arbitration awards in Australia made against an Australian voyage charterer on the basis that the arbitration award was of no effect by reason of section 11 of COGSA.

The main issue for determination by the court was whether a voyage charterparty was a "*sea carriage document*" within the meaning of section 11. The court found that it was, which had the effect of rendering the arbitration clause invalid. That earlier decision of the Federal Court was widely criticised and conflicted with an earlier decision by the Supreme Court of Southern Australia in *Jebsens International (Australia Pty Ltd v Interfert Australia Pty Ltd* [2012] SASC 50 (a Nordisk case).

The decision was appealed to the Full Court of the Federal Court of Australia. By a majority decision (*Dampskibsselskabet Norden A/S v. Gladstone Civil Pty Ltd* [2013] FCAFC 107) the court held that the voyage charterparty was not a "*sea carriage document*" within the meaning of section 11. The judges' reasoning included, *inter alia*, the fact that the definition of "sea carriage document" in Art 1(1) of the amended Hague Rules focused on documents having characteristics similar to bills of lading and that charterparties by their nature are different from sea carriage documents. Charterparties are contracts for the hire of a ship whereas sea carriage documents are contracts for the carriage of cargo.

The decision of the Full Court has been welcomed by lawyers in Australia as providing welcome clarification on the validity of foreign arbitration awards in cases concerning voyage charters for the carriage of goods to and from Australia.

CONTINUED HIGH ACTIVITY IN OUR OFFSHORE GROUP

Nordisk's offshore group remains busy with work growing steadily. Below we focus on some developments within this area during the past year.

By Knut Erling Øyehaug

The level of activity within our offshore/energy group has remained high, with steady growth that seems to be continuing. Our offshore members continue to order new vessels from Norwegian and foreign shipyards, and to engage in chartering activities in most corners of the world. In this article we comment on some of last year's highlights in the offshore sector.

In last year's annual report we focused on the chartering of subsea vessels and the trend for an increased focus on subsea activities has continued. Last year we were involved in a number of tenders for the long-term chartering of ever more sophisticated and expensive vessels for various purposes including IMR (Inspection, Maintenance and Repair), construction, diving support, and well intervention. Charterers are gradually becoming more demanding in their requirements and, as a result, the amounts invested in these vessels are very

significant. Consequently it is now more important than ever to ensure that owners' interests are protected, for example by ensuring that owners do not risk losing a valuable charterparty due to delay while still remaining obliged to take delivery of the vessel under the shipbuilding contract. Our members have been successful in several tenders in this area, and we expect to see more similar work in the future.

As in previous years, we have assisted our offshore members in reviewing a large number of charterparties in connection with oil company tenders and otherwise. For many offshore members, such reviews remain the most important part of the services we offer. Whilst assistance in connection with complicated subsea tenders linked to newbuilding contracts and so on tends to be rather extensive and therefore falls outside the defence cover, the majority of the more straightforward charterparty reviews are conducted within the scope of cover, in accordance with our "loss-prevention philosophy".

The trend for oil companies to impose more demanding terms and conditions seems to be continuing. While traditionally the chartering of a vessel on time charter means that the owner shall provide a vessel with certain capacities and use that vessel to perform the services ordered by the charterer, the oil companies seem to be moving gradually towards a regime whereby the owner undertakes to provide the required services regardless of whether the intended vessel is available at any given time. Accordingly, the owner may have to provide a substitute vessel whenever the named vessel in the charterparty is not available to provide services. Needless to say, such obligations may in certain circumstances be unacceptable to owners. Another trend that seems to be gathering pace is the increasing activity in cold-water areas such as Russia, Greenland, Canada and Alaska, as well as Norway. Drilling campaigns and other activities are planned for the summer season in the northern hemisphere, leading to requests for vessels with ice-class notations and, sometimes, icebreaking capability. As such operations may take place in remote places, operational issues such as crew changes may require particular attention.

On the drilling side, one interesting case that we handled last year involved a rig fixed to an oil company for drilling one well on the Norwegian continental shelf in the North Sea. The oil company decided to carry out extensive testing of the drilling rig after delivery, particularly of the well control system and the BOP ("blow-out preventer"). During this testing, it became apparent that certain parts of the BOP marginally exceeded the wear limits recommended by the BOP manufacturer. For this reason, the oil company refused to commence drilling operations, and requested the drilling contractor to make corrections to the BOP. This turned out to be more complicated than immediately contemplated, and commencement of the drilling operations ended up being delayed by 15 days. The oil company considered this period as downtime and deducted several million dollars from the day rate.

The drilling contractor refused to accept this, claiming that notwithstanding the marginally excessive wear, the BOP was in good shape and in a workable condition, and there was no reason to require changes in order to commence drilling operations. The oil company countered by claiming several million dollars in damages (for expenses incurred during downtime) in addition to the day-rate deductions. The case was referred to mediation before a highly respected mediator in Norway, but the mediation did not resolve the dispute. Thereafter the matter was referred to arbitration

but was settled shortly before the scheduled hearing. Our members ended up being compensated for some of the day-rate deductions and the oil company dropped its counterclaim. Although we did not get an arbitration award, the case was interesting and educative on issues relating to well integrity (i.e., solutions for reducing the risk of uncontrolled releases of formation fluids/hydrocarbons), the role of the BOP as one of several well barriers to secure well integrity, and so on. Experiences from the Macondo incident in the US Gulf some years before were referred to by both parties, but were probably not decisive since the facts were after all rather different.

Another interesting development last year was the decision of the Norwegian Supreme Court in a case between Statoil and the Norwegian authorities relating to NOx tax in respect of drilling operations. As for vessels in general (including OSVs), an NOx tax was introduced for drilling rigs with effect from 1 January 2007. While it was common ground that the responsible parties for the NOx tax during moving operations etc. were the drilling contractors, the authorities took the position that whilst the drilling units were in operation (i.e., actually drilling etc.), the oil companies should be responsible for the NOx tax. Statoil refused to accept this, and sued the Norwegian authorities with respect to the tax year 2007. At first instance (in the District Court) Statoil lost, as the court found that the intention of the drafters of the regulation was for the oil company to be responsible. The Court of Appeal, however, agreed with Statoil and found that the purpose of the regulation (to reduce NOx emissions) was best served if the drilling contractor was held responsible. This conclusion was maintained by the Supreme Court, which considered that the drilling contractor should be the responsible party, since it was responsible for the operation of the drilling units. The judgment raised certain interesting questions, including whether other oil companies should then be entitled to repayment of any NOx taxes paid, and whether the authorities on the basis of this judgment would turn to the drilling contractors and claim NOx taxes from them. Our understanding is that the authorities are likely to refund any other oil companies to the extent that they have paid NOx taxes, and will not turn to the drilling contractors for retrospective payment of NOx taxes for previous years. However, a new regulation has been introduced with effect from January 2014 that makes it clear that during drilling operations it is the oil companies that are responsible for NOx taxes.

We should also mention the increased activity in the offshore sector seen by our Singapore office. Tendering activity appears to be increasing in the region, and Nordisk is assisting a growing number of Scandinavian as well as local members within this segment. Our legal team in Singapore has recently been expanded, and is now even better equipped to assist our offshore members in the region. An update of developments from our Singapore office is the subject of a separate article in this report.

ROUND UP OF LAST YEAR'S NOTEWORTHY CASES

The shipping industry has faced tough times, but signs of a recovery are on the horizon. Below we focus on some noteworthy judgments from 2013.

By Joanne Conway-Petersen

Arguably the judgment that generated the most debate in 2013, and the one to which we turn first, was that of Mr Justice Flaux in *The Astra*. This challenged the traditional view that failure to pay hire under a time charterparty was not a breach of a condition of the contract. On the other hand, a number of judgments were handed down that were in line with established legal principles. Those reviewed here concern the elements needed in order to establish a "loss of time" under the off-hire clause in NYPE 1946; the definition of "safety" in respect of charterers' liability for an unsafe port and the right of a shipowner to intercept freight due under an owners' bill of lading. We also cover two other decisions, one dealing with a specific but important issue arising under the Norwegian Sale Form 1993 and one concerning a shipyard's obligation to procure an extension to the refund guarantee.

The timely payment of hire under NYPE 1946

In Kuwait Rocks Co. v AMN Bulk Carriers (the Astra) [2013] EWHC 865, Mr Justice Flaux held that

the obligation to pay hire on time pursuant to clause 5 of NYPE, was a condition of the contract, breach of which would allow the owners to terminate the contract and claim damages for loss of bargain.

This decision represents a departure from the generally accepted view that the obligation to pay hire is an innominate term of the contract, reinforced with a contractual option to terminate. On that analysis, the withdrawal of the vessel from the charter following the non-payment of hire is not a result of charterers' breach of charter, but rather is a result of owners' exercise of their option to terminate. This means that owners are only entitled to claim unpaid hire up to the date of withdrawal, and not damages for loss of bargain. Such damages could only be claimed where charterers' failure to pay hire constituted a repudiatory breach of the contract. However, precisely when charterers' actions evince an intention to no longer be bound by the charter (i.e., are repudiatory) is a difficult question, which depends on the particular facts of the case and the number of missed hire payments.

The decision in *The Astra*, if followed, may put an end to that uncertainty, allowing owners to recover damages at large if just one payment of hire is missed. The facts were as follows.

Charterers had hired a vessel for a period of five years from October 2008 on an amended NYPE 1946 form. Due to the drop in freight rates at that time, charterers were unable to employ the vessel at a profit. Charterers managed to obtain owners' consent to a reduced hire rate for an agreed period of time, threatening liquidation of the company if owners' failed to agree. Notwithstanding the expiry of that agreed period, charterers continued to pay hire at the reduced rate. As a result, owners terminated the charterparty and claimed damages representing their future loss of earnings for the remainder of the charterparty term. In arbitration, owners based their claim on two grounds a) that charterers were in breach of condition by not paying hire, alternatively, b) that charterers' conduct amounted to a repudiatory breach of the charterparty.

The tribunal agreed that charterers' conduct, namely their repeated threats to put the company in liquidation if owners failed to agree to a lower hire rate, and their refusal to pay full hire once that agreed period expired, did amount to a repudiatory breach. On that basis owners were awarded their damages. However, the tribunal maintained that payment of hire was not a condition of the charterparty.

Charterers appealed to the High Court in connection with the tribunal's finding on repudiatory breach, whilst owners sought to uphold the Tribunal's award on the alternative basis that, despite the tribunal's decision, payment of hire was a condition of the contract.

Since Flaux J upheld the tribunal's view on repudiatory breach, meaning that owners were entitled to damages as claimed, there was no need to decide the alternative argument on the condition issue. Nevertheless, the judge went on to consider that issue, having been apparently asked by both parties' counsel to do so.

After a detailed review of the authorities, the judge gave four reasons why the timely payment of hire was a condition of the contract: 1) the fact that the payment clause provides a right to withdraw the vessel is a strong indication that a failure to pay hire goes to the root of contract and thus that the provision is a condition; 2) the fact that the time for payment of hire is made of the essence is consistent with the requirement being a

condition; 3) the need for certainty in commercial transactions, (in this connection the judge described the "*wait and see*" approach required in order to establish repudiatory breach and recover damages as "*inimical to certainty*"); and 4) the existence of, obiter dicta, judicial support for his decision.

Although the judge was striving for certainty, given that this part of the judgment was strictly obiter dicta (since it was not essential to the result of the appeal), and is contrary to the decision of Brandon J in *The Brimnes [1972] 2 Lloyd's Rep. 465* (which Flaux J distinguished on the grounds that unlike the present case, no anti-technicality notice was required), there is arguably more uncertainty on the authorities now than there was before. The position is now that charterers may face a substantial claim for damages at large if they are late, albeit only fractionally, in the payment of hire. On the other hand, it will take a brave owner to risk terminating a long-term charter based on just one missed payment in the hope of receiving substantial damages for loss of bargain, where there is otherwise no conduct amounting to a repudiatory breach.

Off hire – loss of time

In our Annual Report 2012, we commented on a decision handed down by the High Court in *Minerva Navigation Inc v Oceana Shipping AG ("The Athena") [2012] EWHC 3608* concerning the interpretation of "*loss of time*" under clause 15 of the NYPE 1946 form. That decision was the subject of much criticism. It is perhaps not surprising therefore that on 24 October 2013, the Court of Appeal overturned the decision and re-instated the view of the tribunal.

To recap the facts briefly, the vessel carried wheat from Russia to Syria. On arrival in Syria, the cargo was found to be contaminated and was rejected. Charterers instructed the vessel to proceed to Benghazi, Libya instead. As a consequence, bills of lading had to be re-issued to reflect the change in destination.

On 19 January, charterers gave instructions to the master that on arrival at the port, the vessel was to proceed to anchor at the Benghazi roads and await further instructions. Contrary to those orders, the owners instructed the vessel to drift in international waters just outside the port where she remained for a period of some 11 days whilst the bills of lading were being issued. On 30 January, the problems with the bills were resolved and the vessel proceeded to port as ordered.

The relevant parts of the off-hire clause (as amended) provided as follows: "*in the event of a loss of time from ….default of Master…or by any other cause preventing the full working of the Vessel, the payment of hire shall cease for the time thereby lost*."

The tribunal made a finding of fact that had the vessel proceeded straight to port instead of drifting she would not have berthed any earlier than she in fact did (due to the time taken to rectify the bills of lading). This meant that, when viewed overall, the period of drifting did not cause a net loss of time in respect of the chartered service overall.

The tribunal decided that there had been a "*default by the Master*" and that, as far as time lost was concerned, all charterers had to prove was that there had been a loss of time in the sense of the service immediately required of the vessel. Since the service immediately required was to proceed to the Benghazi roads, there had been a loss of time for the period while she was drifting.

The High Court, however, disagreed with the arbitrators. In allowing owners' appeal they said

that *in addition to* proving a loss of time in respect of the service immediately required, a net loss of time to the chartererd service overall was necessary. Since there was delay in berthing in any event as a result of the problems with the bills of lading, there was no net loss of time as a result of the vessel drifting.

Charterers appealed to the Court of Appeal. In overturning the decision of the High Court and restoring the original award made by the tribunal, Lord Justice Tomlinson, delivering the leading judgment, focused on the "net loss of time" provision in the off-hire clause and found that the clause was concerned only with the period that the full working of the vessel was prevented, being the period when she could not perform the next charter service immediately required of her. Accordingly, no regard was to be had to events occurring after the end of the off-hire event.

He commented as follows: "*Whether the same amount of time would have been lost for other reasons at another stage in the chartered service is not a relevant consideration… Quite apart from this being the natural construction of the language under consideration, there are sound practical reasons for this approach. It avoids intricate calculations, enabling the parties to know where they stand without having to wait on events subsequent to the period of inefficiency, a consideration of primary importance bearing in mind the remedies to owners in the event that payment of hire is not made punctually.*"

The decision emphasizes that whether a claim for off hire will succeed will be determined solely by reference to the wording of the off-hire clause itself as a matter of construction, such that the considerations of time lost will not take into account matters which occur after the end of the off-hire event.

A costly breach of the safe port warranty

In *Gard Marine & Energy Ltd. v China National Chartering Co Ltd [2013] EWHC 2199*, the court rejected charterers' attempts to introduce a standard of reasonableness to the concept of "safe port", and instead followed established case law on the issue. This left charterers with a bill for some USD 137.6 million.

The facts were straightforward. The charterers ordered the vessel to load in South Africa and discharge in Kashima, Japan. Following the vessel's arrival in Kashima, the weather started to deteriorate. The vessel began her departure, after taking advice from charterers' representative at the port that she should leave her berth given the risk that the mooring lines and tugs were insufficient to restrain her. Whilst leaving the port the vessel encountered gale force winds, causing her to set down onto the end of the breakwater where she was then driven aground by the weather. Despite salvors' efforts, the vessel broke apart.

Gard, as assignee of owners' claims brought proceedings against charterers for breach of the safe

port warranty arguing that the port was prospectively unsafe. Charterers argued that the port was safe and that the emphasis must be on *reasonable* safety such that a port cannot be considered unsafe simply because the systems in place were unable to guard against every conceivable hazard. Charterers also argued that the cause of the casualty was the master's negligence in leaving the port and/or his negligent navigation while leaving.

The judge held that whether a port was unsafe or not was to be determined according to the test set down in *The Eastern City [1958] 2 Lloyd's Rep. 127* which held that "*A port will not be safe unless, in the relevant period of time, the particular ship can reach it, use it and return from it without, in the absence of some abnormal occurrence, being exposed to damage which cannot be avoided by good navigation and seamanship*." Thus the charterers' warranty was one of safety, and whilst this was not absolute, it was not to be qualified by what is reasonable. To hold otherwise, the court commented, would introduce uncertainty. Under the *Eastern City* test, the key issue is whether the dangers can be avoided by "*good navigation and seamanship*." The court held that departure from Kashima required more than just good navigation and seamanship and that the port did not have a safe system in place for ensuring that vessels needing to leave berth due to bad weather could do so.

The court further held that the combination of the long waves and storm affecting the berth and port, although rare, was not an abnormal occurrence. As to causation, the court accepted on the evidence that the vessel departed on charterers' advice and that this was the effective cause of the casualty. The court also found that the master had not been negligent. However, the court held that even if the master had been negligent, that would not have broken the chain of causation such that charterers would still have been liable for the unsafety of the port.

A shipowner's right to freight under an owners' bill of lading

In *Dry Bulk Handy Holding Inc. v. Fayette International Holdings and another (the "Bulk Chile") [2013] EWCA Civ 184*, the Court of Appeal, confirming the decision of the Commercial Court, held that an owner is entitled to re-direct the payment of freight due under an owners' bill of lading and in addition rely on any rights of lien on sub-freights under a charterparty.

Owners DBHH time-chartered their vessel to KLC, who sub-time chartered to Fayette. Both time charters were on NYPE terms, clause 18 of which gave owners a lien "*upon all cargoes and all sub-freights for any amounts due under this charter*..."

Fayette entered into a voyage charter with Metinvest. Three bills of lading were issued, signed by Metinvest as shippers and Fayette as agents for and on behalf of the master. It was common ground that these were owners' bills of lading, thus forming a direct contractual link between the holder of the bill of lading and DBHH. The bills were marked "*freight pre-paid*" and "*freight payable as per [the voyage charter]*". At that stage freight had not yet been paid.

In the meantime, KLC defaulted in the payment of hire to DBHH. DBHH sent a notice to both Fayette and Metinvest requiring them to pay to DBHH any freight and/or hire due under any charters, bills of lading or other contracts of carriage.

Notwithstanding that notice, Metinvest paid freight to Fayette.

In the High Court, DBHH claimed against Metinvest for the payment of freight they were obliged to make under the bills of lading and the sub-freight due from Metinvest to Fayette under the voyage charter. In addition, DBHH claimed from Fayette the sub-hire due to KLC under the time charter.

Andrew Smith J held that prima facie, freight was payable to DBHH as owners and that the wording "*freight payable as per [the voyage charter]*" did not alter that. He also held that an owner could intercept that freight at any time before it had otherwise been paid such that the notices from DBHH were effective demands for freight due from Metinvest as the shipper.

As to the charterparty lien claim, the judge held that clause 18 of NYPE gave owners security over all sub-freights due to KLC. This security took the form of an assignment by way of equitable charge. The sub-time charterparty between KLC and Fayette contained the same clause (18) and therefore gave KLC security over Fayette's right to receive freight due under the voyage charter. This meant that Fayette had given security over the voyage charter freight to KLC, who had assigned that right to DBHH. In other words, DBHH receive the sub-freight due under a voyage charter in their position as (indirect) equitable assignees by way of security of debt belonging

to sub-charterers. The court however held that the right was limited to sub-freight only; it did not extend to the sub-hire otherwise due from Fayette to KLC.

In the Court of Appeal, only the issue of whether and in what circumstances a ship-owner is entitled to intercept freight due under a bill of lading was addressed. The Court of Appeal agreed with the Commercial Court and maintained the view that an owner could intercept freight due from the shipper at any time prior to payment being made and irrespective of whether there was a default in the payment of hire due from its time charterer. This analysis followed from the fact that if an owner has permitted his charterer to commit him to contracts of carriage directly with cargo interests, it was hardly unfair or surprising that he should reserve the right to receive the contractual remuneration for those obligations.

As to the wording of the bill, the court held that the expression "*freight pre-paid*" was of no consequence since Metinvest as the shipper knew that the same had not in fact been paid and that the requirement to pay freight as per the voyage charter was not inconsistent with an owner's right to intercept freight. On the court's analysis, where the bill of lading provides for payment to someone other than the ship-owner, i.e., Fayette as per the voyage charter, the proper analysis is that the third party (Fayette) is to be regarded as an agent collecting freight on the owner's behalf. A ship-owner can decide to vary that authority and demand freight is paid to itself instead. Provided the right is exercised prior to actual payment being made, a ship-owner does not have to await a payment default by its time charterer, unlike the case where he is seeking to exercise his contractual right to lien sub-freights.

Whilst some issues remain unresolved, namely how and to whom an owner is to account for any surplus in freight received over and above the hire outstanding and whether a charterer will have a remedy in the event an owner exercises his right to intercept freight where no payment default exists (the Court of Appeal suggested a time charterer might be able to rely on clause 8 of the NYPE form, but gave no firm conclusion), the right of an owner to intercept freight under a bill of lading is now firmly established.

Claim for unpaid deposit under the Norwegian Sale Form 1993

In *Griffon Shipping LLC v Firodi Shipping Ltd [2013] EWHC Civ 1567*, following the buyers' failure to pay the deposit under an MoA, the Court of Appeal considered whether the sellers of the vessel could recover that unpaid deposit from buyers in damages or whether sellers were limited to recovering damages based on the difference between the contract and market price only.

The facts were as follows. By an MoA dated 1 May 2010, the mv Griffon was sold for USD 22 million. The 10% deposit was payable within five days. The buyers failed to pay and, on 6 May, sellers cancelled the MoA. Sellers claimed the deposit (some USD 2.2 million) as a debt on the basis that the right to payment of the same had

accrued prior to their cancellation of the MoA.

The buyers argued that on the basis of clause 13 of the MoA, the sellers were not entitled to the deposit, but only to damages consisting of the difference between the market value and contract price (agreed as being USD 275,000).

Clause 13 provides as follows: "*Should the deposit not be paid in accordance with Clause 2, the Sellers shall have the right to cancel this Agreement and they shall be entitled to claim compensation for their losses and for all expenses incurred together with interest.*

Should the Purchase Price not be paid in accordance with Clause 3, the Sellers have the right to cancel this Agreement, in which case the deposit together with interest earned shall be released to the Sellers. If the deposit does not cover their loss, the Sellers shall be entitled to claim further compensation for their losses and for all expenses incurred together with interest."

The tribunal agreed with the buyers and held that the sellers' did not have the right to claim the deposit. The tribunal pointed to the fact that clause 13 specifically made reference in the second paragraph to the deposit being recoverable in the case where buyers failed to pay the purchase price. Had it been the intention to also allow the sellers to recover the deposit in the case of cancellation for non-payment of the deposit in the first paragraph, the clause could have specified that. Since it did not, the tribunal held that the sellers were limited to claiming damages.

On appeal to the High Court, Mr Justice Teare held that nothing in clause 13 excluded the sellers from the right to claim payment of the deposit. Although clause 13 referred to release of the deposit to the seller in the event of non-payment of the purchase price, and made no such reference in the situation where the deposit had not been paid, this did not evince an intention of the draftsman to deprive the sellers of their right to the deposit if it was not paid. Since it was only the first paragraph which envisaged non-payment of the deposit, it was not surprising that it did not refer to the deposit's "release". The judge also recognized that it made no sense if buyers could be in a better position if they failed to pay the deposit than if they did pay.

The buyers appealed to the Court of Appeal, who, in dismissing the appeal, held that the wording of clause 13 does not provide clear express words intended to deprive sellers of their accrued rights to sue for the deposit. The right to payment of the deposit had accrued unconditionally and those rights unconditionally acquired by the sellers prior to termination survive the termination. On that basis, the sellers were entitled to recover the deposit as a debt, alternatively, sellers had an accrued right to sue for damages for breach of the obligation to pay the deposit, the measure of which was the amount of the deposit.

The court also held that the correct construction of "compensation" in clause 13 included the amount of the deposit, being compensation for failure by the buyers to pay the deposit.

Failure by a shipyard to obtain the extension of a refund guarantee

In *Wuhan Ocean Economic and Technical Cooperation Co. Ltd and*

another v Schiffahrts-Gesellschaft "Hansa Murcia" mbH & Co KG [2012] EWHC 3104 (Comm), the High Court found that the shipyard's obligation to procure an extension to the validity of the refund guarantee within an reasonable time was an implied and innominate term of the shipbuilding contract, breach of which did not, on the facts of this case, entitle buyers to terminate the contract.

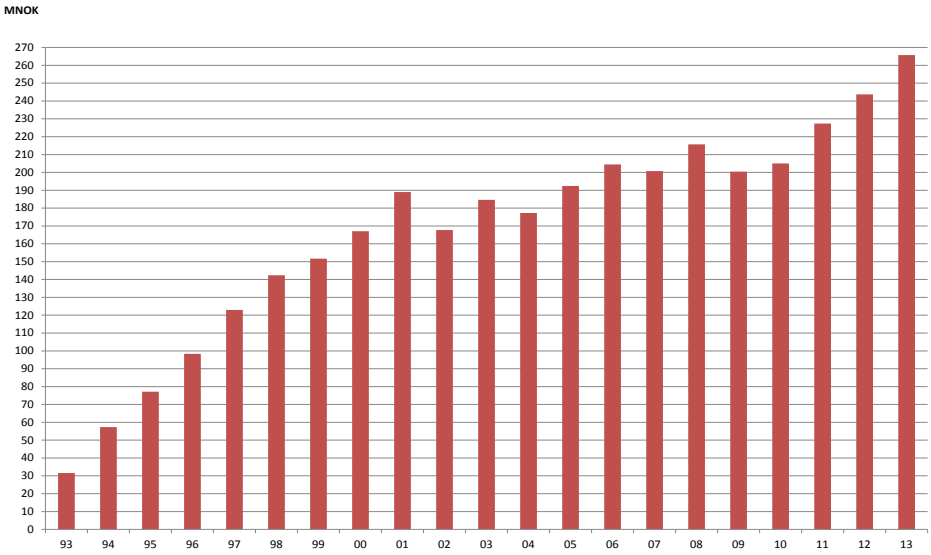
The buyers had entered into a shipbuilding contract with the shipyard dated 8 January 2004 which provided for a refund guarantee. On 22 December 2009 the parties agreed to delayed delivery and that the sellers would extend the validity of the refund guarantee from 30 June 2010 until 31 May 2012. On 28 June 2010, two days prior to the expiration of the original guarantee, buyers alleged that the sellers' failure to obtain an extension to the refund guarantee was a repudiatory breach of the shipbuilding contract, which buyers accepted such that the shipbuilding contract was now at an end. On 29 June, the buyers commenced arbitration against the shipyard and the refund guarantee was extended by the bank. The shipyard disputed the buyers' termination.

The tribunal held that there was an implied term that the shipyard would obtain the extension within a reasonable time. Such a term was necessary to protect the buyers' security. As to what such a reasonable time would be, the tribunal held as a finding of fact that the shipyard had until 16 June 2010 (14 days prior to the expiry of the refund guarantee) to procure the extension. The shipyard was therefore in breach of the implied obligation after this time. The tribunal also held that by 23 June 2010 (seven days prior to the expiry of the refund guarantee), the breach of the implied obligation had become so serious as to go to the root of the contract. At that stage sellers were in repudiatory breach of the shipbuilding contract, such that buyers were entitled to accept that repudiatory breach and terminate the shipbuilding contract on 28 June 2010.

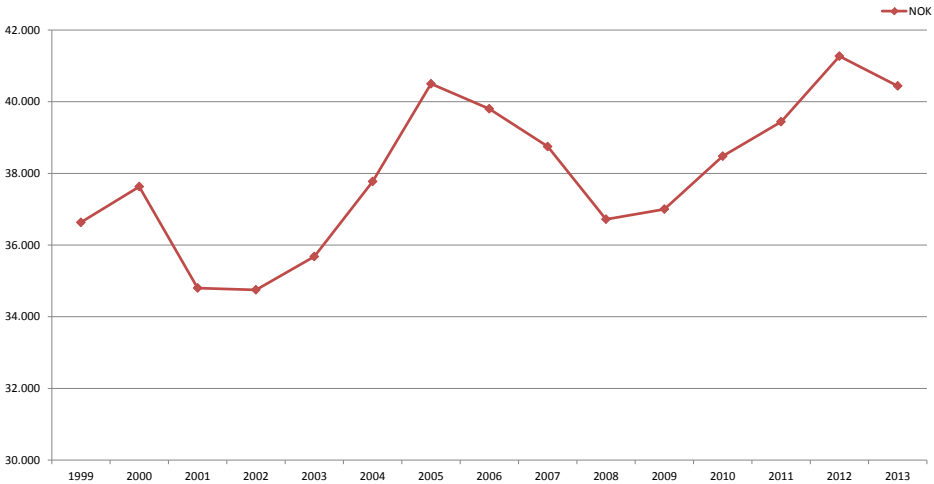
On appeal to the Commercial Court, the judge agreed that extension of the refund guarantee within a reasonable time was an implied term of the shipbuliding contract and that a reasonable time would be 14 days priors to the expiration date, such that the shipyard was in breach after 16 June 2010. However, in the judge's view, the breach was not sufficiently serious on 23 June so as to go to the root of the contract and entitle buyers to terminate. This was because under the terms of the refund guarantee, the commencement of arbitration would automatically extend the validity of the refund guarantee to 60 days after the final arbitration award was issued. This meant that the buyer's security was not "imperiled" such that the shipyard's breach could be taken to have deprived the buyers of substantially the entire benefit of the shipbuilding contract. On this analysis, the buyers had no right of termination.

KEY STATISTICS

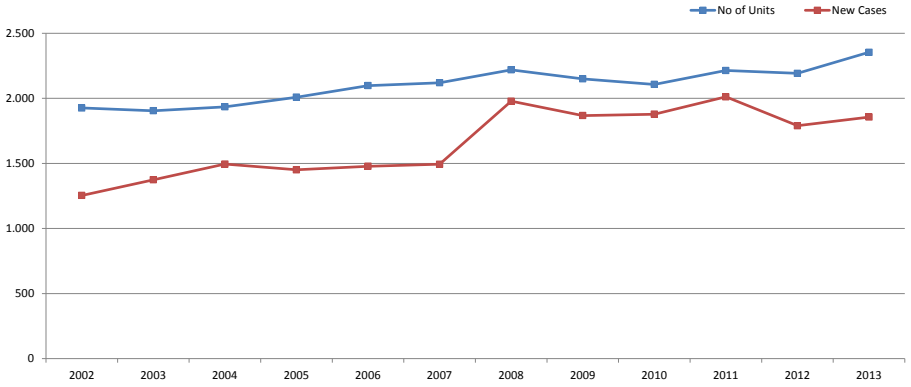
Total reserves available for payment of claims



Average premium per entered unit



Number of units entered vs. number of cases



NORDISK THROUGH 125 YEARS

Nordisk celebrates 125 years in 2014. During this period many things have changed, but some things have stayed remarkably the same. The following is a short summary of events so far.

By Mats E. Sæther

1889-1899

Nordisk was established by Nordic shipowners in 1889, in the same year as Charlie Chaplin was born, the Eiffel Tower opened and Fridtjof Nansen returned to Kristiania (as Oslo was called back then) on the DFDS steamer "M.G. Melchior" from his first expedition to Greenland. Nordisk moved from Copenhagen to Oslo in 1891.

The invitation to Nordisk's founding meeting in Copenhagen said the purpose of the association would be "to work in the interest of shipping". A key reason for its establishment was to organize shipowners in a common effort to avoid unreasonable charterparty clauses imposed by charterers in the poor market. Rapid developments in technology had caused tall ships to become obsolete. In addition, apart from a short boom in 1889, the market was in recession from the 1880s until 1898.

It was not only the market

movements that resembled those seen today. The same applied to a surprising degree to many legal issues. Membership circulars from this first period reveal how Nordisk assisted with demurrage and bills of lading issues, as well as defaulting charterers. Nordisk's local representative in Pensacola wrote back in the late 1890s saying a charterer called CM Wilson & Son was unfortunately "*absolutely insolvent and irresponsible … They have nothing to satisfy a judgment [and] are virtually penniless…*".

From the start Nordisk handled many cases of general importance to its members, including cases regarding heavy congestion of tall ships in Santos, Brazil. The port was severely undersized to handle a steep rise in imports, and by 1891 the waiting time to discharge reached four months. At one point 50 Nordic tall ships were waiting, and crews often suffered from yellow fever and other illness. Nordisk and their Brazilian lawyers worked hard to help resolve the situation and obtained compensation for many shipowners from local receivers.

Another substantial "safe port" case handled by Nordisk involved the bark "Ratata", which grounded off the UK in 1895 while carrying lumber from Canada. The case was heard by the House of Lords, which held for the shipowner. Communication with Nordisk's lawyers in London went by letter and telegram in those days.

A noteworthy event during this period was the first Hurtigruten voyage. It started on 2 July 1893, when Captain Richard With steered the postal steamer "Vesteraalen" out of Trondheim on what in those days was a treacherous passage to Hammerfest. In 1897, Thomas Frederik (Fred.) Olsen, who already owned a fleet of tall ships, ordered his first steamship from Nylands Værksted in Oslo to start a liner business.

1900-1909

On 17 December 1903, Orville Wright piloted the first powered airplane 20 feet above a beach in North Carolina. The flight lasted 12 seconds and covered 120 feet. The first Ford Model T left the Piquette Plant in Detroit, Michigan on 27 September 1908.

Shipping markets had finally improved and reached a peak in 1900, but by 1901 there was a new recession that lasted until 1909. Tall ships were nearly obsolete and by the end of the decade steamships constituted 75 % of the world fleet.

During this decade Nordisk continued its work against unreasonable charterparty clauses and in favour of standardized charterparty forms. One of the documents Nordisk worked on was the Baltcon charterparty, which became the first document of BIMCO in 1908. Nordisk has ever since been involved in the drafting of a large number of BIMCO documents, including Baltime, NYPE, Norwegian Saleform, Barecon, Shipman and Supplytime, to name but a few.

In the important years leading up to Norway's independence from Sweden in October 1905, a law was enacted requiring Nordisk to be consulted before the appointment of any new Norwegian consul.

Nordisk began issuing a collection of maritime court and arbitration decisions from the Nordic countries in 1900. Known as *Nordiske domme i sjøfartsanliggender* (ND), it is still edited and published regularly by Nordisk. It is a primary source of jurisprudence within the fields of maritime, offshore and transport law in the Nordic countries. Nordisk has also been issuing its membership circular, featuring articles about current legal issues, since 1890.

Tall ships in port 1889 (NMM)

We have continued the tradition of consecutive page numbering, and the next issue will start at page 6310.

1910-1919

Roald Amundsen became the first person to set foot on the South Pole on 14 December 1911, one day behind the detailed schedule he had drawn up in June 1910. R.M.S. "Titanic" hit an iceberg and sank on 14 April 1912, leading to the adoption of the SOLAS Convention in 1914 – the year before Frank Sinatra was born.

"Valentine" of Kragerø under tow at Ostende 1900 (NMM)

Shipping markets boomed from 1910 until the onset of WWI. At the end of the war, the Norwegian fleet consisted of 84 % steamships, 11 % tall ships and 5 % motor vessels. The average gross tonnage of ships at the time was 1,750 tons for dry cargo ships and 4,500 tons for oil tankers.

During WWI, Nordisk was involved in freeing vessels detained by the warring parties and won several such cases in Germany and the UK. A large number of war cancellation cases were also handled during the war years. A significant part of the fleet was lost in the war and recurring questions were whether contracts could be terminated because it was impossible to insure the vessels; whether the war itself was grounds for termination; and what was the effect of a warring party's blacklisting of a party, or refusing vessels bunkers or supplies. Worries that the war would cause a market depression proved unfounded, and freight markets generally remained strong during the war years. However, costs also increased, including in particular the cost of war risk insurance.

After the war, Nordisk's director Johannes Jantzen was appointed to represent Norway in seeking war damages from Germany for lost ships. This yielded a total of NOK 30 million – a huge sum at the time. Nordisk devoted much effort during the years after WWI handling disputes that sprang out of the war, including in particular claims for reimbursement of war risk insurance premium from allied charterers.

Nordisk's current office building in Kristinelundveien 22 was completed in 1916 as a residence for the shipowner G. M. Bryde. He was a colourful man and at one stage built a pleasure boat in the house. A wall had to be removed to launch it. The building was bought by Nordisk from another shipowner, Ludvig G. Braathen, in 1973.

1920s

The world fleet increased dramatically after the end of WWI, and the markets crashed in 1921. The shipping crisis led to ports around the world being filled with laid-up ships, and at one point half of the world fleet was laid up. Oslo was host to huge rafts of surplus vessels and many shipowners went bankrupt. Positive signs at the end of the decade were wiped out by the Great Depression from October 1929. Kristiania had regained its old pre-1624 name Oslo in 1925. In 1927 Leif Høegh founded his shipowning company with the aim of focusing on the growing market for oil transportation.

In 1921 Nordisk was engaged in trying to establish mutual treaties to avoid double taxation, mainly with the UK and the USA. Nordisk's US correspondent lawyer, Charles S. Haight (who later founded the law firm Haight Gardner), contributed greatly to a bill that was passed in the US Senate in the fall of 1921. The bill granted US tax exemption to foreign shipowners provided their country of origin did the same for US shipowners.

An example of a case handled by Nordisk during this period was the 1922 case of M/V "Turid", which concerned delivery terms for lumber at English ports. The amount in dispute was GBP 47, but the issue at stake was of substantial interest for many shipown-

ers. The case went all the way to the House of Lords, which found for the shipowner.

1930s

The Great Depression had disastrous effects on the shipping markets. Ship prices fell by 50 % in 1930 alone, and world trade had by 1932 fallen to the level it had been at in 1913. Ship values were low and farmers, traders, seafarers and doctors invested in the new Nordic shipowning companies that were established. Sig. Bergesen d.y. bought its first vessel in 1936 and named it "Bergesund". By 1939, motor vessels constituted 60 % of the Norwegian fleet.

Nordisk handled an ever-wider variety of cases. One major case in the 1930s concerned economic difficulties at the Danish yard Burmeister & Wain, where many Norwegian shipowners had ships on order. The yard demanded payment in gold, and the demand was upheld by the Danish Supreme Court in 1933. However, attempts to enforce the judgment before the Norwegian courts were defeated in 1934, and the yard dropped its demands. Soon thereafter, two ships were ordered at the yard by Norwegian shipowners.

Another noteworthy case that Nordisk became engaged in concerned excessive port fees at Rosario, Argentina, which had been paid by hundreds of Nordic ships. The case was brought before the Argentinean Supreme Court, where the shipowners lost. However, this led to the passing of a new law reducing the fees in 1933. The cold winter of 1930-31 also brought a large number of cases relating to ice damage to vessels at Leningrad. Successful legal proceedings against Russian charterers were brought by Nordisk in Norway, England, Germany and the Netherlands.

During its first 50 years until 1939, Nordisk had handled 55,000 cases. In 1938, a total of 1,219 ships was entered. Nordisk's board of directors had from its establishment included a number of the leading shipowners of their day, and in 1939 included e.g. Lauritz Kloster, Ole Bergesen, A.F. Klaveness, Axel A. Johnson, Jarl Malmros, and Tor E. Broström. Nordisk had five lawyers at the time.

1940s

Nordisk received over 800 war cancellation cases after WWII broke out. The days were spent answering questions by telephone and telegraph, and the nights were spent writing letters with advice to members. Soon other war-related cases formed the majority of Nordisk's workload, including cases regarding contraband cargo, blocking, and cases regarding missing or sunk ships. The "knock for knock" principle that is now so common in the offshore industry was developed to deal with collision damage (knocks) suffered by convoy ships during WWII from 1942.

One of Nordisk's lawyers, Peter Simonsen, evacuated to London to work at Nortraship and took part in the work of securing 1,000 Norwegian ships for allied service. He later went on to found the law firm Simonsen Musæus (now part of Simonsen Vogt Wiig) in 1948 together with Lars Musæus, another Nordisk lawyer at the time.

Nordisk successfully represented owners in renegotiating a large number of time charters with Standard Oil, to protect shipowners from currency fluctuations and the cost of war risk premiums. Nordisk also acted for the Norwegian Shipowners' War Risk Association (DNK), as it had done during WWI, handling hundreds of cases.

Nordisk's director Johannes

The Norwegian bark "Baunen" during WWI (NMM)

Jantzen had started at Nordisk in 1889 at the age of 24. He was a director from 1898 until 1935, and continued as a consultant until 1946 – a total of 57 years. His philosophy was that each case should be handled so that the member felt that its particular case was of special interest to Nordisk. This legacy lives on at Nordisk to this day.

Steam ships loading bananas in Santos in the late 1920s (NMM)

A scholarship fund in Jantzen's honour known as "Jantzens Fond" was established in 1939 with donations from the Swedish shipowner Johnson. This fund has since supported Norwegian, Swedish and Finnish students and lawyers who wish to acquire improved qualifications in maritime law through academic research or practical legal experience outside the Nordic countries. The first student to receive a scholarship was cand.jur. Sjur Brækhus in 1945. Brækhus obtained his PhD in 1947 and went on to become a leading professor of Nordic commercial and maritime law. In 1963, he became the first head of the Scandinavian Institute of Maritime Law. One of his colleagues at the Institute from 1965 (and law professor from 1970) was Thor Falkanger, who had previously been a Nordisk lawyer. The Fund was renamed "Kristian Gerhard Jebsen og Jantzens Fond" in 2012, after receiving a generous donation of NOK 6 million from Stiftelsen Kristian Gerhard Jebsen.

1950s

Cooperation between Norwegian shipowners and Swedish yards increased during the 1950s. The Norwegian fleet trebled in size between 1945 and 1959, by which time it accounted for 8% of the world fleet. By 1959, the largest Norwegian ship was Hilmar Reksten's 48,000 dwt tanker "Hadrian", while the largest ship in the world was Daniel Ludwig's "Universe Apollo" of 104,000 dwt. The "Norwegian Sale Form" was launched in 1956, and was so named because Norwegian owners in those days would order newbuildings (and later sell them) rather than buy vessels second-hand.

Cases relating to WWII were still being handled in the 1950s, including disputes over settlements for lost vessels with Norway's state-owned shipping enterprise Nortraship. Nordisk represented the shipowners, who generally achieved their desired settlements. Nordisk was also involved in a number of cases regarding Liberty ships and T2 tankers bought by Norwegian owners after the war. A total of 50 cases regarding the condition of the vessels was handled, and a set-

tlement was reached in 1958.

The closure of the Suez Canal from 1956 to 1957 led to a depressed shipping market from 1957, due to a stagnation in world trade and surplus tonnage. A large part of the fleet was laid up. As always, great increases or decreases in rates influenced Nordisk's case load, and the late 1950s saw a large number of disputes regarding early redelivery as well as default by charterers. One noteworthy case involved charters for six "Liberty" ships to the US liner service North Atlantic and Gulf Steamship Co. (Norgulf), which went bankrupt in 1958.

1960s

The closure of the Suez Canal from 1967 to 1975 triggered a huge growth in the tanker fleet, as well as the size of tankers. While the largest tanker in 1966 was 209,000 dwt, early 1973 saw the delivery by IHI in Japan of the 483,000-dwt "Globtik Tokyo", with ships over 500,000 dwt soon to follow.

Many of the matters in which Nordisk assisted were similar to those handled when the Suez Canal was previously closed in 1956, and fell mainly into two categories. Firstly, were vessels obliged to enter an area where war was looming? Secondly, once war broke out, could shipowners terminate or claim extra freight if they now had to go around the Cape. Most of the cases were under English law, where the answer to the latter question was that the voyage had to be performed and with no extra freight payable.

Nordisk became increasingly involved in issues related to the new liner trades from the early 1960s, including liner conference cases regarding Skibs A/S Viking Line's trades to the USA and trades to Brazil for Nopal Line. Another substantial case in this period was the "General Guisan" demurrage case, which went to the House of Lords in 1966.

Nordisk was also involved

Reksten's 84,000-dwt tanker "Julian" under construction at the Akers Mek. Yard in Oslo in 1966. (Photographer unknown / Norsk Teknisk Museum)

in documentary work, including assisting in drafting the 1962 standard Norwegian shipbuilding contract. Between Nordisk's 50th anniversary in 1939 and its 75th anniversary in 1964, the Norwegian fleet had grown from 4.7 to 15 million gross tons and numbered 1,470 ships. The Norwegian merchant fleet was the fourth largest in the world, the Swedish the 12th largest and the Finnish the 20th largest. Nordisk was by this time the largest defence club in the world.

1970s

Spiraling costs during the shipbuilding boom of the early 1970s led to problems at some yards. In 1970, Nordisk became involved in negotiations regarding 12 newbuildings on behalf of several Nordic and British shipowners with the Uljanik yard bringing the Nordisk lawyer in question to Yugoslavia on 42 occasions over a period of five years. Similar negotiations regarding 30 ships on order at Gøtaverken were handled from 1971 on behalf of Nordic and international shipowners.

After the boom of the early 1970s, the tanker markets entered difficult times following the oil crisis in October 1973. Tanker values were in freefall. A VLCC that had cost USD 52 million in 1973 was worth USD 23 million in 1974 and USD 5 million by mid-1977. In 1975, 41% of the Norwegian tanker fleet was laid up.

The caseload at Nordisk was influenced by the crisis, and a large number of charterer-default and market-cancellation cases were handled. One of the more notable cases involved representing the Nordic charterers of 45 aframax tankers against the insolvent Sanko group. This ended in a settlement in July 1973. New cases arose when Sanko experienced new liquidity issues in the 1980s and 2011. Many time charterers also tried to terminate charters for lack of cargo, and many cases regarding "hardship" and escalation clauses were dealt with.

Nordisk's director at the time, Ole Lund, was appointed to the board of the Norwegian Guarantee Institute for Ships and Drilling Rigs (now GIEK), which was tasked with helping to secure the Norwegian tanker and rig fleet until the markets improved, hopefully in the not-too-distant future. He was also on the board of Zenit Shipping and Svenska Varv, which were similarly engaged in assisting Swedish ships and yards, respectively.

Other notable cases handled by Nordisk included the Norwegian arbitration cases regarding the "Fernbay" (1973) and "Wingull" (1978), which have since been influential in Norwegian maritime law. The decision in the latter case was in line with views long advocated by Nordisk, namely that a shipbuilder's obligation to rectify defects has not been fulfilled until the defect has been corrected, and that the shipbuilder has unlimited liability for failure to correct a defect.

Another key case was that of the "Concordia Fjord", which had suffered war damage in Beirut in 1978. The owner's war insurers successfully brought an unsafe-port claim against the Norwegian charterers, even though the charterers had paid the war-risk premium. This led to the development of various waiver-of-recourse clauses, to protect charterers against claims from owners' insurers.

1980s

The tanker crisis lasted for most of the 1980s. By the time the market finally picked up from 1988, the crisis had brought down many leading Nordic shipowners, including Hilmar Reksten, Biørn Biørnstad, Sigurd Sverdrup, Hagb. Waage and Salen. The Norwegian and Danish maritime sectors had in the meantime increasingly invested in offshore ships and rigs, which became a growing part of Nordisk's business.
Oil rigs were first entered with Nordisk as early as 1973, and by 1978 a total of 35 oil rigs were entered. Nordisk became involved in an increasing number of cases regarding rigs, including cases involving "knock for knock" clauses and other provisions that were particular to the offshore sector. Nordisk was also involved in the case brought against the French builder after the accommodation rig "Alexander L. Kielland" lost a leg and capsized with tragic loss of life in 1980.

The Falklands War in 1982 led to an unexpected problem for some of the Nordisk members. A number of entered vessels were registered in the UK. The British authorities were interested in requisitioning several fast ro/ro and liner vessels, as well as offshore support vessels. Charterparties were quickly entered into, which allowed most of the vessels in question to avoid formal requisitioning. One entered vessel was lost in the war. The situation showed that registering vessels abroad can have unexpected consequences.

The Iran-Iraq War from 1982

to 1988 had a more pronounced impact on shipping, and Nordisk was involved in numerous cases relating to the "tanker war" which started in 1984. Nordisk also acted for the owners of the "Germa Lionel", which was unlawfully arrested by the Gaddafi regime in Libya in 1984, as well as the arbitration case following the unwarranted six-month detention of the "Chemical Rubi" in Nigeria from late in 1984.

A significant case starting in 1985 involved design issues with a series of nine product OBO or "PROBO" vessels being built at Hyundai and Hanjin Heavy Industries (then called KSEC) for Norwegian shipowners. The hatches could not be made tight enough to carry petroleum products. In a key London arbitration award following an eight-week hearing, the panel held for owners and granted them a claim in damages by setting aside exemption clauses as well as implying terms into the shipbuilding contracts. The result was in many ways a reflection of the principles approved by the Norwegian panel in the "Wingull" case of 1978. The Norwegian Sale Form was revised in 1983 and 1986, and was made more balanced than it had been before. Coincidentally this happened just a few years before Norwegian owners regularly began buying second-hand tonnage from the late 1980s.

At the end of the decade, Nordisk employed a record 10 lawyers. On English law cases Nordisk worked closely with the UK law firm Sinclair, Roche & Temperley, which later merged with Stephenson Harwood in 2002. Nordisk had been one of the firm's main clients ever since the firm's establishment in London in 1930, and before that had worked closely with its founder J. E. H. Sinclair. On the US law side Nordisk continued to cooperate with Haight, Gardner, Poor & Havens, with which Nordisk had also had a relationship since the early 20th century.

1990s

The late 1980s tanker-market boom turned to a recession from 1992, while bulker markets generally stayed healthy until the recession caused by the Asian crisis in 1997, which also had a negative effect on tanker rates. Rates generally stayed low until the end of the century.

Norwegian companies were amongst those that had purchased ships out of lay up in the late 1980s and early 90s, often reselling them at huge profits during the boom. Some were less fortunate, and a number of disputes about sub-standard tonnage arose between investors and finance houses and managers.

Nordisk's work in the 1990s was also significantly influenced by the new regulations and oil pollution rules that followed the 1989 "Exxon Valdez" disaster. In particular, a lot of time was spent assisting members with the US "OPA 90" rules, which required financial liability certification (COFRs) that went beyond what the P&I clubs offered at the time. In 1992 MARPOL was also amended to make it mandatory for tankers ordered after 6 July 1993 to be fitted with double hulls, or an alternative design approved by the IMO (regulation 19 in Annex I of MARPOL).

Another new set of regulations that influenced work at Nordisk was the adoption of the ISM Code in 1993, especially as it became mandatory in 1998. Lord Justice Sheen had in his investigation into the loss of the "Herald of Free Enterprise" in 1987 famously

"Gerd Knutsen" loading at the Gullfaks field, with "Gullfaks A" in the background. (Photo: Øyvind Hagen/Statoil)

described the management failures as "the disease of sloppiness". The ISM Code sought to prevent such shortcomings and has had a great impact.

The largest ship ever built, the "Happy Giant" of 564,763 dwt, was entered with Nordisk in 1989. Built in Japan in 1976 and laid up after being cancelled by the customer, it had been bought in 1979 by the legendary shipowner C. Y. Tung. He had it lengthened and renamed the "Seawise Giant", which was an apparent play on his initials "C.Y.". The ship had been bombed by Iraq in May 1988 and Nordisk was involved in negotiating the refurbishment contract. The vessel was later renamed the "Jahre Viking" and "Knock Nevis" and remained under Norwegian ownership until it was demolished in 2010.

Nordisk, with director Nicholas Hambro at the helm, grew at a healthy pace during the 1990s. By the end of the decade, Nordisk had employed a number of English and US lawyers at the Oslo office, as an increasing number of English- and US-law issues were being handled in-house.

2000s

The positive development of Nordisk continued after the turn of the millennium under the leadership of Georg Scheel, who took over as director in 2000. A significant development was the establishment of the first foreign office when the Singapore office opened in 2007. Egil Andre Berglund headed Nordisk's Singapore branch during the first two years and by the 125th anniversary in 2014, the office employed three English lawyers and one Norwegian lawyer.

The shipping boom of 2003 to 2008 brought tanker and bulker rates to heights not seen since the famous boom of the 1970s. During these boom years Nordisk was involved in a large number of newbuilding contracts. The boom also caused excessive ordering of ships that prolonged the market recession that hit in October 2008. As in the past, this recession also meant that Nordisk became engaged in a large number of charterer-default and market-related cancellation cases.

The over-ordering during the boom had caused a large number of new shipyards to be established, many of them "greenfield" yards in China. Many ran out of orders and shut down after the last boom ships were delivered. The large Korean yards were less affected as they had increasingly turned to the construction of advanced FPSOs, drillships and LNG / FSRU vessels. Many shipowners had problems obtaining financing, as regular bank loans were less readily available in the years after 2008.

Nordisk has for many years handled an increasing number of offshore cases, including several very large rig and offshore arbitration and court cases. Offshore ships increased in size and an increasing number of large subsea construction vessels were ordered at Norwegian yards and by Nordic shipowners. Such ships operate in a manner which triggers new legal issues that Nordisk is regularly involved in handling. These include, for example, visa and permit issues for crew members when operating for prolonged periods in a single jurisdiction, issues caused by charterers having large project crews onboard during operations, and complex off-hire issues when a crane or ROV becomes inoperable. Nordisk has also regularly been involved in drafting complex shipbuilding contracts where charterers will have advanced equipment installed while the vessel is being built, as well as conversion contracts.

AHTS vessels assisting the semi-sub "Transocean Winner" in the North Sea.

2010s and the future

At the time of our 125th anniversary, a record 2,348 ships and rigs comprising more than 57 million GT were entered with Nordisk. By comparison, the number of entered ships and rigs in 1988 had been 1,261. Nordisk now employs 22 lawyers, which is also a record. Of these, half are Norwegian, while half are English or American.

Nordisk is handling traditional FD&D cases for a large proportion of Nordic shipowners, including an increasing number of Danish owners. Nordisk is also increasingly involved in contract negotiations, including LNG, FSRU, FPSO and rig contracts. A substantial number of ship sales and purchases, sale/leaseback transactions and scrap sales are also handled. Nordisk has assisted owners involved in the increasing trend towards the green recycling of ships, mainly at certified yards in China. Examples from 2012-13 include green recycling sales by Wilh Wilhelmsen, Höegh and Knutsen OAS. Nordisk has also been involved in the development of BIMCO's Demolishcon standard recycling contract, as well as Norwegian Saleform 2012.

As the depression in the tanker, bulker and container ship markets that had followed the crash of 2008 continued, several large shipowners and charterers defaulted or became insolvent. Some owners including Torm and Camillo Eitzen were in effect taken over by their banks, while others underwent restructuring – mainly under the US Chapter 11 arrangement. Nordisk represented several owners in relation to the defaults of Korea Line, STX Pan Ocean, TMT and Grand China Logistics, amongst others. A familiar name for Nordisk was Sanko Line, which was taken over by its creditors during a financial restructuring in 2012-13. The company had previously undergone financial restructurings (and caused numerous Nordisk cases) both in 1973 and during the 1980s. Shipping is indeed a cyclical business.

The poor freight markets caused a substantial number of vessels to be laid up, in particular container vessels. However, the number was small compared to those in earlier market recessions. A significant factor was the high fuel prices, which caused owners and charterers to choose to slow-steam vessels in order to save fuel. This removed a lot of excess capacity, but not enough to increase rates to satisfactory levels. New and more fuel-efficient ships are being built, and Nordisk is increasingly involved in issues regarding "eco" ships and slow-steaming provisions.

The scourge of piracy off Somalia that had started in 2005 with the hijacking of the "Feisty Gas" had reached its height by 2010, when almost 50 ships were hijacked, and at one time over 700 crew members were held hostage. Armed guards were increasingly employed on ships after the International Chamber of Shipping announced its acceptance of the practice in February 2011. This, along with a large naval presence by numerous countries, was effective. Robberies, kidnappings and hijackings off Nigeria and West Africa increased in the years leading up to the Nordisk anniversary, with the bandits stealing cargoes or demanding ransoms. Nordisk has handled a wide variety of issues related to piracy, including charterparty clauses, deviation issues and disputes over extra costs. One such case regarding the Conwartime 1993 clause was that of the "Triton Lark", which sailed around the Cape in late 2008 because owners found it too dangerous to go through the Gulf of Aden. The arbitration panel and later the High Court in London held for owners in 2011-12, and decided that charterers were obliged to pay charter hire for the longer voyage around the Cape.

Nordisk is in 2013-14 engaged in a case involving port fees at several ports under the new Norwegian Ports Act of 2009 for its member Hurtigruten. As with previous examples of such cases, this case is of general interest to many of Nordisk's members. Nordisk is also handling an increasing number of sanctions-related cases, including cases concerning the often-changing sanctions against Iran, as well as Syria, Libya, Sudan and others. One case where Nordisk was involved is that of the "Taiko", which was transporting weapons-grade chemicals out of Syria.

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Thank you for taking the time to read about our history. As the article shows, things have both changed and stayed the same, and Nordisk has adapted and evolved.

We thank our members and friends for their support over the years, and look forward to continuing to work with you in the decades ahead.

LEGAL STAFF

Georg Scheel
Managing Director
Born 1950, graduated from the University of Oslo in 1974, where he was assistant professor from 1973 until 1975, when he joined the Office of the Attorney General. In 1975 Mr. Scheel received the King's gold medal for his book on legal questions concerning drilling rigs. In 1977 he was admitted to the Bar of the Supreme Court of Norway. He has extensive experience as a litigator and arbitrator. Mr. Scheel joined Nordisk in 1980, becoming Deputy Managing Director in 1986 and Managing Director in 2000.

Karl Even Rygh
Deputy Managing Director
Born 1975, graduated from the University of Oslo in 2000. Mr. Rygh also holds an LLM in maritime law from the University of London. After seven years in the shipping group of the Bergen office of leading Norwegian law firm Thommessen, he joined Nordisk in 2007 and was appointed Deputy Managing Director in 2014. Mr. Rygh has considerable experience in newbuilding contracts, ship financing, sale-and- purchase and bareboat transactions.

Knut Erling Øyehaug
Born 1959, graduated from the University of Oslo in 1985. He holds a Licentiatus Juris degree for his thesis on legal issues pertaining to drilling rigs. Mr. Øyehaug is an experienced litigator who has handled large-scale offshore and shipping disputes, and provides legal advice related to offshore projects, shipbuilding, sale and purchase, charterparties, pool- and joint-venture agreements etc. He joined Nordisk in 1986, serving as a deputy judge from 1988 to 1989. He has also been a partner at a major Oslo law firm.

Lasse Brautaset
Born 1957, graduated from Princeton University in 1980 and the University of Oregon School of Law in 1985. After completing the Washington State bar examination he moved back to Norway and took up an assistant professorship at the Scandinavian Institute of Maritime Law, later becoming an in-house lawyer at Den norske Creditbank. Mr. Brautaset joined Nordisk in 1989. In 2002 he obtained a Norwegian law degree. He is co-author of the standard textbook "Scandinavian Maritime Law 3rd edition (2011)".

Susan Clark
Born 1957, graduated from the George Washington University in 1984. She also holds a BA in Political Science from Pennsylvania State University. Ms Clark is admitted to the bar in Washington, D.C. and New York and worked as a litigation attorney before accepting a research fellowship at the Max Planck Institute in Germany. In 1992 Ms Clark moved to Norway, joining Nordisk the same year. Ms Clark is an experienced litigator, has lectured at the University of Oslo in contracts law and has served on a BIMCO documentary committee concerning U.S. security measures.

Egil André Berglund
Born 1970, graduated from the University of Oslo in 1996, where he has since served as an external examiner and lectured in tort/contract law. Mr. Berglund joined Nordisk in 1997. Mr. Berglund has extensive litigation experience and his field of expertise includes the negotiation and litigation of repair and conversion contracts, marine insurance, ship brokerage and CoAs. In January 2007 he became head of Nordisk's new Singapore office. After two successful years in Singapore, he moved back to the Oslo office in January 2009.












Michael Brooks
Born 1956, graduated from the University of Bristol in 1978. In 1981 he joined Sinclair Roche & Temperley in London and in 1989 moved to their Hong Kong office, where he became Head of Litigation. Mr. Brooks is a Fellow of the Chartered Institute of Arbitrators, is on its panel of approved arbitrators in London and on that of the Hong Kong International Arbitration Centre. He is visiting professor at Dalian Maritime University and an external examiner for the University of Oslo. He joined Nordisk in 1999.

Magne Andersen
Born 1973, graduated from the University of Oslo in 2000. He held a research assistant post at the Scandinavian Institute of Maritime Law during the final year of his studies. In 2001 he joined the law firm BA-HR as an assistant attorney, before joining Nordisk in 2002. Mr. Andersen has considerable experience drafting and negotiating contracts, as well as in litigation in several jurisdictions. He is also co-editor of Nordiske Domme (the Scandinavian transport law report journal). In early 2009 he moved to Nordisk's Singapore office, which he headed 2011 – 2013, following which he relocated to Oslo.

Joanna Evje
Born 1978, graduated from the University of Cambridge in 2001 and was called to the Bar of England and Wales in 2004. After completing a year's experience at 20 Essex Street chambers she joined Nordisk in 2006. Ms Evje offers assistance in all areas of the maritime and offshore industry, specialising in queries and disputes arising out of charterparties and bills of lading as well as drilling contracts and contracts for the conversion and operation of FPSOs. As a barrister, she has extensive expertise in English law litigation work as well as providing English law advice on non-contentious matters.

Joanne Conway-Petersen
Born 1978, graduated in 2001 from the University of Bristol, winning the Sinclair, Roche & Temperley Prize for Best Performance in Shipping Law in her final year. After completing her legal studies at Cardiff Law School, Ms Conway joined Stephenson Harwood as a trainee solicitor, qualifying into the Shipping Litigation department in 2006. She has significant experience of both High Court litigation and London arbitration and specialises in dry shipping and offshore contracts, including charterparty, bill of lading, saleform and shipbuilding contract disputes. Ms Conway joined Nordisk in 2009.

Paige Young
Born 1982, Ms Young received her BA from SOAS in 2004, her JD from Northeastern in 2010 and her LLM in Admiralty from Tulane in 2011. Prior to joining Nordisk, Ms Young gained work experience in the maritime practices of Frilot LLC in New Orleans and Ehlermann Rindfleisch Gadow in Hamburg. Ms Young is qualified as both a solicitor (England& Wales) and a U.S. attorney (New York).

Ylva MacDowall Hayler
Born 1973, graduated from the University of Uppsala with a LLM in 1997, including studies in maritime law at the University of Oslo in 1996. Ms Hayler supplemented her legal education by studying micro- and macro-economics and financial reporting and analysis at the Norwegian Business School BI. Before joining Nordisk in 2012, Ms Hayler worked for five years at the Norwegian law firm Schjødt and thereafter for six years as an in-house lawyer at Nordea Bank Norge ASA, where her responsibilities included the provision of legal services to the shipping department.

Anders Evje
Born 1980, graduated from the University of Oslo in 2007. During the last year of his studies he held a research assistant's post at the Scandinavian Institute of Maritime Law. After working as a trainee at the Norwegian law firm Thommessen and at the Office of the Attorney General, Mr. Evje joined Nordisk in 2007. In 2010 he left Nordisk to join the law firm BA-HR, but returned to Nordisk in 2012. His areas of expertise include the negotiation of shipping and offshore contracts, dispute resolution and sale and purchase.

Scarlett Henwood
Graduated from the University of Sheffield with a Law and German degree in 2005. Ms Henwood qualified as a solicitor at Ince & Co in London in 2009. Her practice at the firm focused on shipping and energy/ offshore where she acted in High Court disputes, as well as arbitration. In August 2011 she was seconded to Nordisk where she continued to be involved in shipping and energy/ offshore disputes, but also started working for the non-contentious shipping and offshore department. On 1 September 2012 she joined Nordisk as a permanent employee.

Mats E. Sæther
Mr. Sæther joined Nordisk in 2013, after working for 10 years as a shipping lawyer at leading Norwegian law firms Wikborg Rein and BA-HR. Mr. Sæther's experience covers both maritime and commercial law, and he has extensive experience in arbitration and litigation, including charter party and marine insurance disputes. Mr. Sæther was recommended in the legal guide Legal 500 (2013) within the fields of maritime law, offshore construction and shipbuilding, including for his "strong reputation in salvage disputes".

Caroline Whalley
Born 1984, graduated from the University of Newcastle Upon Tyne with a law degree in 2007. Ms Whalley qualified as a solicitor at Thomas Cooper in London in 2010 and thereafter worked at Thomas Cooper's Piraeus office where she handled predominantly dry shipping litigation on behalf of Greek owners, with a particular focus on charterparty and bill of lading disputes. She also has experience of LMAA / ICC arbitration, mediation and High Court proceedings. Ms Whalley joined Nordisk in January 2014.




LEGAL STAFF AT OUR SINGAPORE OFFICE:




Ian Fisher
Managing Director
Born 1973, graduated from the University of Southampton in 1995. After completing his legal studies at the College of Law, he joined Ince & Co as a trainee solicitor and qualified in 2001. He has worked in London and Tokyo as well as Singapore where he is currently based. He has considerable experience in conducting international arbitrations, in numerous countries under various rules, with a particular emphasis on shipping, shipbuilding and offshore disputes. Before joining Nordisk in April 2013, Mr. Fisher was a partner at a leading global law firm.

Norman Hansen Meyer
Born 1980, he graduated from the University of Oslo in 2006. Mr. Meyer held a research assistant post at the Scandinavian Institute of Maritime Law during the final year of his studies. Mr. Meyer also holds an LLM (MJur) de- gree from the University of Oxford. Before joining Nordisk in 2011, Mr. Meyer held positions at Wallenius Wilhelmsen Logistics and Wilh. Wilhelmsen Invest- ments in Australia, and worked as an associate in the leading Norwegian law firm Thommessen. Mr. Meyer has also served as a deputy judge. He specialises in offshore contracts and dispute resolution.

Jude McWilliams
Graduated in 2004 from the University of Manchester with a BA (Hons) degree in law. She completed the Legal Practice Course at BPP School of Law, Manchester in 2006. Ms McWilliams has particular expertise in LMAA, SIAC and ICC arbitration/litigation having been involved in several major international trade disputes in various jurisdictions. Specialising in commercial dispute resolution with a focus on charterparties, bills of lading and contracts of affreightment, before joining Nordisk she was employed as an associate solicitor at Holman Fenwick Willan Singapore.

Tom Pullin
Born 1982, graduated 2001 from the University of Westminster. Mr. Pullin was called to the Bar as a non-practising barrister in 2006. He went on to spend six years at London law firm Stephenson Harwood. Mr. Pullin qualified as a solicitor in 2009. He has experience of both contentious and non-contentious work in the shipping, shipbuilding and offshore industries with particular expertise in charterparty and shipbuilding disputes both in arbitration and in the High Court. Mr. Pullin spent six months at Nordisk in 2011 and joined the Singapore office in 2012.

FINANCIAL STATEMENT 2013

Summary of Audited Accounts

All amounts in 1000 NOK	2013	2012
PROFIT AND LOSS ACCOUNT		
OPERATING REVENUES AND EXPENSES		
Total operating revenues	113 852	103 588
OPERATING EXPENSES		
Legal fees	12 922	-1 109
Personnel expenses	74 043	77 730
Depreciation of fixed asssets	2 124	2 439
Other operating expenses	23 943	19 552
Total operating expenses	113 033	98 612
OPERATING PROFIT	818	4 976
Net financial income	5 962	1 273
PROFIT BEFORE TAX	6 781	6 249
Tax expense	1 575	1 756
Profit for the year	5 206	4 493
ASSETS		
Intangible assets	1 988	1 238
Fixed assets	19 076	19 300
Financial assets	3 829	5 503
Total non-current assets	24 894	26 041
CURRENT ASSETS		
Debtors	10 355	9 256
Shares in money market and mutual funds	60 735	37 094
Deposits	22 234	42 556
Total current assets	**93 324**	**88 906**
Total assets	118 218	114 947
EQUITY AND LIABILITIES		
Total equity	52 800	47 593
LIABILITIES		
Total long-term provisions	11 123	9 918
Current liabilities		
Outstanding legal fees	2 509	4 710
Northern Shipowners' Defence Club Ltd.	22 993	22 583
Other current liabilities	28 794	30 143
Total current liabilities	**54 295**	**57 435**
Total equity and liabilities	118 218	114 947

CASH FLOW STATEMENT

All amounts in 1000 NOK	2013	2012
Cash flow from operating activities		
Operating profit before tax	6 781	6 249
Tax paid	-2 562	-4 306
Depreciation	2 124	2 439
Profit/loss from sale of assets	79	-120
Difference between pensions expense and premiums and pensions paid	2 747	3 239
Changes in debtors	-967	4 935
Changes in liabilities	-2 903	14 274
Net cash from operating activities	5 298	26 710
Cash flow from investment activities		
Investments in fixed assets	-2 805	-694
Proceeds from sales of fixed assets	826	473
Changes in other investments	-23 641	-8 626
Total cash flow from investment activities	-25 620	-8 846
Cash flow from financing activities		
Net change in cash	-20 322	17 863
Cash and bank deposits 01.01	42 556	24 692
Cash and bank deposits 31.12	22 234	42 556

Photos: Norsk Maritimt Museum (NMM), Norsk Teknisk Museum, Øyvind Hagen/Statoil, Thomas Pinås, Hurtigruten ASA, Höegh LNG AS, Christian Romberg, iStockphoto, Shutterstock, Crestock.
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Nordisk Skibsrederforening

(NORDISK DEFENCE CLUB)

Postal address:
P.O. Box 3033 Elisenberg
0207 Oslo, Norway

Office address:
Kristinelundveien 22
0268 Oslo, Norway

Telephone: +47 22 13 56 00
Fax: +47 22 43 00 35
E-mail: post@nordisk.no
Website: www.nordisk.no

Singapore office:
Nordisk Legal Services Pte. Ltd.
72A Amoy Street
Singapore 069891

Telephone: +65 6220 2300
Fax: +65 6220 3312
E-mail: singapore@nordisk.no