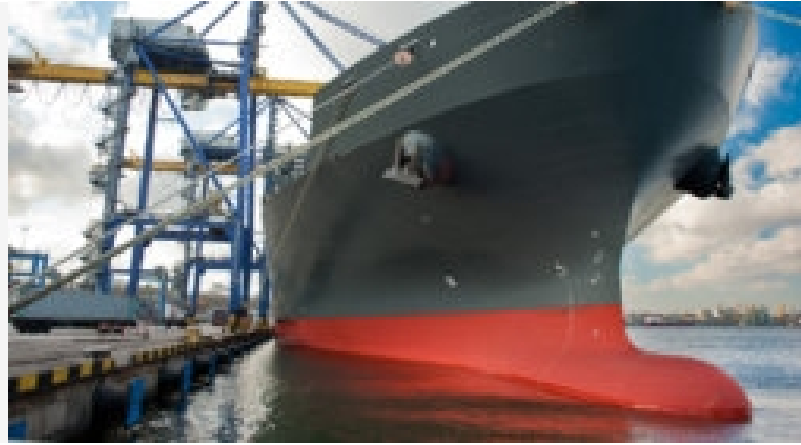


"CURA ITALIA" DECREE: THE MAIN MEASURES IN THE SHIPPING INDUSTRY

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To address the sudden reduction in maritime traffic related to the carriage of goods and passengers, through the "*Cura Italia*" Decree (L.D. no. 18 of 17 March 2020), the Italian government has taken a series of measures which should have a positive impact on the shipping field and on port services. In this briefing we analyse the main measures taken.

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NEW MEASURES FOR THE SHIPPING INDUSTRY AND MARITIME TRANSPORT SECTOR INTRODUCED BY THE "*CURA ITALIA*" DECREE

The new measures will positively impact the shipping sector and port services, particularly:

- **Suspension of withholding tax and social security and welfare fees payments:** the "*Cura Italia*" Decree includes operators in the transport of goods and passengers among the recipients of the measures, since the industry is considered one of the most affected by the COVID-19 pandemic. The resumption of payments shall take place, with no interest or penalties, either in a single instance by 31 May 2020 or in

installments up to a maximum of five monthly payments of the same amount starting from May 2020 (article 61 of "*Cura Italia*" Decree);

- **Exemption from anchor duties:** Anchor duties which are collected by port authorities for ships calling at Italian ports will not be applied from 17 March to 30 April 2020. However, to reduce the burden on the aforementioned authorities regarding the lack of revenue due to the non-application of the tax, the State has allocated an amount of €13.6m as compensation, for the benefit of the port authorities (article 92, paragraph 1 of "*Cura Italia*" Decree);
- **Suspension of state property fee payments:** The suspension concerns the payment of fees, also intended for port authorities, relating to terminal operators, port companies and temporary labor suppliers (referred to in articles 16, 17 and 18 of law n.296 of 2006) in any Italian port, and applies from March 17 to July 31, 2020. As regards suspended fees, their recovery shall be made no later than December 31, 2020, either by installments with no interest or in a single payment according to the agreements between port authorities and operators in the sector (article 92, paragraph 2 of the "*Cura Italia*" Decree);
- **Postponement of customs duties payments:** The payment of customs duties between 17 March and 30 April 2020, is automatically postponed by 30 days with no interest (article 92, paragraph 3 of "*Cura Italia*" Decree); and

- **Measures for the export credit:** The Ministry of Economy and Finance is authorised to issue state security in favour of SACE S.p.A. in relation to transactions concerning the cruise sector. It covers those which have been approved by the latter within the date of entry into force of the “Cura Italia” Decree (article 53 of the “Cura Italia” Decree). The aim is to support – for 2020 – the export credit of fields particularly hard hit by the COVID-19 emergency, among which can be certainly found the cruise industry. The security shall concern newbuilding orders of Fincantieri. The maximum amount of the security the MEF is authorised to issue is €2.6bn.

In addition to the more general provisions of the “Cura Italia” Decree, a specific intervention for the cruise sector has also been deemed necessary.

Following the decisions already taken by private operators, both in Europe and the USA, the Ministry of Infrastructure and Transport and the Ministry of Health jointly issued Ministerial Decree no. 125 dated 19 March 2020, by means of which, *inter alia*, (i) it has been decided to suspend cruise services offered by passenger ships flying under the Italian flag, and (ii) it has been decided to stop access for foreign flag cruise ships into Italian ports. These measures will be effective up until 3 April 2020, unless extended.

"Confitarma has requested that Minister of Infrastructure and Transport Paola De Micheli adopt urgent measures of extraordinary support regarding the maritime sector."

PROPOSALS AND REQUESTS FROM THE SHIPPING INDUSTRY: CONFITARMA AND ASSARMATORI ASK FOR TARGETED AND SPECIFIC MEASURES

The exceptional nature of the current situation which is forcing shipping companies to halt, in whole or in part, their fleets has led Confitarma to request that Minister of Infrastructure and Transport Paola De Micheli adopt **urgent measures of extraordinary support regarding the maritime sector, in order to supplement the general provisions of the “Cura Italia” Decree**. In particular, Confitarma, through its President Dr Mattioli, together with the president of AssArmatori Dr Messina and the President of Federagenti Dr Duci, have requested the following:

- **Exceptional intervention to support the income of all Italian and European seafarers** affected by the suspension or reduction of work due to the detention of ships, by means of additional resources for the SOLIMARE Fund, in order to increase the corporate ceiling on accessing the fund;
- **Interventions aimed to reduce the berthing costs of ships** which, despite the drop in the traffic, continue to ensure essential services for the supply of basic necessities (food, water, medicines), even travelling with a reduced cargo. Among these: (i) temporary exemption from payment of port dues and other charges and (ii) total, or at least partial, offset of port (technical-nautical) and hold services' expenses;
- **Extension, for a period of 12 months, of the tax and social security contributions' cut** provided for ships registered in the international registry and those registered in national registries (*Matricole*).
- **Financial liquidity support to shipping companies by means of loans of up to three years from Fondi Cassa Depositi e Prestiti (CDP) and with last resort state security** granted directly by CDP or by agent banks in light of an agreement, in order to cope with the increase in operating management costs, arising both from operational obstacles posed by EU or non-EU states to Italian flag vessels and with Italian and/or EU crews, as well as from vessels in lay-up (out of service and/or “at anchorage”);

- **Suspension**, in order to adjust plans to the changed contingencies of any judicial document, of communication or fulfilment regarding the procedures pursuant to articles 161 and 182/bis of the Insolvency Law, due to the impossibility of complying with the terms provided for by the law, given the process of reviewing said plans and the difficulty of processing them; and
- **Moratorium or 18-month standstill on all financial exposures** by reducing the possibility of acceleration and other remedies lenders might have.

Moreover, Confindustria, jointly with ABI, took action in order to adopt a scheme of agreement which provides for: 1) the freezing of the current agreements in force, according to article 67 of the Insolvency Law for 18 months in order to prevent companies that are complying with the original recovery plans from being classified again among the NPLs/UTPs positions, or from having to face burdens relating to a new certification of the economic-financial plans and 2) an agreement replicating the principles of the current *“Accordo per il Credito”* executed and extended between ABI and Confindustria and which provides companies with the right to “extend” the current mortgage loans up to a maximum of 100% of their residual duration (compatibly with the validity of the underlying securities).

Lastly, it is worth mentioning the intervention of AssArmatori’s president, who asked for an urgent and additional measure with regard to the provisions stated in the *“Cura Italia”* Decree for export credit, which shall enable the granting of public securities in favour of banks, thus allowing an extension of custody lines to shipping companies, which have very high levels of invested capital and high employment, and which are emerging as the backbone of supply of raw materials, energy resources, consumer products and food; put simply, of everything that makes a country work.



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CONTRIBUTIONS FROM THE SHIPPING INDUSTRY

Despite the extreme concern of the shipping industry at the development of the COVID-19 emergency, Italian shipowners and shipowners operating in Italy have immediately made their contribution to helping solve the ongoing health crisis.

In particular, we would like to mention three commendable initiatives.

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The region of Liguria and Grandi Navi Veloci S.p.A. ("GNV"), owned by the MSC group have signed an agreement according to which the Splendid ferry owned by GNV will be used as a hospital-ship equipped, for the moment, to look after less serious cases of people infected with coronavirus (with the aim of creating an intensive care unit on board in due course) in order to relieve city hospitals. The ferry was made available to the region of Liguria at no cost and GNV took over the expenses for converting the ship into a hospital, with the assistance of and under the supervision of RINA and the Local Health Units, and also provided most of the personnel on board (cooks, deck and engineer officers).

The Italian-Chinese group COSCO offered individual protective equipment (50,000 masks and 200 protective suits) to the hospital Policlinico San Martino in Genoa and endeavoured to transport and deliver the cargo.

The unions of Captains and Chief Engineers ("USCLAC-UNCDIM-SMACD) have made a donation to the intensive care units of the hospitals San Martino di Genova, Versilia di Viareggio / Lido di Camaiore and Maresca in Torre del Greco for the purchase of essential medical supplies.

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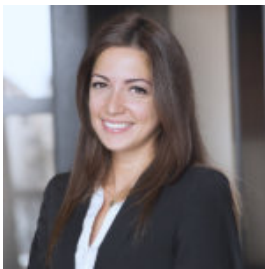
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