

Ship Registration & Classification of Registries

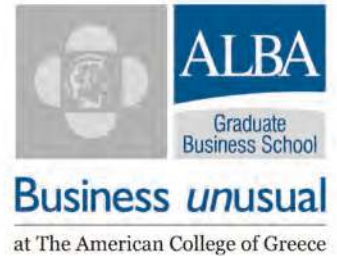
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Registering a vessel

an introduction

- Vessel (Ship) registration is the compulsory process of documenting a vessel in order to retain/ store/ track its records in an official manner protected and supervised by national Laws of a State
- A ship is bound to the laws of its flag state
- The International law of the Sea requires that every merchant ship must be **registered** in a country, called its **flag** state. The state must effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag (UNCLOS) ie it is obliged to inspect and certify the vessel (Flag states can authorise **classification societies** for the **inspection** and statutory certification of their ships).
- Arrangements for vessel registration can be coordinated through any State or consular authority, wherever located, subject to specific national requirements

Applying for registration



- The procedure usually begins with an official submission of an application with the following supporting documents (electronically and then by submitting written document):
- Proof of Ownership :
 - Existing Vessel: Bill of Sale transferring title to the present owner.
 - Newbuilding: a Builder's Certificate or Master Carpenter's Certificate.
- Authority of Agent/ Officer: This document is usually submitted in the form of a Power of Attorney, or Secretary's Certificate of Corporate Resolutions, authorizing one or more named persons to act for or on behalf of the owner in making application for registration of the vessel and to perform all acts necessary to accomplish the registration.
- Confirmation of Class or a Certificate of Seaworthiness, or an Interim Certificate of Class for a newbuilding
- Statement or Affidavit submitted by the Classification Society with which the vessel is classed at the date of registry. (ie. all conditions of classification and/or outstanding deficiencies, relevant statutory certificates) and Survey Reports:
Vessels that are 15- 20 years of age or older must also submit copies of the reports of additional recent survey.

Types of Registry- National

- **National Registers "Closed Registers/ Εθνικά/ Κλειστά Νηολόγια" **
- They can be classified as the Registries of traditional flag states i.e. Greece, United States, United Kingdom etc.
- In this case we find restrictions in terms of
- ownership/ management,
- shipbuilding (USA),
- crewing,
- national trading (cabotage laws), international trading (sanctions/ restrictions)
- AND SPECIFIC TAXATION.
- GENUINE LINK IS ALSO IMPORTANT ie nationality of owner/ manager and state of registration in Greece the Genuine Link certificate is given and recorded by the UGS

Open Registries and FoCs

- **Open Registries/ Flags of Convenience (Ανοικτά νηολόγια/ εκ. σημαίες ευκαιρίας)** ie. Panama, Liberia, Marshall Islands, Cyprus, Malta.
- Open Registries generally have few *or even NO* restrictions concerning nationality of crews, where vessels may be financed or constructed, or ownership specifications/ limitations/ exclusions.
- Generally vessels/ earnings/ profits are not taxed but a specific duty or levy is paid annually.
- The Open Registries operate more or less on an international basis and are influenced by the competitive market forces in our industry. (**W. R. Gallagher, President IRI**)
- **Flags of Convenience are TODAY those classified as such by the ITF (or when not meeting international standards as prescribed by the Paris MoU/ Tokyo MoU, Qualship 21 specifications)**

The HYBRID Registries

- The hybrids (Parallel or Double) Υβριδικά νηολόγια (διπλά ή διεθνή) ie Hong Kong, NIS, and Singapore
 - The registries were ‘invented’ by maritime states that face competition by emerging open registries.
 - They are either located and managed in former colonies (eg Honk Kong, Macau, Aruba etc.) or independent self-governing semi autonomous provinces (eg Isle of Man, Madeira etc.)
- or
- in the same country (but normally different province than the main Registry)
 - They are competitive by excluding cabotage rights but offering relaxed tax/ ownership/ crew limitations / specifications (eg NIS- Norway, Denmark etc.)

Criteria for selecting a Flag

National Registries

- Family tradition
- State support
- Prestige
- Charterer's or financier's demands
- Port State Control specifications
- Cabotage

Criteria for selecting a Flag

Open Registries

- Tax exemptions
- Small fleet- crew shortages
- Charterer's or financer's demands
- Quality considerations (white list)

Also less bureaucracy, confidentiality, low costs, swiftness etc.

Criteria for selecting a Flag

Flags of convenience

- Age of vessels
- Poor quality of vessel
- Crew shortage
- Geographical area of trade
- Poor Finance
- Cabotage