Honduras: how do we improve our open registry?

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WORLD MARITIME UNIVERSITY
Malmoe, Sweden

HONDURAS: HOW DO WE IMPROVE OUR OPEN REGISTRY?

By

Claudio Castillo Torres

HONDURAS
October 1988

A paper submitted to the Faculty of the World Maritime University in partial satisfaction of the requirements for the award of a

Master of Science Degree
in
General Maritime Administration

The contents of this Paper reflect my personal views and are not necessarily endorsed by the University.

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To all my family specially

my wife and son
ACKNOWLEDGEMENTS

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INTRODUCTION

Honduras is a country that has been practicing the open registry system since 1920. Therefore, the idea of the author is to try to improve the present system in Honduras.

The motives which encouraged him to do this study are that through a proper system Honduras could get economic advantages. Honduras has been trying for many years to attract shipowners. They have taken steps such as low fees, no restriction of ownership, political stability, etc. Such characteristics have brought a considerable flow of shipowners in some periods of time for instance, in 1943 American shipowners registered around 500,000 grt.

The open registry is a system which allows shipowner to get some benefits from the country offering an open registry. As a consequence of those benefits which are received by shipowners, the world shipping trade also benefited because lower freight rates are used by shipowners who try to compete in the freight rate market.

On the other hand, countries which are offering an open registry system could benefit too. These kind of benefits could be economic, social, technological, etc. The economic benefit could be the gain of foreign exchange with registration fees and annual tax fees and others. The social benefits could be the employment of national seafarers on board ships. The technological benefits could be the enter of new ships which use new technology.

Countries have actually seen that offering a convenience registry they could benefit too. As a consequence, there has been an increase in countries offering convenience registry.
The policies in which those countries are developing the convenience registry are different. Therefore, some countries are offering advantages to their own shipowners and others are attracting foreign shipowners. But the idea to get revenues from this system is the same in all countries offering an open registry system.

As a consequence of all the above mentioned the author has done comparatives analyses on, the maritime legislation, maritime administration, fees, conventions, etc. from other registries which are at the present the most successful registries. Therefore, the author has tried to give a solution on the questions of why the Honduran registry has not had the same impact that it had at the beginning and how could Honduras offer economic advantages and improve the open registry system.

Therefore, to do this study and to answer the above questions, the author has developed it in the following form:

a. Chapter 1: This Chapter contains the idea why the open registry started and the benefits that this system can give to a country offering a convenience registry.

b. Chapter 2: This Chapter contains the actual system of registration in Honduras.

c. Chapter 3: This Chapter contains a comparative analysis of three different registers from which the author has set up some characteristics.

d. Chapter 4: This Chapter contains a brief background on the Convention on Conditions for Registration of Ships. This Chapter also contains an analysis and a comment on the Convention.

e. Chapter 5: This Chapter contains all the economic
and administrative suggestion that the author believe could improve the Honduran Open Registry.
1. OPEN REGISTRY.

1.1. Definition.

The term flag of convenience or open registry has been called by many names in the past. It has been known as flag of necessity, free flag, flag of opportunity, pirate flag, facilitating flag, shadow flag, cheap flag, and flag of accommodation. "Needless to say, each one of these terms signifies something which in the view of different national and social groups is thought to be the dominant characteristic of the Institution" (1). After all the aforesaid, we have to give one of the best definition which was made in the Rochdale Report. It took all the main characteristics of different open registries to set up the following definition:(2)

i. The country of registry allows ownership and/or control of its merchant vessels by non citizens.

ii. Access to the registry is easy. A ship may usually be registered at a consul's office abroad. Equally important, transfer from the register at the owners option is not restricted.

iii. Taxes on the income from ships are not levied locally or are low. A registry fee and annual fee, based on tonnage are normally the only charges made. A guarantee or acceptable understanding regarding future freedom from taxation may also be given.

iv. The country of registry is a small power with no national requirement under any foreseeable circumstances for, all the shipping registered, but receipts from very small charges on a large
tonnage may produce a substantial effect on its national income and balance of payments.

v. Manning of ships by non-nationals is freely permitted.

vi. The country of registry has neither the power nor the administrative machinery to effectively impose any government or international regulation nor has the country the wish or the power to control the companies themselves.

The Rochdale Report was made in 1970, and from there to now, there has been a change in its characteristics. So most of these characteristics are still found and some have disappeared, for instance: We can register a ship in Panama or Liberia by applying to their consul’s office abroad, we can find Norwegian or Panamanian ships with Philippine crew, but it is difficult to find a country with no power to impose national or international regulation on its ships, because nowadays open registries have a high level of competition between them. Therefore we can find specialized offices around the world dealing with registration, safety standards etc, for example: Panama and Liberia keep an office in New York.

On the other hand, we have to bear in mind that there has been a shift in pattern of ship registration. We find the "Captive" O-R which is being offered by The Norwegian International Register, The Isle of Man, Gibraltar etc. They have as a main characteristic, the low taxation which gives the shipowner the opportunity to compete in the trade, and the use of non-nationals as crew who give to shipowners the advantage in cutting its running costs to the lowest level.

In undertaking this research, we should always bear in mind that the countries which are offering a convenience registry, will always be in the position of receipt
incomes which may be significant to the country’s economy.

1.2. **Background on Open Registries.**

Open registries have been a consequence of political, military and economical problems in the world. We have found in the evolution of open registries that open registries have existed from the time goods were transported by sea. In the Roman Empire, the Roman shipowners placed their ships in Greek registry as a consequence of political problems. "More recently, in the 16th and 17th centuries English shipowners placed vessel in Spanish or French registry to avoid trading or fishing restriction. And during the Napoleonic Wars, English shipowners used German registry to avoid the French blockade. A similar reason motivated U.S. shipowners in the War of 1812, when vessels were placed in Portuguese registry to avoid capture by the British.

In the 1920’s, several U.S. owned passenger ships were transferred to Panamanian registry to avoid prohibition laws forbidding sale of alcoholic beverage. During the early phase of World War II U.S. owned vessel were transferred to Panamanian flag to avoid breaching the U.S. Neutrality Laws" (3).

More recently, in 1986 the Kuwaiti shipowners have registered their ships under U.S. flag in order to get protection from Iranian attack in the Gulf. This alternative was taken by the Kuwaiti shipowners in order to protect their interest as a consequence of the war in the Gulf.

The most important registries were established as consequence of political and economical reasons. The Panamanian register was established after 1920 when U.S. passenger shipowners placed their ships in Panamanian
register to avoid regulation prohibiting liquor on board their ships. The Panama registry became more attractive after a treaty which was signed between the U.S. and Panama. This treaty offered American shipowners tax benefits and the opportunity to employ cheaper non-American seamen.

After the World War II the Liberian register was established as part of American economic assistance between the U.S. and Liberia. The Liberian registry was set up largely for U.S. shipowners and the oil companies, steel companies, and large shippers of bulk cargoes were soon the major users of the flags. As these companies were also large chartered as well as owners, it was also attractive to independent shipowners who wanted to charter out their vessels to these large movers of bulk cargoes (4). See Annex 1 for more historical background.

The open registries have now increased from 2 registries (Panama, Honduras) in 1920 to 23 presently, see Annex 2. However, despite the many open registries the most successful registries have been Panama and Liberia which are being benefitted by American, Greek, Japanese, and Hong Kong shipowners.

1.3. Open Registries Development, in the last three years.

The last three years have been significant in the development of open registries. They have become more popular among shipowners.

A report prepared by UNCTAD secretariat showed that between July 1984 and July 1987, "the number of ships flying open registry flags showed an increase of 8.4 percent, from 6,615 to 7,169. The total deadweight tonnage registered under open registry flags increased by 6.8 percent, from 202.5 million dwt to 216.4 million dwt, while
the world merchant fleet decreased from 674.5 million dwt to 632.4 million dwt or by 6.2 per cent. Thus, the share of open registry fleets in the total world deadweight tonnage increased from 30.0 per cent in 1984 to 34.2 per cent in 1987. Accordingly, as at mid-1987, total deadweight tonnage under open registry flags was about equal to that registered in developed market economy countries” (5).

The beneficial ownership of open registry fleets report has also shown that "Liberia remained the most important open registry country, with 45.7 per cent of the total open registry fleet, although the tonnage registered in Liberia decreased by 24 million dwt (-19.5 per cent) as compared with 1984. At the same time, there was an increase in tonnage registered in all four other open registry countries: Panama - by 9 million dwt (+14.5 per cent), Cyprus - by 16.5 million dwt (+150 per cent), Bahamas - by 10.6 million dwt (+206.1 per cent), Bermuda - by 1.7 million dwt (+123.1 per cent). The shares of the latter countries and territory in the total tonnage of open registry fleet had been increased as at mid-1987 to 32.9 per cent, 12.7 per cent, 7.3 per cent and 1.4 per cent, respectively" (6).

Table 1.1 below shows the dwt registered in the main open registries. It can be seen from figure 1.1 that both Liberia and Panama between themselves make up 78.5 per cent of the total dwt of the five main registries.

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### Table 1.1

**FIVE MAJOR OPEN REGISTRY FLEETS, at the end of 1987**

<table>
<thead>
<tr>
<th>FLAG</th>
<th>NUMBER OF SHIPS</th>
<th>DWT (x 1000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberia</td>
<td>1,576</td>
<td>98,923</td>
<td>45.7%</td>
</tr>
<tr>
<td>Panama</td>
<td>3,879</td>
<td>71,086</td>
<td>32.9%</td>
</tr>
<tr>
<td>Cyprus</td>
<td>1,228</td>
<td>27,522</td>
<td>12.7%</td>
</tr>
<tr>
<td>Bahamas</td>
<td>396</td>
<td>15,723</td>
<td>7.3%</td>
</tr>
<tr>
<td>Bermuda</td>
<td>90</td>
<td>3,128</td>
<td>1.4%</td>
</tr>
<tr>
<td>Total</td>
<td>7,169</td>
<td>216,382</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: Based on data supplied to the UNCTAD Secretariat TD/B/C.4/309/Add.1

**Figure 1.1**

**FIVE MAJOR OPEN REGISTRIES**

- PANAMA 32.8%
- BAHAMAS 7.3%
- BERMUDA 1.5%
- CYPRUS 12.7%
- LIBERIA 45.7%

Figure 1.1
1.4. **Benefit to the Country.**

It is important to set up the economic advantages to a country which is trying to develop an open registry. In that respect, Prof. B.S. Dogain and Dr. B.N. Metaxas argue that "the benefits to countries offering convenience registries can be benefitted by foreign exchange earning through taxation, registration fees. On the other hand the government can be benefitted by employment generation in government departments handling registration, taxation and safety of ships" (7).

The aforesaid can be confirmed with some income generated by Liberia and Panama a few years ago:

"Liberia_The net revenue to the Government of Liberia from its maritime program totalled $.U.S 11.0 million in 1978. This is 5.8 percent of the total revenues reported in the Liberian Government Fiscal accounts, and 1.7 percent of the total Gross Domestic Product" (8).

"Panama_Revenues of $ 10.5 million and $ 10.9 million were produced by Panamanian ship registration, licensing, and inspection fees in 1977 and 1976 respectively. This is not an insignificant figure in a country of 1.7 million population. However, compared with the total revenues taken in by the Panamanian Government _$343 million in 1977_ the registry earnings are less important than they are to Liberia" (9).

The author would like to stress that, for one country the incomes generated by a registry could be lower in comparison with other incomes taken in by the government but for another country the incomes could be high. However, both countries are generating incomes to the
country. On the other hand, all those factors bring with them a flow of documents which are taken by lawyers in order to fulfill all the requirements of the registry. So those lawyers receive payment in foreign currency which is also advantageous for the country's economy.

It is the author's view, that countries which offer convenience registries should get incomes through them. It is important to say through a competent and efficient maritime legislation and administration as Liberia and Panama are doing. However there are other countries offering convenience registries and still getting income through incompetent maritime administrations. Therefore, I believe that those countries only need guidelines in their administrations to increase incomes generated by a convenience registry.
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Can they maintain their position?
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The Impact of Flags of Convenience, 108.
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2. EXISTING SYSTEM OF REGISTRATION IN HONDURAS.

2.1. General Information.

The Republic of Honduras which is situated in Central America has been an independent republic since 1821. The total area of the territory is 118,088 sq. Km. At the end of 1987 the estimated population was 5 million. Honduras is bounded by Guatemala, El Salvador and Nicaragua. It also has a coastline on the Atlantic Ocean through the Caribbean Sea and on the Pacific Ocean through the Gulf of Fonseca. Honduras is composed of eighteen Departments and the capital is Tegucigalpa.

At the moment Honduras is governed by a democratic government which is elected by the people every four years. The actual president is Jose Simon Azcona Hoyo. The official language is Spanish and the republic's unit of currency is the Lempira which has a fixed rate of exchange with the U.S. dollar of two Lempiras per one dollar.

2.2. The Honduran Register.

The Honduran register was properly established at the beginning of 1943. It is governed by the National Merchant Law of 1943 and its amendments of 1950 which deals with Registration Fees. In 1943 the Ministry of Economy was responsible for all aspects of ship registry. But in 1974 the Merchant Marine Superintendency which is a superintendency under the Naval Force of Honduras took over the responsibility of all aspects of ship registry.

The Merchant Marine Superintendency has overall responsibility for the administration of the Honduran Register. It is also responsible for the registration
of Honduran sailors.

Honduras became a member of the International Maritime Organization (IMO) in 1959. It is also member of the International Labour Organization (ILO).

Honduras has ratified the following relevant maritime conventions:

i. In the International Maritime Organization,
   - International Regulations for Preventing Collisions at Sea, COLREG 1972.

All the above mentioned conventions came into force in 1985.

ii. In the International Labour Organization,
   - No. 27 Marking of Weights (Packages transported by vessel) 1926.
   - No. 87 Freedom of Association and Protection of the Right to Organize, 1948.
   - No. 95 Protection of Wages 1949.
   - No. 98 Right to Organize and Collective Bargaining 1949.

2.3. The National Merchant Marine Law.

The National Merchant Marine Law is composed of fourteen chapters and eighty seven articles. Chapter I deals with the scope of the law.
Chapter II deals with registration of ships.
Chapter III deals with nationality of ship.
Chapter IV deals with safety condition of ships.
Chapter V deals with cancellation of registry.
Chapter VI deals with consular intervention.
Chapter VII deals with registration fees.
Chapter VIII deals with certificates of competency.
Chapter IX deals with conditions of employment.
Chapter X deals with death of crew and passenger.
Chapter XI deals with compensation for accidents on ship.
Chapter XII deals with the identification of crew.
Chapter XIII deals with documentation on board ships.
Chapter IVX deals with general arrangements.

2.4. Present Organization.

The Merchant Marine Superintendency is responsible for the merchant fleet of Honduras. The Merchant Marine Superintendency is in Tegucigalpa, headed by the Chief Commander of the Naval Force of Honduras through the Superintendent of the Merchant Marine Superintendency. See figure 2.1. below on Honduras Register Organization.

The Merchant Marine Superintendency is divided in one Superintendency and three sections, which are the Legal Section, the Administrative Section, and the Safety Section. The Superintendency is in charge of the management. The legal section is responsible for the legal state of the conventions, to which Honduras is party. The administrative section is responsible for the collection of taxes. The safety section is responsible for the safety of ships which are in the registry, and for all ships arriving in Honduran ports through the Port Captain, it also has direct connection with classifications societies.
2.5. **Registration Requirements.**

The registration requirements of the Honduras Register is covered in Chapter III, Articles five to eleven, of the National Merchant Marine Law.

In Chapter III it is stipulated that, any national or foreign shipowners can register their ships in the Honduran Register. It means that Honduran flag vessel may be owned by individuals, corporations, association of individuals, and through partnerships. Subject to the requirements of Chapter III of the National Merchant Marine Law, they shall submit the following documents to the Merchant Marine Superintendency through a Honduran lawyer:
i. Bill of Sale.

ii. Tonnage Certificate.

iii. Power of Attorney in favor of a Honduran Lawyer.

These documents shall be enclosed by an application with the following data:

i. Actual and former name of the vessel.

ii. Actual and former owner's name, address, and nationality.

iii. Dimension of the vessel (length, breadth, depth and draft).

iv. Type of vessel (activity and main engine numbers).

2.6. Type of Register.

The ports of registry for the Honduran register are Puerto Cortes, Tela, La Ceiba, and San Lorenzo and the official register is kept at the Merchant Marine Superintendency, which is located in Tegucigalpa. The usual public business hours of the registry are from 07:30 to 17:00 Monday to Friday. The registry is not open on Saturdays, Sundays, or public holidays. The registry will, whenever necessary, make communication by telex, fax, and phone with any foreign registry.

2.7. The Present Registration Fees.

The present registration fees are as follows:

i. For ships of 1 net ton or more.

-Initial fee $ U.S. 0.25 per net registered ton.

The Initial fee tax shall be paid one time.

ii. For ships of 1 net ton or more.

-Annual Tax Fee $ U.S. 0.50 per net registered ton.

The annual tax fee shall be paid at the beginning of the year.
iii. To get the Provisional Navigation Patent.

- All ship shall pay $ U.S. 160.00

The provisional navigation patent is valid for four months, but it may be extended for a further period of two months upon application being made to the Merchant Marine Superintendency.

2.8. Restriction as to type of vessels which may be Registered.

The only restriction, as to the type of vessel which may be registered, is that the ship shall not be less than one net register ton.

2.9. Safety Conditions.

The safety conditions on the Honduran register are covered by Chapter IV, Articles 12 and 13 of the National Merchant Marine Law. In this Chapter Honduras has given authorization to the following classification societies to act on behalf of them:

- American Bureau of Shipping
- Bureau Veritas
- Lloyd's Register of Shipping
- Det Norske Veritas
- Nippon Kaiji Kyokai
- Germanischer Lloyd

The authorization, which has been given to these classification societies concerns the statutory work, and the annual inspection. All they have to do is to send a copy of the inspections that they have made to the Merchant Marine Suprintendency. There are not any fees to the classification society after the inspections are made. The Merchant Marine Superintendency does not have control
2.10. **Structure and Composition of the Honduran Register.**

The structure and composition of the Honduran Register is evident in Table 2.1. The Table only shows ships over one net ton.

**Table 2.1.**

<table>
<thead>
<tr>
<th>Type of ship</th>
<th>Number of ships</th>
<th>%</th>
<th>GRT x 1000</th>
<th>NRT</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Cargo Vessel</td>
<td>713</td>
<td>45.10</td>
<td>699.8</td>
<td>411.03</td>
</tr>
<tr>
<td>Passenger vessel</td>
<td>181</td>
<td>11.45</td>
<td>11.2</td>
<td>5.85</td>
</tr>
<tr>
<td>Cargo-Passenger Vessel</td>
<td>2</td>
<td>0.13</td>
<td>0.10</td>
<td>0.08</td>
</tr>
<tr>
<td>Roll-on-roll off Vessel</td>
<td>1</td>
<td>0.06</td>
<td>0.09</td>
<td>0.03</td>
</tr>
<tr>
<td>Ferry Vessel</td>
<td>5</td>
<td>0.32</td>
<td>1.39</td>
<td>0.60</td>
</tr>
<tr>
<td>Oil Tanker Vessel</td>
<td>22</td>
<td>1.39</td>
<td>22.80</td>
<td>14.36</td>
</tr>
<tr>
<td>Supply vessel</td>
<td>9</td>
<td>0.57</td>
<td>2.00</td>
<td>1.20</td>
</tr>
<tr>
<td>Ocean Going Tugboat</td>
<td>39</td>
<td>2.47</td>
<td>8.30</td>
<td>2.30</td>
</tr>
<tr>
<td>Deep Water Fish Vessel</td>
<td>68</td>
<td>4.30</td>
<td>16.40</td>
<td>8.50</td>
</tr>
<tr>
<td>Shallow Water Fish vessel</td>
<td>401</td>
<td>25.36</td>
<td>36.90</td>
<td>23.50</td>
</tr>
<tr>
<td>Oil Rig Platform</td>
<td>1</td>
<td>0.06</td>
<td>0.42</td>
<td>0.42</td>
</tr>
<tr>
<td>Self Propelled Barge</td>
<td>1</td>
<td>0.06</td>
<td>17.04</td>
<td>4.70</td>
</tr>
<tr>
<td>Barge</td>
<td>21</td>
<td>1.55</td>
<td>14.37</td>
<td>14.37</td>
</tr>
<tr>
<td>Scientific vessel</td>
<td>13</td>
<td>0.82</td>
<td>0.59</td>
<td>0.23</td>
</tr>
<tr>
<td>Fruit Carrier Vessel</td>
<td>5</td>
<td>0.32</td>
<td>1.29</td>
<td>0.79</td>
</tr>
<tr>
<td>Yacht</td>
<td>85</td>
<td>5.38</td>
<td>5.73</td>
<td>3.43</td>
</tr>
<tr>
<td>Cabotage</td>
<td>12</td>
<td>0.76</td>
<td>1.77</td>
<td>0.82</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>0.13</td>
<td>0.85</td>
<td>0.42</td>
</tr>
</tbody>
</table>

\[ \sum \] 1581 \quad 841.04 \quad 492.63
There were 841,040 grt. registered in the Honduran Register at the end of 1987. The type of vessel which have a high per cent registered in Honduras, are general cargo vessels, with 713 ships and passenger vessels with 181 ships. There are also other types which can be considered, such as fishing vessels with 36,900 grt. and oil tankers with 22,000 grt.

The ages of the vessels in the register are shown in Table 2.2.

<table>
<thead>
<tr>
<th>RANGES</th>
<th>NUMBER OF SHIPS</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 years</td>
<td>440</td>
<td>27.83</td>
</tr>
<tr>
<td>From 11 to 15 years</td>
<td>222</td>
<td>14.04</td>
</tr>
<tr>
<td>From 16 to 30 years</td>
<td>638</td>
<td>40.35</td>
</tr>
<tr>
<td>From 31 and over</td>
<td>281</td>
<td>17.77</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------</td>
<td>----</td>
</tr>
<tr>
<td>1581</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The Merchant Marine Superintendency.

There is a large number of ships in the range of sixteen and thirty years.

2.11. Manning.

Manning on board Honduran flag ships is covered in Chapter IX, Article twenty four of the National Merchant Marine Law. It stipulated that the Captain of the ship shall not keep less than 25 per cent of Honduran sailors as crew.
2.12. **Beneficial Owners in the Honduran Register.**

The beneficial shipowners of the Honduran register come from Greece, Japan, Hong Kong and the United States (according to data supplied by the Administrative Section of the Merchant Marine Superintendency).

2.13. **Revenues levied by the Honduran Register, in the last three years.**

The Honduran Register has made profits in the last three years. It is shown in Table 2.3.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Revenue U.S.$</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>243,524</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>329,136</td>
<td>+35</td>
</tr>
<tr>
<td>1987</td>
<td>477,815</td>
<td>+45</td>
</tr>
<tr>
<td></td>
<td>1050,475</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Merchant Marine Superintendency.
3. COMPARATIVE ANALYSES OF THREE REGISTERS, LIBERIAN, PANAMANIAN AND NORWEGIAN.

3.1. Introduction.

In this Chapter some characteristics of the major flags of convenience will be set up and one international register will be take into account.

Information has been taken from the Liberian Register, the Panamanian Register and the Norwegian International Register. In fact it will be found that registration policies are different from each other, for instance: The Liberian Register shows that in its registry the attraction is drawn on oil tankers and passenger vessels as a major interest. Therefore, Liberia has ratified the most relevant maritime conventions dealing with oil pollution from ships and carriage of passengers. The Panamanian Register is in the business with the lowest taxation, which can be advantageous against other registers, for instance: Ships registered in the Panamanian Register have a low annual tax; bareboat charter registration taxes paid by the shipowner or charterer are also very low. It gives the shipowner or charterer the opportunity to be in the market. The Norwegian International Register is trying to take back Norwegian shipowners who are in other registers, allowing them to use foreign crew who reduce operating costs on board.

With all the above mentioned facts the author would like to stress that there is not one single policy similar to another, however, the objectives are the same, namely, to get advantages from ship registration.

The author will base all his first part of infor-
mation in a document called "Guide to International Ship Register" prepared by the International Shipping Federation (ISF), which might be one of the best up-to-date information sources a shipowner can get. The second part is a combination of different characteristics, which will be analysed to establish some polices which the author will take into account, to improve the Honduran Register.

I Part

3.2. "The Liberian Register".

With a fleet of 52.6 millions grt the Liberian register is the largest in the world. For the past quarter of a century Liberia has dominated the shipping scene as a center for ship registration. The Bureau of Maritime Affairs within the Finance Ministry is the government department charged with deciding Liberian's policy on ship registration. It is headed by the Commissioner for Maritime Affairs, Mr. George Cooper, and is based in Monrovia, the Liberian capital. However, responsibility for the administration and operation of the register has been allocated by the Liberian Government to the International Trust Company of Liberia of which Liberian Services Inc. forms the executive arm outside Liberia. Liberian Services Inc. is a highly sophisticated services company based in Reston, Virginia, USA and chaired by Mr. Fred T. Lininger who is senior Deputy Commissioner of Maritime Affairs for the Liberian Government's Bureau of Maritime affairs.

The principal legislation covering ship registration is based on U.S. mercantile law and is contained in Title 22 (Maritime Law) of the Liberian Code of Laws of 1956. This was brought up to date by amendments made in 1986. Title 22 sets out detailed provisions covering jurisdic-
tion, documentation and identification of vessels, preferred ship mortgages and maritime liens on Liberian vessels, carriage of goods by sea, limitation of shipowners’ liability, radio regulations, rules of navigation, wrecks and salvage investigation, manning and certification of merchant seamen and their rights and duties. This is supplemented by Maritime Regulations, regulations for preventing collisions at sea and rules for investigations and hearings.

Liberia is a member of the International Maritime Organisation and the International Labour Organisation and has ratified the following relevant maritime Conventions:

**IMO** - Safety of Life at Sea, 1974 and 1978 Protocol
- Collision Regulations, 1972
- Prevention of Pollution from Ships, 1973
- Facilitation of International Maritime Traffic, 1965
- Load Lines, 1966 and 1983 Amendments
- Tonnage Measurements of Ships, 1969
- Intervention on the High Seas in Cases of Oil Pollution, 1969 and 1976 Protocol
- Civil Liability for Oil Pollution Damage, 1969 and 1976 Protocol
- Civil Liability in the Field of Maritime Carriage of Nuclear Material, 1971
- Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971 and 1976 Protocol
- Safe Containers, 1972
- INMARSAT
- Limitation of Liability for Maritime Claims, 1976
- Standards of Training Watchkeeping and
Liberia has also endorsed the International Telecommunications Union Radio Regulations.

3.2.1. "General Comments"

Liberia maintains a comprehensive legislative and regulatory framework which ensure that the Liberian register complies fully with internationally agreed standards at the International Maritime Organisation and the International Labour Organisation. Compliance with the Conventions is enforced by a worldwide network of inspectors who are based in all the major maritime centers. There is a strong and effective Liberian shipowners' association, the Liberian Shipowners' Council, which represents almost 18 million grt. of Liberian flag tonnage. It is headed by Mr. Jerry Smith and is based in New York. The Council is a member of the International Shipping Federation and the International Chamber of
Shipping.

3.2.2. "Registration Requirements".
Applications for registration under the Liberian flag should be made to the Office of the Deputy Commissioner of Maritime Affairs of the Republic of Liberia, Vessel Registration Department, c/o Liberian Services Inc., 548 Fifth Avenue, New York, NY 10036, USA.

3.2.3. "Age".
Vessels should be no more than 20 year old. However, as from January 1, 1987 applications for waiver of the 20-year limitation will be accepted for registrations. Waivers will be granted at the discretion of the Senior Deputy Commissioner and in general it is Liberia’s policy not to grant a waiver unless:
- the vessel has been registered under the Liberian flag for a continuous period of three years immediately preceding the application;
- the Marine Safety Department (MSD) has evaluated both the vessel and the proposed owner/operator;
- the MSD has stated in writing that the proposed waiver is acceptable, subject to any conditions which the MSD, after discussion with the applicant, agrees to impose upon the granting and continuance of registration;
- all waiver requests must be transmitted to the Senior Deputy Commissioner for final consideration.

3.2.4. "Surveys".
Vessels should be in class as certified by one of the officially approved Classification Societies:

American Bureau of Shipping
Bureau Veritas
3.2.5. "Ownership".

Vessels of more than 1600 net. tons. may be registered if owned by a Liberian citizen or national or by corporations and partnerships formed and registered in Liberia. The establishment of a Liberian corporation is accomplished through the offices of Liberian Corporation Services Inc., 5 West 45th Street, New York City 10036, or Liberian Corporation Services, Reston International Center, Reston, Virginia 22091, or Liberian Services S.A, Bahnhofstrasse 86, 8001 Zurich, Switzerland. Charges for the incorporation of a new Liberian company and annual maintenance fees are:

- incorporation U.S.$ 663.50
- annual fees U.S.$ 250

The Liberian ownership requirement may be waived where:

- the vessel meets all other requirements for registration; and
- it has been demonstrated that there is a genuine need for such a waiver; and
- the shipowner register in the Republic of Liberia as a foreign maritime trust or foreign corporation and maintains either an operating office in the Republic or appoints a qualified Registered Agent in the Republic.

The registration of a foreign maritime trust or corporation is very straightforward and enquiries and applications should be addressed to Liberian Corporation Services, Inc.
Services Inc. For initial registration the following fees are charged:
- statutory registration tax U.S.$ 500.00
- Trust Company service fee U.S.$ 1,000.00
- filing stamp and miscellaneous fees U.S.$ 25.00

After the first years of registration there is an annual government fee of $ 200.00 and an annual Registered Agent’s fee of $ 300.00

3.2.6. "Procedure for Ship Registration".
To obtain a provisional certificate of registry the following documents in triplicate must be submitted:
- application for official number, call sign and registration of vessel; also, if necessary, details of mortgagee and mortgagee;
- details of ship’s officers;
- oath of officer or agent of owner;
- a power of attorney or secretary’s certificate of corporate resolution authorizing person(s) to act in applicant’s name;
- declaration that all foreign documents will be surrendered;
- a Bill of Sale, Builder’s Certificate or other proof of ownership;
- confirmation of class;
- proof of consent of government of present registry or proof of cancellation;
- proof vessel is free of liens;
- application for safety inspection.

Within 30 days of registration the Liberian Administration also requires a satisfactory safety inspection report, an oath from the Master as to his citizenship and his Liberian licence status, an application for a Liberian ship radio station licence and
consent of the decision-maker and, if not submitted at the
time of registration, proof of cancellation from foreign
registry. Marking of tonnage on the main beam is no longer
required. In addition, affidavits of good faith for
registration of a vessel no longer apply but have been
replaced by documents of affirmation. In some cases a
request for waiver of the Liberian ownership requirement
will also be necessary and for oil tankers evidence of
insurance under the 1969 Civil Liability Convention will
be required with application for registration.

To obtain permanent registration a vessel must have a
number of valid certificates issued by the Liberian
administration in order to ensure compliance with the
relevant IMO Conventions, viz SOLAS, Load Lines and
MARPOL, and with ILO Convention No.92 (Crew Accommodation),
as well as the Certificate of Measurement.

3.2.7. "Bareboat Charter ("Dual") Registry".

Bareboat chartering in and out from the registry
is permitted. For chartering out an application by
quaduplicate signed letter has to be made to the Office
of Deputy Commissioner of Maritime Affairs in which is
stated:

- name, official number and type of the vessel;
- name, address and operational telex and telephone
  numbers of the demise charterer;
- intended service of the vessel, including nature
  of the cargo and geographical areas to be
  navigated; and
- date contemplated for commencement of the
  charterparty and the date contemplated for its
  earliest lawful termination.

The following documents must also be presented:

- consent of preferred mortgages;
- a certified copy of the charterparty;
- owner's oath of undertaking both to surrender any certificate of registration previously issued to the vessel and to notify the Deputy Commissioner immediately whenever the charterparty terminates or when the owner has re-taken possession of the vessel;
- agreement between the owner and charterer that the vessel will not fly the Liberian flag, that Liberian standards will be maintained, the Liberian certificates will not be carried on board the vessel for the period of the bareboat charter, that full co-operation will be given to the Liberian authorities in the event of a serious casualty and that any changes to the agreement between the owner and charterer will be submitted to Liberia's Deputy Commissioner. Failure to comply with any of these provisions will cause suspension of the certificate of permission and the vessel's Liberian Certificate of Registry. In addition the owner and charterer will become liable to damages of up to $ 50,000.

After a Certificate of Permission has been granted a Provisional Certificate of Registry will be issued for a period of no more than two years. This may be reissued for further periods of not more than two years each but not to a date beyond the termination date of the charterparty.

It is also possible to obtain Liberian registration for a foreign registered vessel which is bareboat chartered to a Liberian company. The vessel in question must meet the requirements for the issue of a Provisional Certificate of Registry and also the following documents must be presented:

- the bareboat charterparty containing the name of the vessel, the names of the bareboat charterer,
shipowner and the holders of any registered mortgages or similar charges, the period of duration of the charterparty and the country of initial registration of the vessel;
- an official certificate from the country of initial registration listing the ownership of the vessel, and recorded mortgages;
- the written consent of the shipowner and of all mortgages to the provisional Liberian bareboat charter registration;
- evidence that the initial country of registry will withdraw the right to fly its flag while the vessel is subject to the bareboat charter recorded in Liberia.

During the period of the bareboat registry in Liberia, the vessel must fly only the flag of Liberia and be subject to exclusive Liberian control and jurisdiction.

3.2.8. "Registration Fees".

Fees consist of an initial registration fee, an annual tonnage tax, and miscellaneous charges as follows:
- Initial registration fee U.S.$ 1.20 per net ton
- Annual tonnage tax $ 0.40 per net ton
- Marine investigations $ 1000.00
- Marine inspection (per inspection) $ 725.00
- Provisional certificate of registry $ 200.00
- Permanent certificate of registry $ 200.00
- Temporary radio authority $ 50.00
- Combined Maritime Publication Folder $ 50.00
- Oil record book (non-tankers) $ 5.00
- Oil record book (tankers) $ 10.00
- Articles of Agreement $ 2.00

A laid-up vessel incurs a registration fee of U.S.$ 2500.
3.2.9. "Manning and Certification".

Manning requirements are set out in the Liberian Maritime Regulations. It is laid down that a Liberian registered vessel must carry a duly certificated Master and chief engineer (for vessel over 375 kw/500 hp) and such number of duly certificated deck officers and engineers as is deemed necessary for the safe manning and operation of the ship by the Commissioner or Deputy Commissioner. In addition the Commissioners or Deputy Commissioner may prescribe a minimum number of crew for a Liberian vessel of which a specified number of these may be required to be rated and/or certificated.

There are no nationality requirements for officer and crew. Officers must possess a Liberian licence, valid for 5 years, which may be issued against a foreign licence recognised to be equivalent by the Liberian authorities. Seafarers must hold a valid Seaman's Identification and Record Book. Certain ratings forming part of the navigation or engineering watches, and all officers and ratings participating in cargo loading or discharge operation aboard oil tankers, chemical tankers and liquefied gas tankers, are required to be certificated for special qualifications with endorsement in their Seamen's Identification and Record Book.

Fees for certificates are as follows:

- Master/Chief Engineer
  - U.S.$ 150
  - Re-examination $ 100
- Chief mate/1st. engineer
  - $ 125
  - Re-examination $ 85
- All other officers
  - $ 100
  - Re-examination $ 75
- Radar observer
  - $ 25
- Radio telephone operator
  - $ 25
- Certified transcript of exam results $ 10
3.2.10. "Condition of Employment".
The Crew Agreement must be signed between the Master and the seafarer. Standard forms of Crew Agreement are issued by the Liberian authorities.

3.3. "The Panamanian Register".
The Panamanian register is one of the oldest and largest of the open ship registers. In mid-1986 it had a fleet of 41.3 million grt making it the second largest in the world. SECNAVES is in charge of all administrative proceedings related to the registration of ship and the control of the merchant navy. It authorises the issue of certificates of registry and radio licences and is responsible for ensuring compliance with regulations concerning marine navigation, safety, welfare, manning and certification. SECNAVES can also delegate its work to Panamanian Consuls around the world.

Panama is a member of the International Maritime Organisation and the International Labour Organisation and has ratified or acceded to the following relevant Convention:

IMO - Safety of Life at Sea, 1974 and Protocol
- International Regulations for Preventing Collision at Sea, 1972 and 1981 Amendments
- Prevention of Pollution from Ship (MARPOL), 1973 and 1978 Protocol
- Tonnage Measurement of ship, 1969
- Intervention on the High Seas in Cases of Oil Pollution Casualties, 1969
- Civil Liability for Oil Pollution Casualties, 1969
- Prevention of Marine Pollution by Dumping of
Wastes and other Matter, 1972

ILO - No.8 Unemployment Indemnity, 1920
- No.9 Placing of Seamen, 1920
- No.16 Medical Examination of Young Persons (Sea), 1920
- No.22 Seamen's Articles of Agreement, 1926
- No.23 Repatriation of Seamen, 1926
- No.55 Shipowners' Liability (Sick and Injured Seamen), 1936
- No.58 Minimum Age (Sea)(Revised), 1936
- No.68 Food and Catering Ships' Crews, 1946
- No.69 Certification of Ships' Cooks, 1946
- No.71 Seafarer's Pensions, 1946
- No.72 Paid Vacations (Seafarers), 1946
- No.73 Medical Examination (Seafarers), 1946
- No.74 Certification of Able Seamen, 1946
- No.76 Wages, Hours of Work and Manning, 1946
- No.79 Accommodation of Crew (Revised), 1949
- No.108 Seafarers Identity Documents, 1958

3.3.1. "General Comments".

There is no Panamanian shipowners' association, although it is understood that discussions have been held with a view to the possibility of establishing such a body.

3.3.2. "Age".

There are no age limitations provided that the ship fulfills the basic conditions of seaworthiness, safety, hygiene and protection of the marine environment prescribed by international conventions adopted by the Republic of Panama. However, ships over 20 years old are subject to a special inspection before being issued with
the statutory Certificate of Registry.

3.3.3. "Survey".
Vessel must be in class as certified by one of the following approved Classification Societies:

- American Bureau of Shipping
- Bureau Veritas
- China Corporation Register of Shipping
- Det Norske Veritas
- Germanischer Lloyd
- Hellenic Register of Shipping
- Jugoslavenski Register of Shipping
- Korean Register of Shipping
- Lloyd’s Register of Shipping
- Nippon Kaiji Kyokai
- Panama Bureau of Shipping
- Registro Italiano Navale.

3.3.4. "Ownership".
Ships belonging to nationals or foreigners may be registered in Panama.

3.3.5. "Procedure for Ship Registration".
The initial registration application must be presented in triplicate by the shipowner, or his representative, to SECNAVES or to a Consul. The application form must contain the following information:
- ship’s current and former name;
- nationality, name and address of company/owner;
- company’s legal representative in Panama;
- name, and address of company responsible for the ship’s radio bills;
- details of construction, viz. name of shipbuilders, place and date of construction, number of deck, masts
and funnels, hull material, length, breadth and depth, net and gross tonnage;
- intended trade of the ship;
- details of engines (kind and number, number and type of cylinders, name of builders, speed, horsepower, or wattage).

The following documents must accompany the application form:
- document in which the owner designates the ship's representative in Panama.
- if necessary, proof of cancellation from former registry, duly authenticated by a Consul;
- the ship’s title deed in the form of a construction certificate or bill of sale, legalized by a public notary and authorized by a Consul;
- details of the ship’s mortgages;
- the appropriated technical certificate for the ship’s trade and tonnage. These include, where applicable, the Passenger Ship Safety Certificate, Cargo Ship Safety Certificates for Construction, Equipment, Radiotelegraphy and Radiotelephony, Exemption Certificate, International Load Lines Certificate and the Grain Loading Certificates issued by one of the approved Classification Societies.

Once the required information has been received the shipowner is issued with a Provisional Certificate valid for six month and a Provisional Radio Permit valid for three months. If a Permanent Certificate of Registration has not been obtained after this period, a three month extension may be granted on payment of U.S.$ 500. In addition, further extensions are granted for up to three months for a charge of U.S.$ 50 per month. A Permanent Certificate must be applied for directly to Panama. Once all the necessary documents have been received by
SECNAVES, the Certificate can be issued for a period of four years, after which it may be renewed at four yearly intervals. All Panamanian vessels are subject to an annual safety inspection carried out by the Department of Maritime Safety located in New York City.

3.3.6. "Bareboat Charter ("Dual") Registry".

According to Law II of January 1973 vessels bareboat chartered to a Panamanian company for a term not longer than two years may register in Panama without waiving their registration in another country, provided the Government of that country gives its consent. To obtain "dual" registration copies of documents must be presented to SECNAVES showing the appropriate charter contract, the consent of the owner, the consent of mortgage creditors, the Certificate of Registry in the original country and the Certificate of Consent of the country to whose registry the vessel belongs. The vessel is issued with a special "Patent of Navigation" showing the names of the owner and charterer of the vessel, the foreign port of registration and any liens which apply. In practice permission for "dual" registration is granted for a fixed limited period of either two or four years to be decided in advance. No extensions to these periods are granted.

3.3.7. "Registration Fees".

Charges for registration are as follows:

- Initial registration fee per net ton U.S.$ 1.00
  Minimum charge of $ 300.00

- Annual tonnage tax per net/part ton $ 0.10

The first of these charges is payable only once, whilst the cannot be increased during the 20 years of a
ship's registration.

Charges are made for certain administrative tasks as follows:

- Change of ownership of vessel U.S.$ 2,000.00
- Change of tonnage $ 1,200.00
- Change of structure $ 1,000.00
- Change of vessel's and/or owner's name $ 800.00
- Cancellation of Registry $ 500.00
- Change of any other particulars $ 900.00

3.3.8. "Fees for Bareboat Registry''.

Bareboat registered vessels are taxed in advance for the two or four year period following the guide for charges shown below:

- Right of registration U.S.$ 1.00 per net ton.
- Documentary rights:
  - Vessels from 0 to 500 grt U.S.$ 800.00
  - Vessels from 500 to 1,600 grt $ 1,000.00
  - Vessels from 1,600 to 3,000 grt $ 1,400.00
  - Vessels from 3,000 to 8,000 grt $ 1,650.00
  - Vessels from 8,000 and above $ 1,650.00
    (plus $ 200 for each 5,000 tons in excess of 8,000 ton - maximum $ 3,000 )
- Annual tax (per net ton) U.S.$ 0.10

3.3.9. "Manning/Certification''.

According to its Maritime Code Panama requires 10 per cent of the crew to be national; in practice, however, this requirement is not applied. In the past Panama issued no certificates of its own but accepted the certificates of other countries. However, in order to ratify the IMO convention on Standards of Training Certification and Watchkeeping, Panama decided to introduce a computerised examination and certification programme which would be
administered by a private company, Marinexam Corporation of Panama.

Examination charges are:
- for Masters and Chief Engineers U.S.$ 100.00 per licence and examination.
- for Deck and Engine Officers $ 80.00 per licence and $ 100.00 per examination.
- Seamen $ 22.00 per certificate and $ 55 per examination.

3.3.10. "Conditions of Employment".

The Panamanian authorities issue a standard Crew Agreement and standard vessel crew list which states the crew member's name, address, position on board, salary, salary advances and date of expiry of contract.

3.4. "The Norwegian International Ship Register (NIS)".

By mid-November 1987, 90 ships of approximately 6 mill dwt had registered in NIS. The Ministry of Trade and Shipping in Oslo is responsible for the administration of NIS and this department embraces also the Maritime Directorate and the Directorate for Seamen. The administrative headquarters of NIS is in Bergen. The NIS was created by an act of parliament (the NIS Act of 12 June 1987 No.48) which received Royal Assent on 19 June 1987. NIS became effective 1 July 1987. The NIS Act contains details of the legislation concerning the regulation of vessel. It gives detailed provisions covering conditions for registration, fees, wages and working conditions, working hours, jurisdiction, documentation and identification of vessels. Norway is a member of both the International Maritime Organisation (IMO) and the International Labour Organisation.
In IMO Norway is an elected member of the IMO Council; in ILO the Norwegian Shipowner’s Association is represented on the Joint Maritime Commission. Norway has ratified the following IMO/ILO Conventions, which also apply to NIS.

**IMO** - SOLAS (1974) and 1978 Protocol
- Load Lines, 1966
- Special Trade Passenger Ship Agreement, 1971
- International Regulation for Preventing Collisions at Sea, 1972
- Safe Containers, 1976
- INMARSAT, 1976
- Standards of Training, Certification and Watchkeeping, 1978
- Maritime Search and Rescue, 1979
- MARPOL, 1954
- MARPOL (Dumping of Wastes), 1972
- MARPOL (Oil Pollution Casualties), 1969
- International Fund for Compensation for Oil Pollution Damage, 1971
- Civil Liability for Oil Pollution Damage, 1969
- Civil Liability Regarding the Carriage of Nuclear Materials, 1971
- Limitation of Liability for Maritime Claims
- Facilitation of International Maritime Traffic, 1965

**ILO** - No.9 Placing of Seamen, 1920
- No.15 Minimum Age, 1921
- No.22 Seamen’s Articles of Agreement, 1926
- No.53 Officers’ Competency Certificates, 1936
- No.58 Minimum Age (Sea, 1920/1936/1973)
- No.68 Food and Catering, 1946
- No.69 Certification of Ships' Cooks, 1946
- No.71 Seafarers' Pension, 1946
- No.73 Medical Examination, 1946
- No.87 Freedom of Association and Protection of Right to Organise, 1948
- No.92,133 Crew Accommodation, 1949, 1970
- No.98 Right to Organise and Collective Bargaining, 1949
- No.108 Seafarers' Identity Documents, 1958
- No.109 Wages, Hours of Work and Manning, 1958
- No.130 Medical Care and Sickness Benefits
- No.134 Prevention of Accidents (Sea), 1936
- No.145 Continuity of Employment, 1976
- No.147 Merchant Shipping, 1976

3.4.1. "General Comments".
NIS aims to be a quality register and is based on Norway's existing international obligations, as reflected in the relevant IMO and ILO Conventions.

The International Transport Workers' Federation has not added NIS to its list of registers which it considers to offer 'flag of convenience' facilities.

3.4.2. "Registration Requirements".
Applications for registration under NIS should be made to the Norwegian International Ship Register.
3.4.3. "Age".
There are no explicit restrictions on the age of the vessels that may register in NIS, provided the technical standard is found satisfactory.

3.4.4. "Surveys".
Vessels in NIS are subject to public control by the Maritime Directorate. For cargo vessels of 500 grt and above the following classification societies are accepted:

- Det Norske Veritas
- Lloyd's Register of Shipping
- Germanischer Lloyd
- Bureau Veritas
- American Bureau of Shipping

These societies have been granted an authorization to carry out inspections and to issue all certificates except those concerning manning and seafarers' qualifications.

3.4.5. "Ownership".
Norwegian and foreign owned vessels over 10 meters in length (LOA, or less if the vessel is solely or mainly engaged in commercial activity, can be registered in NIS. For foreign owned ships it is not necessary to establish a Norwegian shipping company although the owner must appoint an authorized representative in Norway and entrust a significant part of the offshore management functions, i.e. technical or commercial management, to a Norwegian based ship management company.

The authorized representative must be either:
- a Norwegian citizen and resident;
- an unlimited partnership where all participants are
Norwegian citizens and resident; or
- a limited liability where at least 60 per cent of
  the capital and voting power is in Norwegian hands.
Certain additional requirements as to the nationality and residence of the members of the board of directors must also be satisfied.

3.4.6. "Procedure for Ship Registration".

Only the formal owner of the vessel is entitled to register it in NIS. If the Vessel is leased, bareboat chartered with a purchase option, or similar arrangement, only the formal owner, not the lease or the charter, can effect the registration.

Application must be made on the appropriate application form provided by the registrar and accompanied by the relevant documents as required. The following information will be required:
- name of the vessel
- type of the vessel
- gross & net tonnage
- signal letters
- home port
- place and year of build
- construction number
- building material
- name and address of shipyard
- type of engine
- name and address of the owner(s), and if this is a company, certain information about capital and ownership;
- name and address of the Norwegian representative;
- name and address of the head office of the managing company;
- where a collective wage agreement has been
concluded with a foreign union, the name and address of the union concerned;
- where a vessel is being transferred from another ship register, details of that register and the name under which the vessel was registered will be required;
- any vessel entering NIS will need to obtain a radio licence from the Norwegian Telecommunications Directorate. This will be automatically issued if the equipment is of a type approved by a country which has ratified SOLAS.

The application form is to be signed by the owner of the vessel. If a Norwegian representative has been appointed he should also sign the form.

The following documents must accompany the application:
- Builders Certificate, or Deed of Conveyance, or other document showing how the owner obtained title to the vessel;
- a copy of the Tonnage Certificate;
- attestation of the name of the vessel from the Maritime Directorate;
- attestation of the nationality of the vessel;

When transferring a vessel from a foreign ship register to NIS the following documents must accompany the application:
- a certificate from the foreign register containing identification of the owner and any mortgage deeds or other liabilities on the vessel;
- a deletion certificate;
- in cases of transfer of ownership, the title deed.

The signatures of persons submitting applications must be duly verified by a public notary. All documents
must be completed in English or one of the Scandinavian languages.

3.4.7. "Dual Registry".

The practice of dual or parallel registration (usually effected through bareboat chartering arrangements) is not permitted.

3.4.8. "Registration Fees".

Initial Fees:

Vessels from 500 grt and above + Base
Fee NOK 12,000 plus the following:
per net ton (NT):
First 5000 NT  NOK 5 per NT
Next 5000 NT  NOK 4 per NT
Next 20000 NT NOK 3 per NT
Next 40000 NT NOK 2 per NT
Over 70000 NT NOK 1 per NT

Annual Fees:

Vessels from 500 grt and above + Base
Fee NOK 12,000 plus the following:
per net ton (NT):
First 5000 NT  NOK 3 per NT
Next 5000 NT  NOK 2.5 per NT
Next 20000 NT NOK 2 per NT
Next 40000 NT NOK 1.5 per NT
Over 70000 NT NOK 1 per NT

(There are others Fees which will not be cited)

3.4.9. "Manning and Certification".

Regulations dated 17 March 1987 on the manning requirements of merchant ships apply to vessels registered in NIS. Vessels registered in NIS must have a manning
certificate issued by the Norwegian Maritime Directorate.

3.4.10. "Nationality of the Crew".

There are no restrictions on the nationality of the vessel crew except that the Master must be Norwegian. However, the Maritime Directorate will be able to grant a dispensation with respect to the nationality of the Master, and such applications will apparently be treated liberally.

II Part

3.5. Main Characteristics.

There are characteristics that we can easily find in those registers mentioned before, such as:

i. They have established a good organization in their administration.

ii. The Legislation covering ship registration is well established by their government.

iii. They have ratified the most relevant maritime conventions from IMO and ILO.

iv. They have officially approved only classification societies recognized by the International Association of Classification Societies (IACS).

v. The manning and certification requirements are well defined by their legislation.

vi. Registration fees can be easily determined by people who want to enter in their registry.

vii. The registration requirements are similar between them.

viii. The registration of mortgages on vessels is well established.

ix. They have representatives around the world.
x. The safety standards are at a good level. All those characteristics will help to have a clear view on what those registers are doing to attract ships into their registry.

3.6. Their Maritime Legislations.

Their maritime legislations are well established. They have an up-to-date legislation for instance: They have implemented all the IMO and ILO regulations to which they are party.

It is the author's view that, countries offering convenience registries have to have a clear legislation. It means that there must not be any doubts in what is written in the legislation because shipowners like to know about the legislation before registering their vessels in any country.

3.7. Key Conventions.

The registers described above have ratified most of the relevant maritime conventions from IMO and ILO, but there are conventions which have been ratified in common by all those registers, and those conventions are the following:

- **IMO - Safety of Life at Sea, 1974 and 1978 Protocol.**
- **International Convention for Preventing Collision, 1972.**
- **MARPOL, 1973, 1978.**
- **Facilitation of International Maritime Traffic, 1965.**
- **Prevention of Marine Pollution by Dumping of Wastes and other Matter, 1972.**
- Intervention on the High Seas in Cases of Oil Pollution Casualties, 1969.
- Civil Liability for Oil Pollution Damage, 1969 and 1976.
- Fund Convention.
- Safe Containers, 1972.

**ILO**

- No. 9 Placing of Seamen, 1920.
- No. 22 Seamen's Articles of Agreement, 1926
- No. 53 Officers' Competency Certificates, 1936.
- No. 23 Repatriation of Seamen, 1926.
- No. 55 Shipowner's Liability (Sick and Injured), 1936.
- No. 68 Food and Catering Ships' Crew, 1946.
- No. 69 Certification of Ships' Cooks, 1946.
- No. 71 Seafarer's Pensions, 1946.
- No. 73 Medical Examination (Seafarers) 1946.
- No. 87 Freedom of Association and Protection of the Right to Organise, 1948:
- No. 147 Merchant Shipping (Minimum Standards), 1976.
There is no doubt that there is a link between a proper administration which can offer a convenience registry and the conventions mentioned above. It means that a country trying to offer a convenience register has to take into account some maritime conventions which will attract vessels with specific characteristics, for instance: countries which have ratified MARPOL should attract oil tanker vessels.

3.8. Surveys

These registers have given authorization in common to the following classification societies to act on behalf of them:

- Lloyd's Register of Shipping
- American Bureau of Shipping
- Det Norske Veritas
- Germanischer Lloyd
- Nippon Kaiji Kyokai
- Hellenic Register of Shipping
- Registro Italiano Navale
- Korean Register of Shipping
- Bureau Veritas.

This means that all vessels must be in class as certified by one of the above mentioned classification societies. The classification societies play an important role in the development of a convenience register.

It is important to mention that those registers have well organized departments dealing with statutory surveys and with the work of the classification societies. This can be confirmed in Annex 3, in which it can be found that the major convenience registers have a low percent in delays/detentions at the Memorandum of Understanding on
3.9. **Documents required for Registration.**

The main documents which are required for registration of vessels in those registers are:

i. Bill of Sale

ii. Confirmation of Class

iii. Deletion Certificate

iv. Proof that vessel is free of liens or mortgages.

Analyzing these sets of documents required by those registers, there is no doubt that those registers are trying to protect their registries against any kind of frauds. It is the author’s view that most shipowners or charterers like to have their vessels in registries where the chance of fraud is less. Therefore, when the Bill of Sale is required by the register the shipowner knows that he will be the only person entitled to make any arrangements for his ship, for instance: change of vessel’s name, change of ownership, etc. and for the registry, it is a clear statement that the person who wants to register the vessel is the person entitled to do so.

The Confirmation of Class is important to the shipowner because on some occasions the cargo owner requests to have the Class Certificate to allocate his cargo to the right vessel, and for the registry, the Confirmation of Class is a proof that the ship is complying with all safety standards at the moment the vessel is being registered.

The Deletion Certificate is a proof that the vessel which is trying to enter the registry is not registered in any other register and on the other hand the register is free from any kind of frauds.

When a proof of free of liens or mortgages is
required by the register, the register is assured that the
vessel in question is entitled to enter the registry
without any problems arising later on.

It is the author's view that the idea is to build a
solid base for shipowners who want to enter in register
and to make them feel at home.

3.10. Registration Fees.
Registration fees in those registers are sometime
easily determined. With all the above mentioned figures
about registration fees, it seems that those registers are
trying to facilitate the job for shipowners when they are
finding the right fees of the register. Below some
examples with different tonnages will be given in order to
analyse their registration fees. Only the initial and
annual fees will be considered.

i. The Liberian Register: It will be tested on
five different tonnages;
- Initial Registration Fee U.S.$ 1.08 for
  ships of less than 80,000 net tons, for ships
  over 80,000 net tons is U.S.$ 1.00 per net ton.
- Annual Tonnage is U.S.$ 0.40 per net ton.

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<th>Annual Fee</th>
<th>T.I.F.</th>
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<tr>
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<td>120,000</td>
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</table>

T.I.F.: Total Initial Fees.

ii. The Panamanian Register: It will be tested on
five different tonnages;
- Initial Registration Fee is U.S.$ 1.00 per net ton.
- Annual Tonnage Tax is U.S.$ 0.10 per net ton.

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<th>T.I.F.</th>
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<td>30,000</td>
<td>3,000</td>
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<tr>
<td>120,000</td>
<td>120,000</td>
<td>12,000</td>
<td>132,000</td>
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</table>

T.I.F.: Total Initial Fees.

iii. Norwegian International Register: It will be tested on five different tonnages;
- Initial Registration Fee is as described in 3.4.8.
- Annual Tax is as described in 3.4.8.

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<tr>
<th>NRT</th>
<th>Initial Fee</th>
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<tr>
<td>500</td>
<td>2,111</td>
<td>1,965</td>
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T.I.F.: Total Initial Fees.

(To have a better understanding the author has changed the Norwegian Krona to dollars based on August 26, 1988 Exchange Rate 6.87 NOK. Rate supplied by Foreign Commerce Bank.).

As it can be observed those registers use different policies in relation to their Initial and Annual fees, for
instance: The Panamanian and Liberian Registers, fees depend on the tonnage of the ship, which means that the bigger the tonnage is, the bigger the fees is, whereas the Norwegian International Register's fees are related with the size of the vessel, which means that if the vessel has low tonnage it will pay more than other vessels with bigger tonnage. The former has been used for all the convenience registers for many years, but the latter is in fashion nowadays. The idea is to attract vessels with large tonnage, which is without a doubt the most profitable vessel for the registry.

3.11. Manning and Certification.

In respect of manning those registers do not present any strict requirements, for instance, the Liberian Register and the Norwegian Register allow foreign crews on board their vessels. Although in The Panamanian Register it is required that 10 percent of the crew be national. This is something which is not totally required by the authorities in Panama. On the other hand, those registers have implemented the STCW convention concerning minimum standards.

The certification requirements are well established. They have departments which are dealing especially with certification around the world. Those departments have a computerized system for examination, which makes it control all officers on board.

At present, shipowners are seeking the reduction of their costs, therefore, no requirements in manning give the advantage of employing the cheapest crew resulting in better profits later on.
3.12. **Bareboat Charter Registry.**

The bareboat charter registry is allowed by the Liberian and Panamanian registers but in the Norwegian register it is not allowed to register a ship on a bareboat charter basis.

This type of registry is well defined by those registers. They know that they can attract vessels with large tonnage which are liable to economic restrictions.

This kind of registry has been used for many years by shipowners and charterers who want to get economic advantages, for instance: The Panamanian register is being used as a temporary registry by German shipowners in order to get economic advantages, such as loans, subsidies, and the possibility to employ foreign crews.

According to the above mentioned, The author finds it important to implement the bareboat charter registry to the Honduras Maritime Law in order to attract vessels to Honduras.

3.13. **Age.**

There are no explicit restrictions on the age of the vessels on those registers but different policies about the age of the ship are used for instance: The Norwegian register states that if the vessel complies with the technical standards, the ship can be registered, on the other hand, the Liberian register states that the vessels should be no more than 20 years old, however, under some limitations the ship can be registered.

It is the author's view that the control of the ship's age could bring a good quality of shipowners who would help to improve the image of the Honduran registry.
However the most important is not the age but the state of the vessel, maintenance, etc.

3.14. **Conditions of Employment.**

The conditions of employment are well defined by those registers. For instance: The Maritime Law and regulations on those registers cover wages, hours of work, etc. The ability to have well defined conditions of employment is that the shipowners will know the conditions have to be accepted to employ his crew. It also gives the opportunity to choose the best and most convenient crew for the shipowner.

3.15. **General Comment.**

According to the above mentioned comments, the author has come to the general conclusion that those registers are working with the idea to compete between them.

The method of competition they are using is the economic incentive, which means that fees must be low to give them the opportunity to increase their profits, and on the other hand the country of registry is making profits, for instance the Liberian and Panamanian Register.

It is the author's view that if the Honduran register wants to enter this business it must give better economic incentives than those registers. This in turn will also give revenues to the Honduran economy.
List of References.

I Part: It has been taken from GUIDE TO INTERNATIONAL SHIP REGISTERS.
Prepared by The International Shipping Federation.
4.1. Introduction.

It is the author's view that it is necessary to give a clear understanding of the Convention on Conditions for Registration of Ships for the future of the Honduran register. The Honduran register, as other registers is facing great competition in that business. Therefore, countries offering a convenience registry should be made aware of the conventions which could encourage or damage such a system.

In that respect the author will give an understanding of the Convention on Conditions for Registration of Ships and will quote the following which is the most updated information:

"History. In 1974 UNCTAD's Committee on Shipping unanimously adopted a resolution stating, inter alia, that the economic consequences for international shipping of the existence or lack of a genuine link between vessel and flag of registry was a matter suitable and ripe for harmonization. Thereafter, the open registry issue was considered in UNCTAD at the meeting of the Committee on Shipping and in special working committees or groups.

At the 1981 session of UNCTAD's Committee on Shipping, a resolution was adopted by majority vote recommending the convening of a conference of plenipotentiaries to consider the adoption
of an international agreement on conditions for registration of ships. The resolution also recommended that an intergovernmental preparatory group (IPG) should be responsible for proposing a set of basic principles concerning the conditions upon which vessels should be accepted on national shipping registers and which should, inter alia, apply to: a) the manning of vessels; b) the role of flag countries in the management of shipowning companies and vessels; c) equity participation in capital; and d) identification and accountability of owners and operators. Two sessions of the inter-governmental preparatory group were held. Later, on 20th December, 1982, the United Nations General Assembly adopted without a vote Resolution 37/209, which decided that a plenipotentiary conference should be convened in 1984, following a meeting of a preparatory committee.

After the three preparatory meeting, i.e. two meetings of the inter-governmental preparatory group and one of the preparatory committee, each lasting a fortnight, the plenipotentiary conference duly started its work in 1984. It had four sessions, the last one ending with the adoption of the Convention in February 1986.

Thus the Convention is the outcome of a long debate which started in UNCTAD as a move to eliminate flag of convenience shipping. The Convention will not have this effect. Indeed, its main function can be seen to grant international recognition to all registries fulfilling
the conditions of the Convention. These conditions can be met by nearly all registries.

The Convention. The Convention spells out the conditions a contracting State shall require to be fulfilled before it accepts a vessel on its register. It will enter into force one year after it has been ratified by at least 40 States with a combined tonnage not less than 25 percent of the world's total.

The convention is marred by very imprecise language. This is a result of political compromises which had to be made in order for agreement to be reached. Little by little it became clear that the original aim of the opponents of flag of convenience could not be achieved. The United Nations General Assembly Resolution 37/209 of 20th December 1982 convening the Conference, stated that the views of all interested parties had to be fully taken into account.

There was no consensus at the Conference to eliminate or phase out flag of convenience shipping, so gradually the objectives changed and the conference acquired a life of its own. Towards the end one could not help feeling that face saving became an important motive.

Considering the millions of dollars spent on delegates' travel and subsistence as well as on the UNCTAD services in Geneva, it would have been difficult to defend a collapse on the Conference in the form of no finally agreed instrument.

It should not be forgotten that the Convention contains many positive aspects. There are arti-
cles in the Convention stating that the flag State shall have an efficient and competent maritime administration. The Convention also contains long-needed measures for the operation and management of vessels. However, the most welcome consequence of the adoption of the Convention is that it has brought the drawn out debate on the elimination of open registries to a halt.

An important aspect of any convention are the many proposals which were considered but not adopted in the final text. As already mentioned, it is significant in the case of the ship registration Convention that the original proposals which would have had the effect of eliminating flags of convenience shipping were rejected and are not in the Convention. Nor have port states been given any role regarding the Convention’s enforcement. Port State inspection is vital for efficient enforcement of IMO’s safety convention, but is not germane to this convention. Note also that the Convention refers to a genuine link between the flag State and the ship as in the Law of the Seas Convention, and that the wider concept of a genuine economic link was not approved.

The type of international instrument – e.g. a convention or a recommendation – was for long a very difficult issue. Only at a very late stage of the Conference did the industrialized countries concede to the demands for a Convention, as they felt strongly that such an international instrument should be of a recommendatory nature only. The end result is
a Convention consisting of both mandatory and recommendatory clauses. (Rough guide: If the term SHALL is used, then it is mandatory. SHOULD is recommendatory)* (1).

4.2. Brief Analyses on The Convention.
As we have read above the Convention on Conditions for Registration of Ships was born with the idea to phase out open registry countries. But during a meeting the idea was changed to have a genuine link between a ship and a flag State, and to have a better control over ships flying its flag.

The Convention will be analysed taking into account the main important points and the state of Honduras with respect to those points which are:
- The National Maritime Administration.
- Identification and accountability.
- Participation by nationals in the ownership.
- Manning of ship.

1. The National Maritime Administration.
In that respect the Convention requires that the flag State shall have a competent and adequate national maritime administration.

The phrase competent and adequate maritime administration shall include:
- The implementation of international rules and standards covering safety of ships, safety of persons on board and prevention of pollution.
And the administration shall be sure that:
- The ships comply with international and national laws, and regulations concerning registration of ships and rules, and standards
concerning the safety of ship and persons on board.
- The ship shall be periodically surveyed.
- The ship must carry on board valid relevant documents.
- The administration shall require the proper information for identification and accountability concerning ships.

This point means for Honduras to develop a proper maritime administration, Honduras shall be party to some maritime conventions to which, Honduras is not party yet such as MARPOL 73/78, Convention No.147 on Merchant Shipping (Minimum Standards). Honduras needs to be party to those conventions to develop a convenience registry nowadays. On the other hand, Honduras can start to implement such conventions while it is developing a convenience registry. Furthermore, Honduras does not have its own framework for inspections and surveys because Honduras has delegated this work to classification societies. This means that before entering into this business of registration of ships, Honduras must have a framework which will need capital, time, and trained people.

It is the author's view that these points concerning the Convention must be taken into account to develop a proper maritime administration, while at the same time, it is developing a convenience registry. Furthermore Honduras must never take the Convention into account before, because it could stop the process of registration of ships. Moreover, the author believes that such maritime administration can only be developed by a traditional maritime country which has enough capital, all the infrastructure, and trained people and not by countries with lack of present capital. But if the
registry is successful the administration can develop this kind of administration in the future.

ii. Identification and accountability.

In that respect the Convention requires that it must be possible to identify the owner or owners, the operator or operator, or any person or persons who can be held accountable for the management and operation of the ships.

This part of the Convention is being used by the Honduran Administration in different forms. The Administration requires for registration a duly authentic Bill of Sale by a Counsel. Therefore, the Bill of Sale is used to identify the person or persons to whom the ship belongs.

It is the author's view that it is not necessary to have a strict control on the management and operation of the ships because the management and operation of the ship shall be duty exclusive of the owner or operator.

iii. Participation by nationals in the ownership.

In that respect the Convention requires that the flag State shall include provisions for the participation of nationals as owners of ships flying its flag.

Honduras does not require that the ship registered shall have nationals as owners. It means that the Honduran registry depends on foreign shipowners such as American and Greeks. Furthermore it means that the policy has to be changed to require nationals as owners. This will generate that nationals must invest capital which they do not have, because most of the capital in Honduras is used for agriculture and the industry.

It is the author's view that if such provisions are included the Honduran registry will disappear in a couple of months and Honduras will not obtain revenues from the registration of ships.
iv. Manning of ships.

In that respect the Convention requires that the flag State shall include provisions covering the participation of nationals as officers and crews on board ships flying its flag. This includes that:

- Officers and crews must be trained by the State of registration.
- The manning of the ship shall have a level of competency.
- Nationals and foreign seafarers have the same rights.

The actual Maritime Legislation requires that at least 25 per cent of the crew shall be national which is something that the administration does not apply because Honduras does not have enough seafarers.

To comply with those provisions, Honduras will have to build up an infrastructure which will cost a great deal of capital and Honduras will not be sure that national will use it, because Honduras is not a country which supplies officers and crew.

It is the author's view that those provisions can generate employment for nationals in the future but actually the Honduran registry is not in the condition to require nationals on board since there are countries offering competent and qualified seafarers.

4.3. General Comment.

It is the author's comment that this Convention shall be highly observed by the administration before ratification because this Convention requires a considerable investment of capital, which most developing countries offering a convenience registry, do not have.
Therefore, ratifying this Convention will mean that the country will have to spend capital on an infrastructure without knowing if the capital which it has spent, will be returned, because there is no evidence that beneficial owners of convenience registries will change their flags. Also there is a strong feeling that this Convention is indeed a convention which could phase out convenience registries, because in article 20 of the Convention INTERTAKO argues that "one can not exclude the possibility that the opponents of open registry shipping may use a review conference as a method of achieving their original purpose" (2).

From all the above mentioned facts the author suggests that the the Honduran Registry must have a clear understanding of the Convention in respect of cost benefit before ratifying it. Furthermore, it is the author's view that the Administration shall be built up to confront this Convention if it comes into force some time in the future.

As a main comment the author promotes that this Convention should be ratified only if this Convention comes into force because there is no hurry to ratify it.
List of References.

(1). INTERTANKO; The UN Ship Registration Convention, Twelve Months On, Oslo 1987. pag. 4.

(2). INTERTANKO; The UN Ship Registration Convention, Twelve Months On, Oslo 1987. pag. 27.
5. SUGGESTIONS FOR IMPROVEMENT OF THE HONDURAN OPEN
REGISTRY.

5.1. Introduction.

In this chapter the author will give suggestions which may help to improve the Honduran Open Registry and the image of it abroad. These suggestions may also generate ships to the registry which could give a large potential of revenues to the government.

The suggestions are established with the idea to promote an appropriate Maritime Legislation, Maritime Administration, Safety of Life at Sea, Prevention of Pollution, Port State Control, and Maritime Casualties Investigation.

5.2. Honduran Maritime Legislation.

At the beginning of 1943 the Honduran Open Registry was one of the most popular convenient registries among shipowners, specially American shipowners. Why?. Because at that time laws of Honduras were in accordance with their interests and these laws were given advantages to them. But, what appended after, the movement of cargo on ships was also increasing, maritime conventions were established and, more and more international regulations were established too, for instance conventions and regulations on safety of life at sea, prevention of pollution from ships, conditions of employment, etc. All those things brought with them a series of changes in conditions of seafarers on board ships, cost of crew, shape and size of ships and type of registers.

It is the author's view that the Honduran Legislation has not kept up with all those changes and, therefore, the original shipowners have cancelled the Honduran Open
Registry as an alternative and convenient open registry. It has gradually caused shipowners to see that the Honduran Open Registry is no longer a convenient registry for a proper shipowner, who wants to comply with all the new maritime conventions and regulations.

As a consequence, most of the original shipowners have changed to Panama and Liberia which have a up-to-date Maritime Legislation.

To update a Maritime Legislation is not always easy because countries have to pay attention to international conventions and regulations, which are in force. Furthermore, countries have to see if their constitutional rules and requirements are met in such international maritime conventions and regulations.

It is the author's suggestion that the Honduran Registry shall update its Maritime Legislation in order to compete with other open registries. Therefore, the author has included the Annex 4 from which a Maritime Legislation may be built up, taking into account that countries do not have the same economic interest behind a maritime legislation, but, the same principle of safety of life at sea and environment protection.

It is the author's suggestion that, when a maritime legislation is built up it shall be provided with open flexibility for registration of ships and economic advantages to shipowners and charterers. The above mentioned can be done as follows:

5.2.1. **Crew Cost.**

They should try to have special agreements with labour supply countries in order to reduce crew cost and leave shipowners the opportunity to chose their proper crew. As for instance the Norwegian International Register does with agreements covering Indian and Philippine seafarers.
The Tables 5.1. and 5.2. show important matters, such as the crew costs for a shipowner.

**TABLE 5.1.**

Breakdown of Fixed Direct Operating Cost
(for Dutch 1500 TEU container ship)

<table>
<thead>
<tr>
<th>Item</th>
<th>US $ (million)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manning</td>
<td>1.286</td>
<td>53.9</td>
</tr>
<tr>
<td>R &amp; M</td>
<td>0.424</td>
<td>17.8</td>
</tr>
<tr>
<td>Stores</td>
<td>0.098</td>
<td>4.1</td>
</tr>
<tr>
<td>Lub. Oil</td>
<td>0.108</td>
<td>4.5</td>
</tr>
<tr>
<td>Insurance</td>
<td>0.251</td>
<td>10.5</td>
</tr>
<tr>
<td>Overhead</td>
<td>0.217</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2.384</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: MERC Report 86 C06
John Whitworth, "Which Register? Which Flag" conference.

**TABLE 5.2.**

Comparative Manning Cost Levels for Similar Vessels 1986

<table>
<thead>
<tr>
<th>Crew</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK flag/UK Seafarers</td>
<td>$ 908.000</td>
</tr>
<tr>
<td>Liberian flag/ Korean Seafarers</td>
<td>$ 490.000</td>
</tr>
<tr>
<td>Hong Kong Flag and Seafarers</td>
<td>$ 396.000</td>
</tr>
<tr>
<td>Open Registry/Polish Seafarers</td>
<td>$ 338.000</td>
</tr>
</tbody>
</table>

It means that if such advantages are allowed, the registry may become one of the alternatives for a shipowner. The idea is to give the shipowner the opportunity to hire seafarers at lower wages. To complement the above mentioned, there should not be any nationality requirements but there should be economic incentives for ships using Honduran crew, such as reduction on initial registration and an annual tax fee.

5.2.2. Taxes.

This is also important for shipowners. Honduras has been given tax exemption for profit obtained from shipping by shipowners and on the other hand shipowners are only paying an initial registration and annual tax fee. The following Table 5.3 shows different fees in Panama, Liberia and Honduras. Table 5.4. shows fees suggested by the author.

**TABLE 5.3.**

<table>
<thead>
<tr>
<th></th>
<th>Panama</th>
<th>Liberia</th>
<th>Honduras</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial registration</td>
<td>1.00*</td>
<td>1.08*</td>
<td>0.25*</td>
</tr>
<tr>
<td>Annual tax</td>
<td>.10*</td>
<td>0.40*</td>
<td>0.50*</td>
</tr>
<tr>
<td>Change of ownership</td>
<td>2000.00</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Change of tonnage</td>
<td>1200.00</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Change of structure</td>
<td>1000.00</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Cancellation</td>
<td>500.00</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Any other change</td>
<td>900.00</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Provisional registry</td>
<td>200.00</td>
<td>160.00</td>
<td></td>
</tr>
<tr>
<td>Permanent registry</td>
<td>200.00</td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Registration of mortgage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cancellation of mortgage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bareboat Charter</td>
<td></td>
<td>225.00</td>
<td></td>
</tr>
</tbody>
</table>

* per net register tonnage. All fees are in U.S. dollars.
<table>
<thead>
<tr>
<th>Fees suggested by the Author</th>
<th>Actual</th>
<th>Suggested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial registration</td>
<td>0.25*</td>
<td>- See Table 5.5.</td>
</tr>
<tr>
<td>Annual tax</td>
<td>0.50*</td>
<td>- See Table 5.5.</td>
</tr>
<tr>
<td>Change of ownership</td>
<td>10.00</td>
<td>500.00</td>
</tr>
<tr>
<td>Change of tonnage</td>
<td>10.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Change of structure</td>
<td>10.00</td>
<td>250.00</td>
</tr>
<tr>
<td>Cancellation</td>
<td>5.00</td>
<td>400.00</td>
</tr>
<tr>
<td>Any other change</td>
<td>5.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Provisional registry</td>
<td>160.00</td>
<td>160.00</td>
</tr>
<tr>
<td>Permanent registry</td>
<td>10.00</td>
<td>200.00</td>
</tr>
</tbody>
</table>

* per net ton. All fees shall be paid in U.S. Dollars.

<table>
<thead>
<tr>
<th>Initial and Annual fees suggested by the Author</th>
<th>Initial</th>
<th>annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(for vessel above 501 nrt)</td>
<td>per net ton</td>
<td>per net ton</td>
</tr>
<tr>
<td>Range</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>First 5.000 nrt.</td>
<td>0.90</td>
<td>0.09</td>
</tr>
<tr>
<td>next 5.000 nrt.</td>
<td>0.80</td>
<td>0.08</td>
</tr>
<tr>
<td>next 20.000 nrt.</td>
<td>0.70</td>
<td>0.07</td>
</tr>
<tr>
<td>next 40.000 nrt.</td>
<td>0.60</td>
<td>0.06</td>
</tr>
<tr>
<td>over 70.000 nrt</td>
<td>0.50</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Vessels under 500 nrt shall pay:
- for initial registration 450.00 U.S.$ per
ship.
- for annual tax fee 50.00 U.S.$ per ship.

To build up Table 5.5 the author has taken into account the initial registration and annual tax fees of different registers. Therefore fees have been charged to have a level of competency. The basis of fees are in relation with the increase of the net tonnage of the ship, it means that while the net tonnage of the ship is increasing the ship will pay less and less. The table has been tested on five different tonnages:

<table>
<thead>
<tr>
<th>NRT</th>
<th>Initial Fee</th>
<th>Annual Tax Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>450.00</td>
<td>50.00</td>
</tr>
<tr>
<td>30.000</td>
<td>22,500.00</td>
<td>2,500.00</td>
</tr>
<tr>
<td>60.000</td>
<td>40,000.00</td>
<td>4,000.00</td>
</tr>
<tr>
<td>90.000</td>
<td>56,000.00</td>
<td>5,600.00</td>
</tr>
<tr>
<td>120.000</td>
<td>71,000.00</td>
<td>7,100.00</td>
</tr>
</tbody>
</table>

- To have better facilities fees could be paid to a Consul or to the Merchant Marine Superintendent.

5.2.3. Procedure for ship Registration.

It is the author's suggestion that the initial registration application should be presented by the shipowner, charterer or his representative, to the Merchant Marine of Honduras or to a Consul. The application form must contain the following information:
- ship's current and former name;
- nationality, name and address of company/owner;
- legal representative in Honduras;
- details of construction, viz. name of shipbuilders, place and date of construction, number of decks, masts and funnels, hull material, length, breadth and depth, net and gross tonnage;
- intended trade of the ship;
- details of engine: kind and number and type of cylinders, name of builders, speed, horsepower, or
wattage.
The documents which must accompany the application form are:
- Tonnage Measurement Certificate;
- Bill of Sale;
- Confirmation of Class;
- Deletion Certificate or proof of cancellation from former registry, duly authorized by a Consul;
- Proof that the vessel is free of hypothecs or mortgages.

Once the required information has been received and the fees have been paid, the shipowner or charterer is issued with a **Provisional Certificate of Navigation** valid for six months and a **Provisional Radio Permit** valid for three months.

During the six months of the provisional certificate of navigation the shipowner or charterer shall apply for the **Permanent Certificate of Navigation** through a lawyer or any other proper representative to the office of the Merchant Marine, otherwise he will pay an extension of three months which is 500 U.S.$ for the provisional certificate of navigation extension.

To apply for a **Permanent Certificate of Navigation** the ship shall comply with appropriate technical certificates. These certificates include, where applicable: the Passenger Ship Safety Certificate, Cargo Ship Safety Certificate for Construction, Equipment, Radiotelegraphy and Radiotelephony, Exemption Certificate, International Load Lines Certificate and the Grain Loading Certificate. All those certificates must be issued by a classification society approved by the administration.

The Provisional Certificate issued by the Consul must be duly authorized by the Superintendent of the Merchant Marine. This authorization could be made by phone, telex,
tele fax, or other systems of communication and shall be made only if the ship complies with all the requirements above mentioned.

5.2.4. **Bareboat Charter (Dual) Registry.**

It is the author's suggestion that a new Maritime Legislation shall be provided with this new system of registration of ships which is being used by Liberian, Panamanian and other registries with good results.

The idea of this system is to give benefits to shipowners and charterers.

This system shall permit the use of the Honduran registry as *flagging-in* and *flagging-out* ("The flagging out is where the ship is registered, the country of the main registry, or just the main registry. The country where the vessel is flagging-in shall be called the country of the bareboat charter registry" (1).

It is the author's view that this system of registration shall be distinguished from the normal registration of ships, which means that it shall have a separate registry and a different legal structure.

This system shall be implemented in the following form:

- The bareboat charter registration shall be permitted for term not longer than two years. It may be extended for successive periods of 2 years at a time.
- The registry shall permit registration of ships without waiving their registration in another country.
- The registry shall ensure that the former flag state is suspended.

To obtain a **Bareboat Charter Registry** the charter shall present the following documents:
- Proof of the charter contract;
- The consent of the owner;
- The consent of the mortgage creditors;
- The certificate of registry in the original country (copy);
- The consent of the country to whose registry the vessel belongs.

Once the documents have been presented the vessel is issued with a **Patent of Navigation** showing that the vessel is under bareboat charter registration, which means that the patent of navigation shall show:
- Name(s) of the owner(s);
- Name(s) of the charterer(s);
- Any mortgages or Hypotheos which apply;
- The foreign port of registration.

The following Table 5.6. shows fees suggested by the author on bareboat charter registration.

**TABLE 5.6.**

Bareboat Charter Registration fees per net ton suggested by the Author

<table>
<thead>
<tr>
<th>Range</th>
<th>Initial Registration $</th>
<th>Annual Tax Fee $</th>
</tr>
</thead>
<tbody>
<tr>
<td>First 5.000</td>
<td>0.50</td>
<td>0.10</td>
</tr>
<tr>
<td>next 5.000</td>
<td>0.45</td>
<td>0.09</td>
</tr>
<tr>
<td>next 20.000</td>
<td>0.40</td>
<td>0.08</td>
</tr>
<tr>
<td>next 40.000</td>
<td>0.35</td>
<td>0.07</td>
</tr>
<tr>
<td>over 70.000</td>
<td>0.30</td>
<td>0.06</td>
</tr>
</tbody>
</table>

The annual tax fee shall be paid in accordance with the number of years of the contract.
5.2.5. Age.

In respect to the age of the ship the author suggests that there should be no requirements for the age of the vessel. Because the important thing is that the ship complies with the technical safety standards and not with specific age. Therefore, the registry will permit that proper shipowners, who maintain their ships in safety standards, enter into the registry.

5.2.6. Manning and Certification.

Manning and Certification are very important for shipowners from the point of view of the management and safety of the ship. For shipowners it is important that ship is in seaworthiness condition and for the administration it is important that shipowners and officers comply with the minimum standards of safe manning and certification.

First, the author suggests that a table on safe manning be elaborated which is not always easy because it requires technical expertise but makes ships safer. Therefore the author has included the Annex 5 on Principles of Safe Manning (Resolution A. 481(XII)) to be used to elaborate a proper table on safe manning.

Second, the certification requirements of officers under Honduran flag shall be built up with the minimum requirements of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, which has been ratified by Honduras.

Finally, there should be an examination system for officers around the world which could be controlled by Honduran consulates.

5.2.7. Registration of Mortgages or Hyphotees.

It is the author's suggestion that a system of registration of mortgages or hyphotees on ships shall be
implemented in the Honduran Maritime Legislation to give advantages to shipowners, who want to get loans and subsidies.

The registration of mortgages or hypothecs has become important for the shipping industry which is always trying to get bank loans or government subsidies. It is the author's view that the part covering mortgages and hypothecs shall cover: (It has taken from the Guide-Lines for Maritime Legislation, United Nations)

- Characteristics.
- Property Subject to Mortgages or Hypothecs.
- Mortgages or Hypothecs on ships under Construction.
- Co-ownership.
- Who can constitute a Mortgage or Hypothecs.
- Form of the Mortgages or Hypothecs.
- Application for Registration.
- Documents Required for Registration.
- Registration of the Mortgages or Hypothecs.
- Endorsement of the Mortgages or Hypothecs in the ship's papers.
- Perfection of Registration.
- Effects of Registration.
- Priority between registered Mortgages or Hypothecs.
- Enforcement of the Security.
- Subrogation and assignment.
- Extinction.

It is the author's view that the register dealing with mortgages or hypothecs must be in the organization of the Merchant Marine Superintendency, because it will give more control over ships with mortgages and hypothecs. See Annex 6 for more details.
5.2.8. **Survey.**

Honduras has given total authorization to issue internationally valid IMO certificates. Honduras is party to the following Classification Societies in the last few years:

- American Bureau of Shipping.
- Det Norske Veritas.
- Germanischer Lloyd.
- Lloyd's Register of Shipping.
- Nippon Kaiji Kyokai.
- Oficina Hondurena Clasificadora y de Inspectoría Maritima S.A.
- Honduras International Naval Surveying and Inspection Bureau.
- R.J. DelPan.

Honduras has found in those classification societies an arm to comply with safety obligations because Honduras does not have the framework to make either the annual survey and periodical surveys.

It is the author’s suggestion that Honduras must review all those authorization certificates which it has given to those classification societies because as Annex 3 shows there is something wrong, either with the classification society or the shipowner.

However, it is the author’s view that a Classification Society which is member of IACS could be a proper substitute for any registry, which does not have the framework to control its ships around the world. See Annex 7 on the International Association of Classification Societies (IACS).
5.3. Maritime Administration.

According to the facts above mentioned, the author suggests that a Maritime Administration shall be built up with the support of a proper Maritime Legislation. As a consequence, the author has taken what is really necessary to develop a convenience registry which will give either the government and shipowner enough benefits.

As the author stated in Chapter 2 concerning the present organization of the Maritime Administration, the Author will suggest the organization which may be operated by the administration.

This administration has been identified as a Maritime Safety Administration and from this point of view, in the case of the Honduran Registry Organization, it shall be provided with:

- a Superintendency.
- a Legal Section.
- a Administrative Section.
- a Nautical and Engineering Section.
- a Protection of Environment Section.
- a Registration of Ships Section.
- a Port State Control Section.
- a Maritime Casualty Investigations Section.

This organization must be manned with:

- nautical people
- technical people
- lawyers
- economists people
- data processing people.

The Superintendency will be responsible for the management of the Honduran Registry and will inform the Chief Commander of the Naval Force.
ii. **The Legal Section** will be responsible for all legal aspects of the maritime legislation, international maritime conventions, regulation, etc.

iii. **The Administrative Section** will be responsible for the collection of fees charges to ships.

iv. **The Nautical and Engineering Section** will be responsible for the safety standards (Surveys and Certification of ships and equipment), manning and control examination of crews on board ships.

It is the author's view that this section should also be dealing with Classification Societies. Therefore, this section will be responsible for monitoring the work of Classification Societies which have been authorized by the Honduran government.

It is the author's suggestion that this section shall elaborate an agreement between the Administration and the Classification Society, because according to Annex 3 Classification Societies are not doing a proper job on behalf of the Administration.

This agreement must include:

a. Areas in which Classification Society will act for the government:
   - Certification; and or
   - Safety Inspection.

b. List of conventions in respect of which Classification Society will issue certificates otherwise in function.

c. Technical assistance to be provided to the Government by the Classification Societies.

d. Method of monitoring the Classification Societies.

e. Method of remuneration of the Classification Societies.

v. **The Protection of Environment Section** will be respon-
sible for the control of pollution from ships under Honduran flag and for ships arriving in Honduran ports. This Section shall be enforced by MARPOL 73/78 if Honduras become party to it.

vi. The Registration of Ships Section will be responsible for:
- Registration and cancellation of ships from the normal registry
- Registration of bareboat charter registry.
- Registration and de-registration of mortgages or hypothecs on ships

It must keep a well organized record of ships. The records must contain:
- Identity of ship(name, year and place where the ship was built, tonnage, length, etc;
- Name(s), nationality, address(es) of owners, operator and manager;
- The date of deletion of the previous registration;
- The name(s), nationality, address of the bareboat charterer.
- The particular of any mortgages or hypothecs on the ship.

vii. Port State Control Section will be responsible for ships arriving in Honduran Ports and keep informing international organizations of the control. This section will take into account the Procedures for the Control of Ships (Resolution A.466(XII) adopted by the International Maritime Organisation on 19 November 1981, which the author includes in Annex 8. This Section must be enforced by the Merchant Shipping (Minimum Standards) Convention No.147.

viii. Maritime Casualty Investigations Section will be
responsible for all casualty investigations in which a Honduran ship is involved and any casualty within Honduras jurisdiction.

5.4. **Key Conventions**

In Chapter 3 the author has already established that it is a relation between a proper Maritime Administration which offering a convenience registry, and the most relevant maritime conventions from IMO and ILO.

It is the author’s suggestion that there is a need to ratify the following conventions, if Honduras wants to develop a convenience registry and a proper Maritime Administration:

**IMO** - The International Convention for the Prevention of Pollution from Ships, 1973 (MARPOL 73)
- The International Convention on the Establishment of an International Fund for Oil Pollution Damage (Fund Convention).
- The International Convention on the Civil Liability for Oil Pollution Damage, 1969 (CLC)

**ILO** - Merchant Shipping (Minimum Standards) Convention, 1976 (No. 147)

It is the author’s view that if Honduras is not party to those Conventions, the Registry will be receiving substandard ships which are not beneficial to the
Registry.

Those Conventions are bringing a series of new specifications and basic principles such as technical equipment that must be fixed on tankers, some technical regulations, some principles that the owner of a tanker is liable for oil pollution damage, victims should be fully and adequately compensated, and minimum standards that should be observed in Merchant Shipping. Therefore, the ratification of those Conventions may bring a large substantial number of new ships which will improve the image of the Registry abroad, furthermore the Registry will compete with other registries in attracting large tankers.

5.5. Marketing Programme.

When a new product is in the market, the owner of the product tries to promote its product to compete with products which are in the market through propaganda on T.V., radio, papers, etc. Those kind of things make the products acceptable and attract customers.

With the facts above mentioned, it is the author's suggestion that first, the Honduran registry should have a Marketing Programme through the Honduran consulates around the world specially in countries, such as, the United States, Greece, and Hong Kong where the administration has found a large number of shipowners who have benefited from the Honduran Open Registry.

Second, consulates employees shall be trained by the administration to have a common goal which is the improvement of the open registry image.

Third, Honduras should be represented in international conferences and symposiums such as the General Asambly of IMO, Which Register? Which Flag? etc.
Finally, the development of a marketing programme could bring good results to the development of a proper and competent open registry system.
HONDURAN REGISTRY ORGANIZATION

SUGGESTED BY: The Author

CHIEF COMMANDER OF THE NAVAL FORCE

MERCHAND MARINE SUPERINTENDENCY

LEGAL SECTION

ADMINISTRATIVE SECTION

NAUTICAL ENGINEERING SECTION

REGISTRATION OF SHIPS SECTION

PROTECTION OF ENVIRONMENT SECTION

PORT STATE CONTROL SECTION

MARITIME CASUALTY INVESTIGATION SECTION

Figure 5.1.
CONCLUSION

It is hoped that this dissertation can contribute to the development of a proper open registry system which will generate enough revenues to the country's economy.

According to the all facts above mentioned the author has found that, the Honduran administration, which develop the registration of ships, has not had enough resources to control a well and organized registry. The lack of resources have been identified within the outdated maritime legislation and, the inconvenient maritime administration. Furthermore there is no knowledge of international conventions and regulations, and lack of propaganda around the world of the Honduran Open Registry. But, despite a lack of resources the Honduran administration has been running an open registry system with substandard ships, which has caused bad reputation to the country. However, the maritime administration has given income to the country in the last few years.

The author has reached the conclusion, that first, a proper maritime legislation must be built up to support the development of a proper open registry system which will be convenient for the shipping industry. Once established the proper maritime legislation there should be an efficient and competent maritime administration which will control the policies for registration of ships. Those polices should be oriented to the economic benefits of the country and shipowners. However, such policies should not be lower than minimum international standards which are settled by international organizations.

Furthermore, Honduras should give full guarantees
with respect to the following:

- No taxation on income revenues, it means that the shipowner is allowed to make full profit.
- In case of war the owners will be allowed to repatriate the ship.
- No exchange controls.
- The facilitation and minimization of administrative requirements covering registration of ships, registration and deletion of mortgages or hypothecs.

Second, it is important that the government has a clear understanding in what could be the benefits for the country’s economy. It means that the government must promote the system with propaganda through consulates.

Third, and probably the most important element in the development of a proper open registry is that the administration must be manned by people who have enough knowledge of polices and minimum safety standards to protect safety of life at sea and prevention of pollution. Therefore, the administration should use The World Maritime University and other specialized training institutions to train its people.

Fourth, and finally it is important that if Honduras wants to develop a proper open registry with the result of incomes to the country, Honduras must take into account that substandard ships will cause bad reputation and as a result no incomes to the country’s economy.
## ANNEX 1

### HISTORY OF OPEN REGISTRY

<table>
<thead>
<tr>
<th>Period</th>
<th>Flag of Registry</th>
<th>Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>16th Century</td>
<td>Spanish</td>
<td>English merchants circumvented restrictions limiting non-Spanish vessels from West Indies trade.</td>
</tr>
<tr>
<td>17th Century</td>
<td>French</td>
<td>English fishermen in Newfoundland used French registry as a means to continue operation in conjunction with British registry fishing boats.</td>
</tr>
<tr>
<td>19th Century</td>
<td>Norwegian</td>
<td>British trawler owners changed registry to fish off Moray Firth.</td>
</tr>
<tr>
<td>Napoleonic Wars</td>
<td>German</td>
<td>English shipowners changed registry to avoid the French blockade.</td>
</tr>
<tr>
<td>War of 1812</td>
<td>Portuguese</td>
<td>U.S. shipowners in Massachusetts changed registry to avoid capture by the British.</td>
</tr>
<tr>
<td>1922</td>
<td>Panamanian</td>
<td>Two ships of United American Lines changed from U.S. registry to avoid laws on serving alcoholic beverages aboard U.S. ships.</td>
</tr>
<tr>
<td>1920-1930</td>
<td>Panamanian</td>
<td>U.S. shipowners switched registry to reduce operating costs by employing cheaper shipboard labor.</td>
</tr>
<tr>
<td>1930’s</td>
<td>Panamanian</td>
<td>Shipowners with German-registered ships switched to Panamanian registry to avoid possible seizure.</td>
</tr>
<tr>
<td>1939-1941</td>
<td>Panamanian</td>
<td>With encouragement from the U.S. Government, shipowners switched to Panamanian registry to assist the Allies without violating the Neutrality Laws. European shipowners also switched to Panamanian registry to avoid wartime requisitioning of their vessels.</td>
</tr>
<tr>
<td>1946-1949</td>
<td>Panamanian</td>
<td>More than 150 ships sold under the U.S. Merchant Sales Act of 1946 were registered in Panama—as it offered liberal registration and taxation advantages.</td>
</tr>
<tr>
<td>1949-</td>
<td>Liberian</td>
<td>Low registration fees, absence of Liberian taxes, absence of operating and crewing restrictions made registry economically attractive.</td>
</tr>
<tr>
<td>1850-late 1970</td>
<td>Liberian</td>
<td>As registry in U.S. and other countries become increasingly uneconomical, many countries competed for ship registrations, recognizing the economic benefit to the host flag country; only a few succeeded in attracting significant registrations.</td>
</tr>
<tr>
<td></td>
<td>Panamanian</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Honduran</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Costa Rican</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sierra Leonean</td>
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<tr>
<td></td>
<td>Lebanese</td>
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<td>Cypriot</td>
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<td>Omani</td>
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<tr>
<td></td>
<td>Manxman</td>
<td></td>
</tr>
<tr>
<td></td>
<td>... and others</td>
<td></td>
</tr>
</tbody>
</table>

Source: Economic Impact of Open Registry Shipping.
Prepared by: International Maritime Assoc.
ANNEX 2

LIST OF OPEN REGISTRY COUNTRIES

Antigua and Barbuda
Bahamas
Bermuda
Cayman Islands
Cyprus
Danish International Register - ?
Gibraltar
Honduras
Hong Kong - planned
Isle of Man
Japanese International Register - ?
Kerguelen
Liberia
Luxembourg - ?
Malta
Netherlands Antilles
Norwegian International Register
Panama
St. Vincent & Grenadines
Singapore
Sri Lanka
Turks & Caicos Is.
Vanuatu
West German International Register - ?

Source: "Which Register? Which Flag?"
MEMORANDUM OF UNDERSTANDING ON PORT STATE CONTROL-DELAYS/DETENTION:
PER FLAG STATE EXCEEDING AVERAGE PERCENTAGE (% of individual ships)

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- Honduras: 38.4% 
- Egypt: 28.61% 
- Canary Islands: 18.63% 
- Malta: 15.60% 
- Morocco: 12.20% 
- Turkey: 11.25% 
- Gibraltar: 10.32% 
- Cyprus: 8.86% 
- Iceland: 8.36% 
- Algeria: 5.3% 
- Lebanon: 4.92% 
- Romania: 5.77% 
- Panama: 4.89% 
- Brazil: 4.25% 
- Italy: 3.90% 
- Ireland: 3.86% 
- Saudi Arabia: 2.70% 
- Philippines: 3.44%
Preparation

While up-to-date Merchant Shipping Legislation is a condition precedent to maritime development and the effective enforcement of appropriate maritime safety standards in a developing maritime country, such legislation is outdated in many developing countries as stated earlier. Therefore this deficiency needs to be rectified as a matter of urgency. Accordingly it is now proposed to elaborate upon the approaches towards the up-dating of national Merchant Shipping Legislation in developing countries.

The primary objectives of the Merchant Shipping Act of a developing country needs to be (a) developmental, (b) regulatory, and (c) conformity with relevant International Law/Conventions. Besides the Act needs to be clearly and precisely worded, with effective sanctions and capable of promoting a helpful law-abiding atmosphere.

With these objectives in mind and in order to provide guidelines to those who may be involved in the preparation (or making contributions to such preparation, including advice) of the national Merchant Shipping Bill or Maritime Code it is proposed that the following matters may be included in same as Parts/Chapters/Sections (Clauses) in the form of the following suggested arrangement 1/ :-

PART I
PRELIMINARY

1. Short title and Commencement.
2. Objects and Construction.
4. Definitions.
PART II
ADMINISTRATION
(Appointment of Statutory officials)

5. Director/Director General
6. Marine Department/s and Principal officer/s
7. Surveyors
8. Radio inspectors
9. Shipping offices and Shipping Masters
10. Seamen's Employment office/s.

PART III
Registration of Ships - Mortgages
Registration of (*) Ships

11. Qualifications for ownership
12. Obligation to register (*) ships.

Procedure for Registration

13. Ports of registry
14. Appointment of Registrars
15. Register book
16. Application for registry
17. Survey and measurement of Ships before registry
18. Marking of ships
19. Declaration of Ownership
20. Evidence on first registry
21. Entry of particulars in Register Book
22. Documents to be retained by Registrar.

Certificate of Registry

23. Custody and use of Certificate
24. Power to grant new Certificate
25. Change of Master
26. Change of ownership
27. Delivery of Certificate of ships lost or ceasing to be (*) ship
28. Provisional Certificate
29. Temporary pass in lieu of Certificate of Registry.

Transfers & Transmissions

30. Prior approval of Government
31. Voluntary transfer of ships or shares
32. Transmission otherwise than by Voluntary transfer
33. Order for Sale
34. Transfer of ships or share therein by order of Court
35. Registration of transfer
36. Prohibiting transfer.

Mortgages

37. Mortgage of ship or share
38. Discharge of mortgage
39. Priority of mortgages
40. Status of mortgagee
41. Rights of mortgagee
42. Mortgage and bankruptcy
43. Transfer of mortgage
44. Transmission of interest.

Name of ship

45. Ship's name
46. Change of name
47. Offence.

Registration of alterations & registration owner

48. Alterations in ship
49. Registration of alterations
50. Provisional Certificate and Endorsement
51. Registration anew on change of ownership
52. Procedure for Registration anew
53. Restrictions on re-registration of abandoned ships.
National Character and Flag

54. Nationality and Flag
55. Unlawful assumption of (*) character
56. Concealment of (*), or assumption of foreign character
57. National Colours.

Miscellaneous

58. Liabilities of ships not recognised as (*) ships
59. Proceedings on forfeiture of ships
60. Notice of trust not received
61. Liability of owners
62. Evidence of register book
63. Government ships
64. Power of Government to make rules.

PART IV

Certificates of Officers, Masters, Mates and Engineers

65. Manning with Certificated Officers
66. Grades of Certificates of Competency
67. Examinations
68. Certificates of Service
69. Form of Certificates
70. Record of orders
71. Loss of Certificates
72. Production of Certificates
73. Power to Cancel or Suspend Certificates
74. Recognition of Certificates granted by other Governments
75. Power to make Regulations for the purposes of this part.
PART V
Seamen and Apprentices
Classification of Seamen & Prescription of minimum
manning Scale

76. Power to classify seamen
77. Duties of Shipping Masters
78. Fees to be paid.

Apprenticeship to Sea Service

79. Assistance for Apprenticeship
80. Special provisions as to apprenticeship
81. Manner in which apprenticeship contract is to be recorded
82. Production of contract of apprenticeship.

Seamen’s Employment Offices

83. Seamen’s Employment Offices
84. Supply or engagement of Seamen in Contravention of Act prohibited
85. Receipt of remuneration from seamen prohibited.

Engagement of Seamen

86. Engagement of Seamen
87. Prohibition of engagement of unauthorised seamen
88. Agreements with Crew
89. Form and contents of the Crew Agreement
90. Special provisions with regard to Crew Agreements
91. Renewal of running agreements
92. Changes in crew to be reported
93. Certificate as to agreement with crew
94. Copy of Agreement to be made accessible to the crew
95. Alteration in Agreement.
Employment of Young Persons

96. Employment of young persons
97. Medical examination
98. Maintenance of list of young persons
99. Power to make rules prescribing conditions for employment of young persons.

Discharge of Seamen

100. Discharge of seamen
101. Certificate of Discharge
102. Certificate as to work of seamen
103. Discharge and leaving behind of seamen by masters
104. Wages and property of (such) seamen
105. Repatriation of seamen
106. Discharge of seamen on change of ownership.

Payment of Wages

107. Master to deliver account of wages
108. Disrating of seamen
109. Deduction from wages of seamen
110. Payment of wages before Shipping Master
111. Time of payment of wages
112. Settlement of wages
113. Master to give facilities to seamen for remitting wages
114. Decision of questions by Shipping Masters
115. Production of Ship’s papers
116. Payment of seamen in foreign currency.

Advance and Allotment of Wages

117. Allotment notes
118. Commencement and payment of sums allotted.
Rights of Seamen in respect of Wages

119. Right to wages
120. Wages and salvage
121. Wages not to depend on freight
122. Wages on termination of service by wreck, illness, etc
123. Wages not to accrue during absence without leave, refusal to work or imprisonment
124. Compensation to seamen
125. Protection of wages

Mode of recovering Wages

126. Suit for wages
127. Restrictions on suits for wages
128. Wages not recoverable outside (*)
129. Master's remedy for wages.

Power of Courts to rescind Contracts

130. Power to rescind Contracts
131. Disputes between seamen and employers
132. Conditions of service, etc, to remain unchanged.

Property of Deceased Seamen and Apprentices

133. Property of deceased seaman
134. Delivery of the property
135. Recovery of wages of deceased seamen
136. Disposal of unclaimed property of deceased seamen.

Distressed Seamen

137. Distressed Seamen
138. Mode of providing for return of seamen
139. Receiving distressed seamen on ships
140. Provisions as to taking distressed seamen on ships
141. What shall be evidence of distress
142. Decision of Consular Officer
143. Power to make Rules.

Provisions, Health and Accommodation

144. Provisions and water
145. Allowance for short and bad provisions
146. Weights and measures
147. Certificated cook
148. Scales of medical stores
149. Certain ships to carry medical officers
150. Medical treatment
151. Crew accommodation
152. Inspection by shipping master, etc
153. Inspection by Master.

Special Provisions for Protection of Seamen

in respect of Litigation

154. Certificate and Notice to be given in case of unrepresented seaman
155. Decrees and order passed against serving seaman
156. Modification of law of limitation where seaman is a party
157. Reference in matters of doubt to shipping masters.

Provisions for Protection of Seamen and respect of other Matters

158. Facilities for making complaints
159. Assignment and sale of salvage invalid
160. No debt recoverable till end of voyage
161. Seaman's property not to be detained

Provisions as to Discipline

162. Misconduct endangering life or ship
163. Desertion and absence without leave
164. Power to suspend deserter's Certificate of Discharge
165. Conveyance of deserter or imprisoned seamen on board ship
166. General offences against discipline
167. Smuggling of goods by seamen or apprentices
168. Entry of offences in official log book
169. Report of desertions and absences without leave
170. Entries and certificates of desertion abroad
171. Facilities for proving desertion
172. Application of forfeiture
173. Decision of questions of forfeiture and deduction
174. Payment of fines imposed to shipping master
175. Seamen or apprentice not to be enticed to desert
176. Stowaways and seamen carried under compulsion
177. On change of master, documents to be handed over to successor
178. Deserters from foreign ships

**Official Log Books**

179. Keeping of official log book
180. Entries to be made in official log books
181. Offences in respect of official log books
182. Delivery of official log books to shipping masters
183. Official log books to be sent to shipping master in case of transfer of ship or loss.

**PART V**

*Passenger Ships (Carriage of Passengers)*

184. Power to make Regulations for carriage of passengers
185. Offences re: Passenger ships
186. Ticket for passage.

**PART VI**

*Safety*

**General**

187. Definitions
188. Power of Surveyors
189. Declaration of Survey
190. Records of inspections/surveys.
Safety and Load Line Conventions


Construction of Ships

192. Powers to make Rules for the construction of ships.

Inspection/Survey for Safety

193. Surveys of passenger ships
194. Initial survey of passenger ships
195. Subsequent surveys of passenger ships
196. Additional surveys of passenger ships
197. Cargo ship safety construction survey
198. Life-saving appliances: cargo ships
199. Fire-fighting appliances: cargo ships
200. Radio installations
201. Stability information
202. Pleasure craft
203. Surveyor's duty re: Reports
204. Powers to make various Safety Regulations

Issue of Certificates

205. Certificates to passenger ship or cargo ship
206. Local Safety Certificate - Powers to make Regulations
207. Posting of Certificates
208. Certificates by other Governments
209. Certificates to non (*) ships

Proceeding to Sea

210. Production of Certificates
211. (*) Ship and Certificates
212. Non-Convention ship.
General Safety
Precautions & Responsibilities

213. Qualifications of crew
214. Reporting hazards to navigation
215. Distress signals - Powers to make Regulations
216. Misuse of distress signals
217. Obligations to assist in distress
218. Reporting of accidents.

Prevention of Collisions
219. Giving helm orders
220. Powers to make Regulations for preventing collisions at sea
221. Observance of Collision Regulations
222. Inspections for enforcing collisions regulations
223. Assistance in case of collision.

Load Lines and Loading
224. Definitions
225. Powers to make Regulations
226. Compliance with Regulations
227. Submersion of load lines
228. Alteration of defacement of marks
229. Load Line Certificates
230. Renewal of Certificate
231. Cancellation of Certificate
232. Periodic load line surveys
233. Certificate to be surrendered
234. Ship without Certificate
235. Certificate display and entry
236. Particulars in crew agreement
237. Certificate of foreign ships
238. Validity of certificates of foreign ships
239. Inspection of foreign ships
240. Production of Certificate
241. Powers to make Deck Cargo Regulations
242. Powers to make Timber Deck Cargo Regulations
243. Offence against Regulations
244. Defence to Contravention
245. Securing compliance.
Carriage of Grain

246. Carriage of grain and powers to make Regulations.

Dangerous Goods

247. Meaning of "Dangerous Goods"
248. Carriage of dangerous goods
249. Disposing of dangerous goods
250. Forfeiture of dangerous goods
251. Powers to make Regulations

Unseaworthy ships

253. Sending unseaworthy ship to sea an offence
254. Obligation of owner to crew with respect to seaworthiness
255. Detention of unseaworthy ships
256. Liability for costs, damages
257. Security for costs
258. Complainant's liability.

Miscellaneous

259. Powers to make Regulations for the Protection of Longshoremen
260. Powers to exempt.

PART VII

Wrecks and Salvage

Wrecks

261. General superintendence
262. Powers to appoint Receivers of Wreck
263. Fees and expenses of receiver
264. Duties of receiver
265. Powers of receiver
266. Passage over adjoining lands
267. Immunity of receiver
268. Obstruction of receiver
269. Taking possession of wreck
270. Concealment of wreck
271. Notice of wreck
272. Owner's right to wreck
273. Power to sell wreck
274. Unclaimed wreck
275. Discharge of receiver
276. Removal of wreck

Salvage

277. Reasonable salvage entitlement
278. Disputes re: salvage
279. Amount of salvage
280. Costs
281. Valuation of property
282. Detention of salvaged property
283. Disposal of detained property
284. Voluntary agreement re: Salvage
285. Limitation of time
286. Power to make Rules for the purposes of this part.

PART VIII

Shipping Casualties, Inquiries & Investigations

287. Definition
288. Shipping casualties and reports thereof
289. Investigations of shipping casualties
290. Preliminary inquiry
291. Formal investigation
292. Power of Court (or Commissioner) of investigation to inquire into charges
293. Power of Government (Minister) to direct inquiry into charges of incompetency or misconduct.
294. Opportunity to be given to person to make defence.
295. Power of Court (or Commissioner) as to evidence and regulation of proceedings
296. Assessors
297. Power to arrest witnesses and enter ships
298. Power to commit for trial and hand over witnesses
299. Report by Court (or Commissioner) to Government (Minister)
300. Powers of Court (or Commissioner) as to Certificates (licences).
301. Power of Court (or Commissioner) to censure master, mate or engineer.
302. Power of Court (or Commissioner) to remove master and appoint new master.
303. Delivery of (*) certificate (licence) cancelled or suspended.
304. Effect of cancellation or suspension of certificate (licence).
305. Suspended certificate (licence) not to be endorsed.
306. Power of Government (Minister) to cancel or suspend other certificates
307. Re-hearing and appeal
308. Power of Government (Minister)

PART IX
Limitation and Division of Liability
Limitation of Liability

309. Definitions
310. Subsequent variation
311. Tonnage rules (for the purpose)
312. Foreign ship's measurement
313. Liability of owners limited
314. Power to consolidate claims
315. Extension of limitation
316. Limitation for dock and harbour owners
317. Release of ship with security
Division of Liability

318. Division of liability
319. Joint and several liability
320. Right of contribution
321. Extended meaning of owners

PART X
Prevention of Pollution of the Sea by Oil

General Provisions

322. Application
323. Definitions
324. Prohibitions as to discharge
325. Exemptions
326. Report by master of ship
327. Power to make Regulations for the construction, equipment and other requirements for ships to prevent pollution
328. Oil record book
329. Survey/inspection, Certificates and Control
330. Power of Surveyor/Inspector
331. Reception facilities

Pollution related to Shipping Casualties

332. Shipping casualties
333. Right to recover in respect of unreasonable loss or damage
334. Offences in relation to Section 332
335. Service of documents under Section 332
336. Application of Section 332 to 335 to foreign ships
337. Government ships
338. Prosecutions and Penalities

Civil Liability for oil pollution

339. Definitions

105
340. Liability for oil pollution
341. Exceptions from liability
342. Restriction of liability
343. Limitation of liability
344. Limitation actions
345. Concurrent liabilities of owners and others
346. Cases excluded
347. Compulsory insurance against liability for oil pollution
348. Issue of certificate (pertaining to insurance/security)
349. Rights of third parties against insurers
350. Jurisdiction of (*) Courts and registration of foreign judgments
351. Government ships
352. Liability for cost of preventative measures where Section 340 does not apply
353. Saving for recourse action

PART XI
Penalties and Procedure

354. Offences and penalties
355. Procedure
356. Jurisdiction
357. Special provision regarding punishment
358. Offences by companies
359. Depositions to be received in evidence when witness cannot be produced
360. Power to detain foreign ship that has occasioned damage
361. Power to enforce detention of ships
362. Levy of wages, etc, by distress of movable property or ship
363. Notice to be given to consular representative of proceedings taken in respect of foreign ship
364. Application of fines
365. Service of documents
PART XII
SUPPLEMENTAL

366. Protection of persons acting under this Act
367. Powers of persons authorized to investigate, etc
368. Power to prescribe alternative fittings, etc
369. Exemption of public ships, foreign and (*)
370. General powers to exempt
371. General power to make Rules or Regulations
372. Provisions with respect to rules and regulations, including fees
373. Power to constitute committees to advise on rules, regulations and scales of fees
374. Removal of difficulties
375. Transitional provisions

PART XI
Repeals and Savings

376. Repeals and Savings

SCHEDULE
(Enactments repealed, etc)

NOTE:

1. * Asterisks are to be substituted with the name of the country.

2. The aforesaid frame-work is the result of considerable experience and research by the Author.

3. While Part X - Prevention of Oil Pollution - has been included, some countries prefer to have separate legislation for the purpose.

4. The frame-work does not cover maritime commercial law pertaining to Carriage of Goods by sea, etc, since it is usual to enact separate legislation for such purposes.
Having dealt with the preparation of the primary Merchant Shipping Legislation (i.e., the Merchant Shipping Act), it is necessary now to turn to the various Rules/Regulations (Subsidiary Legislation) that need to be promulgated under the aforesaid primary legislation. It seems no exaggeration to state that - in view of its very nature - shipping legislation not complemented and integrated by subsidiary legislation, except for those Provisions which are being styled as "self-executing" (in that not requiring for their operation subsidiary or implementing legislation), cannot amount, in practice, to more than simple guidelines for the Maritime Administration. In this respect, there should be little doubt that until subsidiary legislation is issued and implemented, many provisions of the Merchant Shipping Act cannot operate. The most important such Rules/Regulations required are listed below:-

1. Rules for Registration of Ships
2. Safety Convention Certificates Rules
3. Regulations for Preventing Collisions at Sea
4. Rules for use of Distress Signals
5. Navigational Warnings Regulations
6. Life Saving Appliances Regulations
7. Fire (Fighting) Appliances Rules
8. Fire Protection Regulations
9. Musters Regulations
10. Pilot Ladders and Hoists Regulations
11. Navigational Equipment Regulations
12. Regulations re: Carriage of Nautical Publications
13. Official Log-books Regulations
14. Radio Installations Regulations
15. Tonnage Regulations
16. Crew Accommodation Rules
17. Medical Scales Regulations
18. Load Line Rules
19. Rules for the Carriage of Deck Cargo
20. Rules for the Carriage of Dangerous Goods
21. Regulations for the Carriage of Grain
22. Cargo Ship Construction and Survey Regulations (Safety Convention Ships)
23. Local Cargo Ship Safety Certificates Rules (Small ships - under 500 GRT)
24. Passenger Ship Construction Regulations
25. Anchor and Chain Cable Rules
26. Rules re: Apprenticeship to Sea Service
27. Regulations for the Certification of AB’s
28. Regulations for the Certification of Skippers and Second Hands of Fishing Boats
29. Regulations for the Certification of Marine Engineers
30. Regulations for the Certification of Deck Officers
31. Regulations for Prevention of Pollution of the Sea by Oil
32. Wreck and Salvage Rules.

In order to assist developing maritime countries (Maritime Safety Administrations), models (drafts) of the most important Rules/Regulations and Guidelines have been prepared separately by the Author. While these are naturally in accordance with international standards they have also been adapted to suit developing maritime countries to the extent possible.

Documentation
It is important to note that in addition to the preparation of the aforesaid Merchant Shipping Legislation (both Primary and Subsidiary), all of the required and appropriate documentation (the necessary Certificates, Forms, etc) needs to be prepared and be available to all concerned at the same time as the Legislation entering into force.

Enforcement
The complementary machineries needed for the enforcement of the Merchant Shipping Legislation are:
(a) Legal and (b) Administrative.
It is proposed that the problems of the legal machinery required for enforcement is discussed here \(2/\) and that the Administrative machinery (i.e., Maritime Administration) is dealt with in detail further on. The problem of enforcement of the Rules and Regulations which establish a legal regime is indeed basic and defective, it is clear that necessary respect for law would tend to be undermined
and the legal regime would at once face irregularities and illegalities to rectify for which there may be neither sanctions nor remedies. The legal regime, in such circumstances, would tend to wither away. It is, therefore, necessary to examine the instrumentalties for the enforcement of law on which the regime comes to rest. This, in turn, would depend on the nature, extent and limits of the legal regime.

In the context of Merchant Shipping with which we are concerned here, the subjects and the objects of the law have to be examined. The nation State is the subject of Maritime Law and though the origin and base of Merchant Shipping lies within the four corners of the territory of a Sovereign State which registers ships and gives the Flag, it is clear that in its operation Merchant Shipping is so internationalised that national vessels are more often than not plying in foreign waters and thus becoming subject to foreign national jurisdiction of multifarious States. Apart from the subjects of the regime, even the objects of the law, namely the oceans and the ships, the former by virtue of their universality of location and the latter (ships) by their operation, point to an international regime of Merchant Shipping as against an exclusively national one. In the circumstances, one would be inclined to look to an international judicial machinery for the enforcement of Law governing Merchant Shipping.

However, the international community, though capable of producing International Laws and Regulations, is still not sufficiently developed to admit a regular compulsory jurisdiction of any Court or Tribunal in matters maritime or otherwise to give and enforce decisions having international validity. Thus, if a regular international machinery for effective enforcement of the law is ruled out on the ground that it is not yet in sight, one has to fall back upon the Municipal Legal Systems of the sovereign maritime States to enforce the Laws which constitute the regime of Merchant Shipping. There would be two difficulties to overcome in this regard. First, Municipal Law and its Courts could certainly exercise complete jurisdiction over its own ships and nationals but how could this jurisdiction be enforced on foreign trading ships to give international validity to the Municipal Law? Second, how could International Law be enforced by Municipal Courts?
As far as the first difficulty is concerned, the position is as follows:

As a State has sovereignty over its own territories only, the Legislation of a country is primarily territorial. This leads to the general rule that the laws of a nation apply to all things and acts within its territories including its waters and ships of its Flag on high seas and foreign private ships within its territorial waters. This confers jurisdiction on Municipal Courts of the coastal State even in relation to ships flying foreign flags when in national or territorial waters. This rule of International Law has to be clearly brought out in the national Merchant Shipping Act. It would thus be clear that Municipal Law can be effectively enforced by Municipal Courts not only in relation to nationals and their ships but also in relation to foreign flag vessels when in national or territorial waters. The municipal judicial mechanism of a littoral State has, therefore, a proper and effective lever for the enforcement of its national Law in relation to all those who have dealings with it by way of trade and enter its territorial limits. This furnishes the basis of a competent and effective jurisdiction.

The second difficulty, namely that of enforcing International Law through Municipal Courts, has to be examined to see how this limitation has also been overcome. The proposition that International Law should be implemented through Municipal Courts would prima facie give the impression that at best there could be piecemeal, partial enforcement only in respect of the States that have ratified and accepted a Convention and excluding those States that are not Parties to it. As there are bound to be some maritime States not Parties to an International Convention, there would appear to be no chance of universality in its application and enforcement.

This conclusion, so clear and correct in other spheres of International Law, is, strangely enough, not true of the maritime field because even if States A, B and C are Parties to an International Convention on Merchant Shipping and States X, Y and Z are not signatories to it, the fact remains that ships of X, Y and Z would have to visit the Ports of A, B and C in their shipping operations and this may compel obedience to the Law which A, B and C have
recognised and adopted. It is because ships operate all over the world, which is so very essential economically and also justified legally on the basis of the recognised principle of freedom of navigation, that they at once furnish the object and become the potent instrumentality for effective enforcement of the International Conventions of Merchant Shipping. It is, of course, true that stipulations in International Conventions can empower those States only that are Parties to the Treaty to enforce the provisions of the Conventions through Municipal Courts. However, when a State enacts Municipal Laws for its own ships as well as for foreign flags visiting its ports, it is not possible for it to discriminate between one flag and another while applying its own Laws, which happen to incorporate the Rules of an International Convention. The Municipal Law has to be made applicable to all ships and the distinction for purposes of separate treatment between Convention and Non-Convention ships cannot normally be a part of any national legal system for fear of flag discrimination.

In the circumstances, when Non-Convention ships, i.e., those flying the flag of States not Parties to the Convention, enter the ports of Contracting States, such vessels are quite often expressly subjected to the National Law embodying the International Convention. Where no penal provision is made in the National Law, it is quite often the practice of the Officers of the Contracting States to administer a warning to the defaulting Non-Convention ship to comply with the Convention standards and this warning acts as a sanction compelling obedience to the International Convention concerned. Let alone the foreign Convention ships, this is the position of the ships of the Non-Contracting countries as well. Thus, even if a State is not Party to an International Convention, it has willy nilly to comply with the Convention Regulations to become acceptable to members of the maritime community with whom the Non-Contracting State has got to trade for reasons of sneer economics if nothing else.

This aspect is so well known and by now so fully recognised and established in maritime circles that several International Conventions on Merchant Shipping specifically provide an Article on "Control" or "Regulation" by virtue of which the Contracting States are given powers to enforce the provisions of the Convention.
in respect of "Convention Snips" visiting their ports. The ratifying States in turn enact Municipal Legislation applicable to all snips visiting their ports thus enabling National Courts to entertain such cases and to exercise jurisdiction by punishing all flags including the foreign flag violating the applicable International Conventions. Thus, for example, both the SOLAS Conventions of 1960 and 1974 and the Load Line Conventions of 1930 and 1966 provide that the signatory States would have jurisdiction to enforce the law in relation even to foreign flag Contracting States thus making it possible for Municipal Courts to become Agencies for enforcing International Law.

It may, therefore, be concluded here that for the regime of Merchant Shipping, the enforcement machinery is almost exclusively municipal though the Law is largely based on numerous International Conventions which find a place in Municipal Legislation also.

CONCLUSION:

In short, the legal regime of Merchant Shipping is established with the help of a clear and precisely worded Law which has effective sanctions, a helpful law-abiding atmosphere and regular Municipal Courts of Law to adjudicate and administer the Law.

This is all in addition to the facility provided by the International Court of Justice to whom references are sometimes made when States, Parties to the dispute, agree to invoke its jurisdiction in matters which come within the domain of Public International Law.

In addition to the National Courts of Maritime States and to the International Court of Justice when jurisdiction is conferred on it, there is also an effective machinery provided by Commercial Arbitration which is of profound significance in the maritime field. The commercial shipping channels all point in the direction of Arbitration in the event of conflict and it is significant that the decisions by way of Arbitral Award are invariably respected.
RESOLUTION A.48(XII)

Adopted on 19 November 1981
Agenda item 10(b)

PRINCIPLES OF SAFE MANNING

THE ASSEMBLY,

RECALLING Article 16(i) of the Convention on the Inter-Governmental Maritime Consultative Organization,

RECALLING FURTHER Article 29(a) of that Convention which requires the Maritime Safety Committee to consider, inter alia, the manning of sea-going ships from a safety standpoint,

NOTING that safe manning is a function of the number of qualified or experienced seafarers necessary for the safety of the ship, crew, passengers, cargo and property and for the protection of the marine environment,

RECOGNIZING the importance of the requirements of the pertinent instruments adopted by ILO, IMCO, ITU and WHO for maritime safety and protection of the marine environment and, in particular, the ILO Merchant Shipping (Minimum Standards) Convention, 1976 (No.147) and the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978,

BEING AWARE that the ability of seafarers to maintain observance of these requirements is dependent upon their continued efficiency through conditions relating to training, hours of work and rest, occupational safety, health and hygiene and the proper provision of food,

BELIEVING that international acceptance of broad principles as a framework for administrations to determine the safe manning of ships would materially enhance maritime safety,

HAVING CONSIDERED the recommendation made by the Maritime Safety Committee at its forty-fourth session,

1. URGES Member Governments to take the necessary steps to ensure that every sea-going ship to which the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, applies carries on board at all times a document issued by the Administration specifying the minimum safe manning required for such ship and containing the information given in Annex 1 to this resolution;

2. URGES FURTHER that Member Governments, when exercising port State control functions under international conventions in force with respect to a foreign ship visiting their ports, should regard compliance with such a document as evidence that the ship is safely manned;

3. RECOMMENDS that, in establishing the minimum safe manning for each such ship, Administrations observe the following broad principles and take into account the guidelines set out in Annex 2 to the present resolution which provide the capability to:

(a) Maintain a safe navigational watch in accordance with Regulation 11/1 of the 1978 STCW Convention and also maintain general surveillance of the ship;

(b) Moor and unmoor the ship effectively and safely;

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(c) Operate all watertight closing arrangements and maintain them in effective condition and also deploy a competent damage control party;

(d) Operate all on-board fire equipment and life-saving appliances, carry out such maintenance of this equipment as is required to be done at sea, and muster and disembark passengers, non-essential personnel and other crew members;

(e) Manage the safety functions of the ship when employed in a stationary or near-stationary mode at sea;

(f) Maintain a safe engineering watch at sea in accordance with Regulation III/1 of the 1978 STCW Convention and also maintain general surveillance of spaces containing main propulsion or auxiliary machinery;

(g) Operate and maintain in a safe condition the main propulsion and auxiliary machinery to enable the ship to overcome the foreseeable perils of the voyage;

(h) Maintain the safety arrangements and the cleanliness of all accessible spaces to minimize the risk of fire;

(i) Provide for medical care on board ship;

4. RECOMMENDS ALSO that, in applying such principles, Administrations take proper account of the existing ILO, IMCO, ITU and WHO instruments in force which deal with:

(a) Training of seafarers;

(b) Certification of seafarers;

(c) Watchkeeping;

(d) Hours of work and rest;

(e) Occupational health and hygiene;

(f) Crew accommodation;

5. RECOMMENDS FURTHER that the following on-board functions, when applicable, should be taken into account:

(a) On-going training requirements for all personnel including the operation and use of fire-fighting, emergency and life-saving equipment and watertight closing arrangements;

(b) Specialized training requirements for particular types of ships, e.g. oil, chemical and liquefied gas tankers;

(c) Encouragement of the carriage of entrant seafarers to allow them to gain the training and experience required by the 1978 STCW Convention;

(d) Proper provision of food;

(e) Need to undertake emergency duties and responsibilities;

6. INVITES the Maritime Safety Committee to keep this resolution under review.
ANNEX 1

CONTENTS OF MINIMUM SAFE MANNING DOCUMENT

The following information should be stated in the document, in whatever form, which is issued by the Administration specifying minimum safe manning. If the language used is not English the information given should include a translation into English:

.1 a clear statement of the ship's name, its port of registry and its distinctive number or letters;

.2 a table showing the numbers and grades of the personnel required to be carried, together with any special conditions or other remarks;

.3 a formal statement by the Administration that, having regard to the principles and guidelines set out in this resolution and in Annex 2, the ship named in the document is considered to be safely manned if, whenever it proceeds to sea, it carries not less than the numbers and grades of personnel shown in the document, subject to any special conditions stated therein;

.4 a statement as to any limitations on the validity of the document by reference to particulars of the individual ship and the nature of service upon which it is engaged;

.5 the date of issue and any expiry date of the document together with a signature for and the seal of the Administration.

ANNEX 2

GUIDELINES FOR THE APPLICATION OF PRINCIPLES OF SAFE MANNING

1 INTRODUCTION

1.1 These Guidelines should be used in applying the basic principles of safe manning to ensure the safe operation of ships covered by Article III of the 1978 STCW Convention. This application may differ depending upon such factors as:

.1 voyage description including trade or trades in which the ship is involved, length and nature of voyage, and waters;

.2 number, size (kW) and type of main propulsion units and auxiliaries;

.3 size of ship;

.4 construction and technical equipment of ship.

1.2 These Guidelines are applicable only to masters and to officers and ratings in the deck and engine departments.*

* The mandatory requirements for the carriage of radio officers and radio telephone operators are contained in the SOLAS Conventions and the ITU Radio Regulations.
1.3 In applying these Guidelines an Administration should bear in mind that there should be a sufficient number of qualified personnel to meet peak work-load situations and conditions with due regard to the number of hours of shipboard duties and rest periods that may be assigned to a seafarer.

1.4 An Administration may retain or adopt arrangements which differ from the provisions herein recommended and which are especially adapted to technical developments and to special types of ships and trades. However, at all times the Administration should satisfy itself that the detailed manning arrangements ensure a degree of safety at least equivalent to that established by these guidelines.

2 BRIDGE WATCHKEEPING

Principle: The capability to maintain a safe navigational watch in accordance with Regulation 11/1 of the 1978 STCW Convention and also to maintain general surveillance of the ship.

2.1 In addition to navigational and collision avoidance duties, the officer in charge of the navigational watch who is in effective control of the ship should exercise general surveillance over the ship and should take all possible precautions to avoid pollution of the marine environment. This surveillance will include, for example, the investigation of evidence of fire and unusual noises, security of cargo, general safety of crew members when working in exposed locations, the general watertight integrity of the ship and action in the event of man overboard.

2.2 The bridge watch should consist of at least one officer qualified to take charge of a navigational watch and at least one qualified or experienced seaman provided that:

1. the watch complies with the requirements of Regulation 11/1 of the 1978 STCW Convention, particularly paragraphs 4 and 9;
2. when an automatic pilot is used, the helmsman may be released for other duties subject to the provisions of Regulation 19, Chapter V of the 1974 SOLAS Convention;
3. except in ships of limited size the provision of qualified deck officers should be such that it is not necessary for the master to keep regular watches;
4. except in ships of limited size a three watch system should be adopted.

2.3 Where the bridge watch consists of one officer and one seaman, there should be the capability to provide further assistance at any time if the officer of the watch requires additional help. Such assistance should be readily available and fit for duty.

3 MOORING AND UNMOORING

Principle: The capability to moor and unmoor the ship effectively and safely.

3.1 The number of persons required for mooring a ship varies from very few, in respect of a ship fitted with sophisticated mooring equipment, to a large number in ships where it is necessary to manhandle ropes and wires.

3.2 At each end of the ship there should be sufficient persons to enable them to accept and effectively secure a tug and to send away, tension and secure lines and backsprings. Any necessary operations should be capable of being performed at bow and stern simultaneously. All other moorings required are solely a function of time and not of additional manpower.

3.3 Where a ship is regularly trading to a port or ports where the mooring operation is known to be particularly exacting in terms of manpower, suitable provision of extra personnel should be made.
3.4 Details of any operations in which a ship is required to adopt a sophisticated mooring pattern involving the use of anchors should be clearly established. It will then be possible to identify simultaneous operations and enable adequate manpower to be provided for the peak workload.

3.5 If a ship is required to moor to another when both are underway, as in the case of some lightening operations, the workload involved should be analysed and manpower provided for the peak workload condition.

3.6 In cases where a number of variations of mooring procedures are required to be performed, or where any unusual or onerous operations may be contemplated, each should be evaluated in terms of the manpower necessary for its safe accomplishment.

4 WATERTIGHT INTEGRITY

Principle: The capability to operate all watertight closing arrangements and maintain them in effective condition and also to deploy a competent damage control party.

4.1 Assessment should commence with an examination of the ship's plans to identify the areas where the watertight integrity of the ship is effected by means of closing appliances.

4.2 The demands of each closing appliance or system of closing appliances should be evaluated in terms of the physical workload required for its operation during an emergency or with the onset of heavy weather.

4.3 A damage control party composed of assigned personnel with appropriate skills should be available to respond to emergencies involving damage or loss of watertight integrity.

5 SAFETY EQUIPMENT, MUSTERING AND DISEMBARKATION

Principle: The capability to operate all on-board fire equipment and life-saving appliances, to carry out such maintenance of this equipment as is required to be done at sea, and to muster and disembark passengers, non-essential personnel and other crew members.

5.1 The application of this principle varies in accordance with the diversity and range of equipment involved. The manpower requirement can be decided only by considering the workload involved in a particular ship.

5.2 Each ship should have an emergency organization which will include the allocation of personnel for fire parties, boat preparation parties and man overboard emergencies. A list of duties should be posted on board and the crew exercised in emergency drills in accordance with the requirements of the 1974 SOLAS convention.

5.3 In the case of ships carrying a large number of passengers in proportion to crew, the manpower required is usually dictated by emergency situations where passengers need to be mustered and disembarked in an orderly manner. This is dependent upon the internal arrangement of the ship, the equipment fitted, and the maximum number of persons involved. The most demanding phase in regard to manpower requirements is normally either the initial emergency phase or the abandon ship phase. Both phases should be carefully considered.

5.4 The master and all crew members have a duty to assist in any emergency affecting the ship or in rendering assistance to persons on other ships in distress.
6 STATIONARY OR NEAR-STATIONARY SHIPS

Principle: The capability to manage the safety functions of the ship when employed in a stationary or near-stationary mode at sea.

6.1 At present such ships are mainly concerned with offshore exploration and development activities where by the nature of their operations they may carry a large number of specialized personnel with limited knowledge of the maritime environment. It is important that such ships carry a nucleus of adequately trained marine crew to instruct the specialized personnel in the use of safety equipment and evacuation procedures and to assist in the event of an emergency.

6.2 Support services for specialized personnel and their particular requirements should be so arranged as to avoid making demands upon the marine crew, which are unrelated to safety.

6.3 All personnel carried on board should be organized and practised in the actions to be taken in typical emergency situations. Some of these emergency situations will involve their specialist activities.

7 ENGINEERING WATCHKEEPING

Principle: The capability to maintain a safe engineering watch at sea in accordance with Regulation III/1 of the 1978 STCW Convention and also to maintain general surveillance of spaces containing main propulsion and auxiliary machinery.

7.1 The designated duty engineer officer is in effective charge of the engineering watch and should exercise general surveillance over the main propulsion machinery, essential ship's equipment and systems necessary for the safe operation of the ship's main plant and auxiliary machinery, and avoidance of pollution of the marine environment.

7.2 The engineering watch should consist of not less than one duly qualified engineer officer and may include appropriate engine-room ratings; it should conform with the requirements of Regulation III/1 of the 1978 STCW Convention. In designating the number of personnel assigned to engineering watches, account should be taken of the following:

1. the number, size (kW) and type of the main propulsion and auxiliary units over which surveillance is to be maintained and the number of machinery spaces containing these units;

2. the adequacy of internal communication;

3. except in ships of limited propulsion power the provision of qualified engineer officers should be such that it is not necessary for the chief engineer to keep regular watches;

4. except in ships of limited propulsion power a three watch system should be adopted.

Watch arrangements on ships permitted to operate with a reduced manning level based upon automated or periodically unattended operation should be consistent with the approval permitting such operation.

7.3 The designated duty engineer officer or other engine room personnel should not be required to keep a watch in an engine room alone or enter the main machinery spaces alone, unless their safety can be confirmed to the navigating bridge at frequent intervals, either by means of a monitoring system or other equivalent method acceptable to the Administration.
8 OPERATION AND MAINTENANCE OF MACHINERY

Principle: The capability to operate the main propulsion and auxiliary machinery and maintain it in a safe condition to enable the ship to overcome the foreseeable perils of the voyage.

8.1 There should be a sufficient number of qualified personnel to:

.1 operate the main propulsion machinery, essential ship's equipment and systems necessary for the safe operation of the ship's main plant and auxiliary machinery and to carry out routine maintenance of such machinery, equipment and systems;

.2 meet the possible need to continue the safe operation of the ship for a limited period on a manually operated basis, in the event of an automation or instrumentation failure.

9 SAFETY ARRANGEMENTS IN MACHINERY SPACES

Principle: The capability to maintain the safety arrangements and the cleanliness of machinery spaces to minimize the risk of fire.

9.1 There should be a sufficient number of designated personnel available to ensure adequate cleanliness of machinery spaces.

9.2 Manning systems may exist whereby crew members, who are not permanently assigned to the engine room complement, are given training in certain engine room duties and work in the engine room for specified limited periods.

9.3 Such maintenance as is required to be done at sea should be carried out on engine room firefighting, fire detection and fire prevention equipment.
14.3.3.1 CHARACTERISTIC FEATURES

It would seem proper to start by specifying the characteristic features of mortgages or hypothecs, viz. the power of the holder thereof to enforce his claim on the ship even if title to that vessel has passed to a third party, and to satisfy his claim out of the proceeds of sale with priority over other claimants indicated by the law.

14.3.3.2 PROPERTY SUBJECT TO MORTGAGES OR HYPOTHECES

The property which may be the subject matter of a mortgage or hypothec must be specified; such property would include the vessel, her machinery, appurtenances and spare parts existing on board or, if ashore, appropriated to the vessel, such as a spare shaft or a spare propeller.

It should be provided that if appurtenances or spare parts are disembarked or cease to be appropriated to the ship, the mortgage or hypothec cease to attach to them. Conversely the mortgage or hypothec should automatically attach to new appurtenances and spare parts appropriated to the ship or to new additions generally.

The problem whether or not the charge is to attach to appurtenances owned by a third party should be solved.

14.3.3.3 MORTGAGES OR HYPOTHECES ON SHIPS UNDER CONSTRUCTION

If it is decided to allow mortgages or hypothecs on ships under construction, a register for such ships should be established and the following provisions should be inserted in the law:

a) From what time a mortgage or hypothec may be registered, e.g. from the time of registration of the ship under construction in the register, irrespective of whether or not construction has commenced, or from the time when construction has reached a given stage.

b) Whether the subject matter of the mortgage or hypothec is the ship under construction, or also the materials and machinery intended for the ship, provided they are in the precincts of the yard and are clearly identified.

14.3.3.4 CO-OWNERSHIP

If a vessel is owned by various persons, and each one of them has a number of shares in the ship, it should be decided whether the shares owned by one of them may be the subject of a distinct mortgage or hypothec.

14.3.3.5 WHO CAN CONSTITUTE A MORTGAGE OR HYPOTHEC

It should be provided that a mortgage or hypothec on the ship (or on shares in the ship) may be created only by the owner of the ship (or of the shares). In case of co-ownership, provision may be made to allow the co-owners to create a mortgage or hypothec on the whole ship in lieu of one on their individual shares, provided this is decided by the owners of the majority, such as seventy-five per cent, of the shares.
14.3.3.6 FORM OF THE MORTGAGE OR HYPOTHEC

It should be in writing, executed by the owner of the ship or of shares therein, and properly certified.

14.3.3.7 APPLICATION FOR REGISTRATION

The application may be made either by the owner or by the holder of the mortgage or hypothec to the registrar. In order to avoid uncertainty and lack of uniformity in the minimum information which must appear in the register, such minimum information should be specified in the application. It may, for example, be the following:

a) Name of the vessel and other elements required for its identification, e.g. tonnage, port of register, registration number;

b) Name and address of the owner;

c) Name of the holder of the mortgage or hypothec;

d) Date of execution of the mortgage or hypothec;

e) Maximum amount secured.

14.3.3.8 DOCUMENTS REQUIRED FOR REGISTRATION

In addition to the application, a certified copy of the instrument whereby the mortgage or hypothec is created must be produced to the registrar.

14.3.3.9 REGISTRATION OF THE MORTGAGE OR HYPOTHEC

The register in which the mortgage or hypothec may be registered should be specified, as well as the manner in which registration is to be effected, e.g. first by noting the day and time of the application in a book and then by copying in the register the information contained in the application for registration.

14.3.3.10 ENDORSEMENT OF THE MORTGAGE OR HYPOTHEC IN THE SHIP'S PAPERS

Any ship must carry on board a document issued by the flag state certifying the nationality of the ship and providing information as to ownership. It is customary for information also to be provided, preferably in the same document, on mortgages or hypothecs registered on the ship. This enables third parties who deal with the ship in places other than the port of registry to obtain information as to whether or not the ship is free from charges. It should, however, be specified that where the information endorsed in the ship's papers is in conflict with that registered in the ship's register, the latter shall prevail.
The first decision which should be taken is whether endorsement in the ship's papers is a requirement for perfection or not. The better view is that it should not, for otherwise it would always take a certain amount of time to create a mortgage or hypothec on a ship away from her home port, whilst transactions such as loans may have to be concluded quickly. It is appreciated that this may be detrimental to third parties who may not be able fully to rely on the information contained in the ship's papers, but if third parties know that this is the case (a notice in this respect should be inserted in the ship's papers), they will inspect the ship's register prior to concluding a major transaction.

Perfection of registration in so far as the ships register is concerned may be deemed to exist either upon the registrar noting the application in his book and returning a copy of the application with a statement to this effect, or upon the registrar actually copying in the register the information contained in the application. In both cases it must be provided that the registrar must record in the register the mortgages or hypothecs and other acts (such as a sale) in the order in which he has received them.

Registration is relevant not only in respect of the priority between holders of mortgages or hypothecs, but also in respect of holders of different rights, such as a mortgage or hypothec on the one hand and the title in the ship on the other hand. There should, therefore, be a general rule to the effect that to the extent to which they are in conflict, a right registered prior in time prevails over a right registered subsequently.

Priority may be based on the day and time of registration, the mortgage or hypothec registered first taking precedence over that registered later, albeit on the same day, or on the day of registration, mortgages or hypothecs registered on the same day ranking equally.

If it is desired to strengthen the security of the holder of a mortgage or hypothec and to create incentives for ship financing, the enforcement of the security should be made as easy and as simple as possible. The following provisions may be considered:

a) Power of the holder of the mortgage or hypothec to sell the ship and to satisfy his credit out of the proceeds of sale, placing the balance, if any, at the disposal of the owner;

b) Power of the holder of the mortgage or hypothec to take possession of and operate the ship, whereupon the master shall comply with his orders;
c) Power of the holder of the mortgage or hypothec to request the competent court to seize the ship and sell it in a forced sale.

14.3.3.15 SUBROGATION AND ASSIGNMENT

Subrogation should occur in the same situations as for privileged claims as well as in the case of damage to or loss of the ship giving rise to a claim against the insurer. Assignment of the secured credit must result in the automatic transfer of the mortgage or hypothec securing such credit, in view of the accessory character of the mortgage or hypothec.

14.3.3.16 EXTINCTION

Provision should be made for cases of extinction of the security. They may include:

a) Satisfaction of the credit;

b) Extinction of the credit otherwise than by satisfaction;

c) Loss of the ship but preserving always subrogation in the claim against the insurer;

d) Deregistration of the mortgage or hypothec or of the ship.
ANNEX 7

THE INTERNATIONAL ASSOCIATION OF CLASSIFICATION SOCIETIES

Membership of IACS is help by nine leading, Classification Societies:

American Bureau of Shipping
Bureau Veritas
Det norske Veritas
Germanischer Lloyd
Lloyd’s Register of Shipping
Nippon Kaiji Kyokai
Polski Rejestr Statknow
Registro Italiano Navale
USSR Register of Shipping

Source: IACS, FOR ALL CONCERNED WITH SAFETY AT SEA.
ANNEX 8

RESOLUTION A.466(XII)

Adopted on 19 November 1981
Agenda item 10(b)

PROCEDURES FOR THE CONTROL OF SHIPS

THE ASSEMBLY,

RECALLING Article 16(i) of the Convention on the Inter-Governmental Maritime Consultative Organization,

RECALLING FURTHER that it had adopted by resolution A.321 (IX) Procedures for the Control of Ships under Regulation 19 of Chapter I of the International Convention for the Safety of Life at Sea, 1960, and Article 21 of the International Convention on Load Lines, 1966,

NOTING that the Maritime Safety Committee as requested in resolution A.321(IX) prepared the document entitled “Sub-standard Ships: Guidelines on Control Procedures” (MSC/Circ. 219),

RECALLING ALSO that with resolution A.390(X) it had urged Governments of flag States to submit information about action taken in respect of ships entitled to fly the flag of their State which were reported as not complying fully with the requirements of the above Conventions,

REAFFIRMING its desire to ensure that ships comply at all times with maritime safety standards prescribed by relevant conventions,

HAVING NOTED the continuous work of the Maritime Safety Committee on the subject of improving the Procedures for the Control of Ships, including the Guidelines, with reference to the International Convention for the Safety of Life at Sea, 1974,

HAVING CONSIDERED the recommendation made by the Maritime Safety Committee at its forty-third session,

1. ADOPTS the improved Procedures for the Control of Ships and Guidelines thereto contained in the Annex to this resolution, which supersedes the texts set out in the Annex to resolution A.321(IX) and in MSC/Circ. 219;

2. INVITES Member Governments and Contracting Governments to the aforementioned Conventions to implement the improved Procedures and Guidelines;

3. REQUESTS Governments concerned to provide information on:

   (a) The services available in each country for the controlling functions under the relevant Conventions and when necessary to update the information previously submitted;

   (b) Action taken in respect of ships found to be deficient in relation to the above Conventions in their role as either port or flag State Government;
4. REQUESTS the Maritime Safety Committee to continue its work on this subject with a view to improving the Procedures and Guidelines further as may be necessary and progressively to extend these to cover:

(a) The Protocol of 1978 relating to the International Convention for the Safety of Life at Sea, 1974;
(b) The forthcoming amendments to the 1974 SOLAS Convention; and
(c) Any new conventions;

when experience has been gained with these instruments;

5. FURTHER REQUESTS the Secretariat to update when necessary the information from Member countries on inspection services available domestically and abroad, for circulation to Governments concerned.

ANNEX

PROCEDURES FOR THE CONTROL OF SHIPS

1 Introduction

1.1 Under the provisions of the applicable International Convention for the Safety of Life at Sea and the International Convention on Load Lines, 1966, the Administration (i.e. the Government of the flag State) is responsible for promulgating laws and regulations and for taking all other steps which may be necessary to give these Conventions full and complete effect so as to ensure that, from the point of view of safety of life, a ship is fit for the service for which it is intended.

1.2 In some cases it may be difficult for the Administration to exercise full and continuous control over some ships entitled to fly the flag of its State, for instance those ships which do not regularly call at a port of the flag State. The problem can be, and has been, partly overcome by appointing inspectors at foreign ports or authorizing classification societies to act on behalf of the flag State Administration.

1.3 The following control procedures should be regarded as complementary to national measures taken by Administrations of flag States in their countries and abroad and are intended to assist flag State Administrations in securing compliance with convention provisions in safeguarding the safety of crew, passengers and ships.

1.4 The procedures are intended to apply to ships which come under the provisions of the applicable International Convention for the Safety of Life at Sea and the International Convention on Load Lines, 1966.

1.5 Port States should carry out control of ships of non-convention countries and of ships below convention size, but deficiency reports should be submitted to the Administration of the country concerned and not to the Organization.

1.6 Deficiency reports under the Memorandum of Understanding between certain maritime Administrations or any similar agreement should not be sent to the Organization except if related to IMCO conventions and in conformity with the present procedure.

2 General

2.1 Regulation 19 of Chapter I of the applicable International Convention for the Safety of Life at Sea, and Article 21 of the International Convention on Load Lines, 1966, provide for control procedures to be followed by the Contracting Governments with regard to foreign ships visiting their ports. The authorities of port States should make effective use of these provisions for the purposes of identifying deficiencies, if any, in such ships which may render them sub-standard (see 3.1) and ensuring that remedial measures are taken. Such control may be initiated either:
.1 by a visit of a control officer of the port State to verify that there are on board valid certificates; or

.2 on the basis of information regarding a sub-standard ship submitted to the authorities of the port State in accordance with the procedures under section 4.

2.2 Contracting Governments should be aware that whereas they may entrust inspection and survey either to surveyors nominated for this purpose or to organizations recognized by them, it is preferable that the right to board and inspect ships for the purposes of control and the power to detain them should be implemented by government inspectors including those surveyors of the classification societies who, in practice, act as government officials of the port State.

2.3 Guidelines on control procedures are given in Appendix 1.

3 Identification of a sub-standard ship

3.1 In general, a ship is regarded as sub-standard:

3.1.1 if the hull, machinery or equipment such as for life-saving, radio and fire-fighting are below the standards required by the relevant Convention, owing to, inter alia;

.1 the absence of equipment or arrangement required by the conventions;

.2 non-compliance of equipment or arrangement with relevant specifications of the Conventions;

.3 substantial deterioration of the ship or its equipment because of, for example, poor maintenance; and

3.1.2 if these evident factors as a whole or individually make the ship unseaworthy and would put at risk the life of persons on board if it were allowed to proceed to sea.

3.2 The lack of valid certificates (or the lack of Radiotelegraph Operator's Certificates or Radiotelephone Operator's Certificates) as required by the relevant Conventions, will constitute prima facie evidence that a ship may be sub-standard and will form the basis of a decision to detain the ship forthwith and to inspect it.

3.3 It is impracticable to define a sub-standard ship solely by reference to a list of qualifying defects. The inspector will have to exercise his professional judgement to determine whether to detain the ship until the deficiencies are corrected or to allow it to sail with certain deficiencies which are not vital to the safety of the ship, its crew or passengers, having regard to the particular circumstances of the intended voyage.

4 Submission of information to a port State about a sub-standard ship

4.1 Information that a ship appears to be sub-standard may be submitted to the appropriate authorities of the port State (see 4.4) by a member of crew, a professional body, an association, a trade union or any other individual with an interest in the safety of the ship, its crew and passengers. So far as the crew is concerned, it would be advisable that the submission should be subscribed to by more than one member.

4.2 It is desirable that such information should be submitted in writing. This would permit proper documentation of the case and of the alleged deficiencies including the identification of the source of the information. When the information is passed verbally, it is preferable to require subsequently the filing of a written report, identifying for the purposes of the port State's records the individual or body providing the information.
4.3 Information which may cause an investigation to be made should be submitted as early as possible after the arrival of the ship giving adequate time to the authorities to act as necessary.

4.4 Each Contracting Government should determine which authorities should receive information on sub-standard ships and initiate action. Measures should be taken to ensure that information submitted to the wrong department should be promptly passed on by such department to the appropriate authority for action.

5 Action by port States in response to information about sub-standard ships

5.1 On receipt of information about a sub-standard ship, the authorities, after evaluating, in consultation with the master as appropriate, the seriousness of the information and the reliability of its source, should immediately investigate the matter and take the action required by the circumstances. Information judged by the authorities to be bona fide under the present procedures could constitute clear grounds for believing that the condition of the ship or its equipment does not correspond substantially with the particulars of the relevant certificates required by the applicable International Convention for the Safety of Life at Sea, or the International Convention on Load Lines, 1966, and the consequential need for inspection. Care should be taken to avoid any undue delay to the ship.

5.2 Authorities which receive information about a sub-standard ship which could give rise to intervention should forthwith notify any maritime, consular and/or diplomatic representatives of the flag State in the area of the ship and request them to initiate or co-operate with investigations. Likewise, the classification society which has issued the relevant certificates on behalf of the flag State should be notified. These provisions will not, however, relieve the authorities of the Contracting Government of the port State from the responsibility for taking appropriate action in accordance with its powers under the relevant Conventions.

5.3 If the port State receiving information is unable to take action because there is insufficient time or no inspectors can be made available before the ship sails, the information should be passed to the authorities of the country of the next appropriate port of call, to the flag State and also to the relevant classification society in that port, where appropriate.

6 Procedures to be followed after exercise of control

6.1 The authorities of port States which have exercised control giving rise to intervention of any kind, whether or not as a result of information about a sub-standard ship, should forthwith notify any maritime, consular and/or diplomatic representatives of the flag State in the area of the ship of all the circumstances unless this is already done under 5.2. If such notification is made verbally, it should be subsequently confirmed, in writing. Likewise, the classification societies which have issued the relevant certificates on behalf of the flag State should be notified.

6.2 If the ship has been allowed to sail with known deficiencies, the authorities of the port State should communicate all the facts to the authorities of the country of the next appropriate port of call, to the flag State and to the relevant classification society, where appropriate. Lists of Addresses of Administrations to which the reports should be sent and of available inspection services are given in Appendix 3.

6.3 Contracting Governments, when they have exercised control giving rise to intervention of any kind, are urged to submit to the Organization reports in accordance with Regulation 19 of Chapter I of the applicable International Convention for the Safety of Life at Sea or Article 21 of the International Convention on Load Lines, 1966. Such deficiency reports should be made in accordance with the form given in Appendix 2.
6.4 Copies of deficiency reports made in accordance with paragraph 6.3 by Contracting Governments should, in addition to being forwarded to the Organization, be sent by the port State without delay to the authorities of the flag State and, where appropriate, to the classification society which had issued the relevant certificate. Deficiencies found which are not related to the applicable International Conventions for the Safety of Life at Sea, and the International Convention on Load Lines, 1966, should be submitted to flag States and/or to appropriate organizations but not to IMCO.

6.5 On receipt of such deficiency reports, the Administration of the flag State and/or, where appropriate, the classification society through that Administration, in addition to initiating any remedial action, is urged to forward comments to the Organization as soon as possible, preferably within three months after receipt. Such comments should be made in accordance with the form given in Appendix 2.

6.6 In the interest of making information regarding deficiencies and remedial measures generally available, a summary of such reports which have been received six months prior to every session of the Maritime Safety Committee should be prepared by the Secretariat, for consideration by the Maritime Safety Committee at every session, together with comments, if any, provided by the Administration of the flag State, which should include the reports of the classification society, if any. Copies of the reports should be circulated also to Contracting Governments which are not Members of IMCO.

6.7 In the summary of deficiency reports an indication should be given (flag State action) as to whether a comment by the flag State concerned is outstanding (comment). Deficiency reports upon which expected flag State comments are outstanding shall be repeated in consecutive summaries of deficiency reports until such comments have been received. Before repeating such deficiency reports in subsequent summaries, the Secretariat should remind flag States concerned of any outstanding comments.

6.8 While Article 21 of the International Convention on Load Lines, 1966, does not provide for the submission of deficiency reports to the Organization, it is recommended that such reports should be made and submitted in accordance with the Procedures for the Control of Ships and the Guidelines on Control Procedures, where failure to comply with the convention requirements has led to an intervention by a port State.

APPENDIX 1
GUIDELINES ON CONTROL PROCEDURES

General

1 In the exercise of control functions the surveyor will have to use his professional judgement to determine whether to detain the ship until the deficiencies are corrected or to allow it to sail with certain deficiencies which are not vital to the safety of the ship, its crew or passengers, having regard to the particular circumstances of the intended voyage. The following notes are intended to be used for the guidance of surveyors mainly in connexion with the physical condition of a ship and its equipment. Nevertheless the surveyor should also take into account the requirement of Regulation 13, Chapter V of the applicable International Convention for the Safety of Life at Sea that all ships shall be sufficiently and efficiently manned.

2 In the pursuance of control procedures under Regulation 19 of Chapter I of the applicable International Convention for the Safety of Life at Sea, or Article 21 of the International Convention on Load Lines, 1966, which, for instance, may arise from information given to a port State regarding a sub-standard ship, an authorized surveyor may proceed to the ship and before boarding gain, from its appearance in the water, an impression of its standard of maintenance from items such as the condition of its paintwork, corrosion or pitting and unrepaired damage.
Year of build

3 At the earliest possible time the surveyor should ascertain the year of build for the purpose of determining which conventions are applicable and to indicate that information in the report.

4 On boarding and introduction to the master or responsible ship’s officer, he should examine all SOLAS Convention and Load Line Convention certificates. He should also take note of any requirements placed on the certificates by the flag State indicating which convention requirements for new ships shall be applied to their existing ships. If the certificates are valid and his general impressions and his visual observations on board confirm a good standard of maintenance he should generally confine his inspection to any reported deficiencies.

Inspection

5 If, however, the surveyor from his general impressions or observations on board has clear grounds for believing that the ship might be sub-standard, he should proceed to a more detailed inspection, taking the following considerations into account.

Structure

6 His impression of shell maintenance and the general state on deck, the condition of such items as ladderways, guardrails, pipe coverings, and areas of corrosion or pitting should influence his decision as to whether it is necessary to make the fullest possible examination of the structure with the ship afloat. Significant areas of damage or corrosion, or pitting of plating and associated stiffening in decks and hull affecting seaworthiness or strength to take local loads, may justify detention. It may be necessary for the underwater portion of the ship to be checked. In reaching his decision, the surveyor should have regard to the seaworthiness and not the age of the ship, making an allowance for fair wear and tear over the minimum acceptable scantlings. Damage not affecting seaworthiness will not constitute grounds for judging that a ship should be detained, nor will damage that has been temporarily but effectively repaired for a voyage to a port for permanent repairs. However, in his assessment of the effect of damage the surveyor should have regard to the location of crew accommodation and whether the damage substantially affects its habitability.

Machinery spaces

7 The condition of the machinery and of the electrical installations should be such that they are capable of providing sufficient continuous power for propulsion and for auxiliary services.

8 During inspection of the machinery spaces, the surveyor will form an impression of the standard of maintenance. Frayed or disconnected quick closing valve wires, disconnected or inoperative extended control rods or machinery trip mechanisms, missing valve handwheels, evidence of chronic steam, water and oil leaks, dirty tank tops and bilges or extensive corrosion of machinery foundations are pointers to an unsatisfactory organization. A large number of temporary repairs including pipe clips or cement boxes will indicate reluctance to make permanent repairs.

9 While it is not possible to determine the condition of the machinery without performance trials, general deficiencies such as leaking pump glands, dirty water gauge glasses, inoperative pressure gauges, rusted relief valves, inoperative or disconnected safety or control devices, evidence of repeated operation of diesel engine scavenging belt or crankcase relief valves, malfunctioning or inoperative automatic equipment and alarm systems, and leaking boiler casings or uptakes, would warrant inspection of the engine room log-book and investigation into the record of machinery failures and accidents and a request for running tests of machinery.
10 If one electrical generator is out of commission, the inspector should investigate whether power is available to maintain essential and emergency services and should make tests.

11 If evidence of neglect becomes evident, the surveyor should extend the scope of his investigation to include, for example, tests on the main and auxiliary steering gear arrangements, overspeed trips, circuit breakers, etc.

12 It must be stressed that while detection of one or more of the above deficiencies would afford guidance to a sub-standard condition, the actual combination is a matter for professional judgement in each case.

Conditions of assignment of load lines

13 It may be that the surveyor has concluded that a hull inspection is unnecessary but, if dissatisfied, on the basis of his observations on deck, with items such as defective hatch closing arrangements, corroded air pipes and vent coamings, he should examine closely the conditions of assignment of load lines, paying particular attention to closing appliances, means of freeing water from the deck and arrangements concerned with the protection of the crew.

Life-saving appliances

14 The effectiveness of life-saving appliances depends heavily on good maintenance by the crew and their use in regular drills. The lapse of time since the last survey for a Safety Equipment Certificate can be a significant factor in the degree of deterioration of equipment if it has not been subject to regular inspection by the crew. Apart from failure to carry equipment required by a Convention or obvious defects such as holed lifeboats, the surveyor should look for signs of disuse of, or obstructions to, boat launching equipment which may include paint accumulation, seizing of pivot points, absence of greasing, condition of blocks and falls and improper lashing or stowing of deck cargo.

15 Should such signs be evident, he would be justified in making a reasonably detailed inspection of all life-saving appliances. Such an examination might include the lowering of boats, a check on the servicing of liferafts, the number and condition of life-jackets and lifebuoys and ensuring that the pyrotechnics are still within their period of validity. It would not normally be as detailed as that for a renewal of the Safety Equipment Certificate and would concentrate on essentials for safe abandonment of the ship, but in an extreme case could progress to a full Safety Equipment Certificate inspection. The provision and functioning of effective overside lighting, means of alerting the crew and provision of illuminated routes to embarkation positions should be given importance in the inspection.

Fire safety

16 **Ships in general:** The poor condition of fire and wash deck lines and hydrants and the possible absence of fire hoses and extinguishers in accommodation spaces might be a guide to a need for a close inspection of all fire safety equipment. Even on a ship which is otherwise well regulated and maintained, the effectiveness of the emergency fire pump can be suspect. However, if the fire pump is inoperable, this in itself would not constitute grounds for judging the ship as sub-standard, but the ship should not be permitted to sail until the fire pump is operable or some alternative means is provided. In addition to compliance with convention requirements the surveyor should look for evidence of a higher than normal fire risk; this might be brought about by a poor standard of cleanliness in the machinery space, which together with significant deficiencies of fixed or portable fire-extinguishing equipment could lead to a judgement of the ship being sub-standard.
17 **Passenger ships:** Having regard to the annual survey requirements applicable to passenger ships with convention certificates, the number of such ships likely to qualify for consideration as sub-standard should be small in relation to cargo ships. However, the surveyor should initially form his opinion of the need for inspection of the fire safety arrangements on the basis of his consideration of the ship under the previous headings and, in particular, that dealing with fire safety equipment. If the surveyor considers that a more detailed survey of fire safety arrangements is necessary, he should examine the fire control plan on board in order to obtain a general picture of the fire safety measures provided in the ship and consider their compliance with convention requirements for the year of build. Queries on the method of structural protection should be addressed to the flag Administration and the surveyor should generally confine his inspection to the effectiveness of the arrangements provided.

18 The spread of fire could be accelerated if fire doors are not readily operable. The surveyor might inspect for their operability and securing arrangements those doors in main zone bulkheads and stairway enclosures and in boundaries of high fire risk spaces such as main machinery rooms and galleys, giving particular attention to those retained in the open position. Attention should also be given to main vertical zones which may have been compromised through new construction. An additional hazard in the event of fire is the spread of smoke through ventilation systems. Spot checks might be made on dampers and smoke flaps to ascertain the standard of operability. The surveyor might also ensure that ventilation fans can be stopped from the master controls and that means are available for closing main inlets and outlets of ventilation systems.

19 Attention should be given to the effectiveness of escape routes by ensuring that vital doors are not maintained locked and that alleyways and stairways are not obstructed.

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**Regulations for Preventing Collisions at Sea**

20 A vital aspect of ensuring safety of life at sea is full compliance with the Collision Regulations. In his observations on deck the surveyor should consider the need for close inspection of lanterns and their screening and means of making sound and distress signals.

**Cargo Ship Safety Construction Certificate**

21 The general condition of the ship may lead the surveyor to consider matters other than those concerned with safety equipment and assignment of load lines, but nevertheless associated with the safety of the vessel, such as the effectiveness of items associated with the Cargo Ship Safety Construction Certificate, which can include pumping arrangements, means for shutting off air and oil supplies in the event of fire, alarm systems and emergency power supplies.

**Cargo Ship Safety Radio Certificates**

22 The validity of the Cargo Ship Safety Radiotelegraphy or Safety Radiotelephony Certificate may be accepted as proof of the provision and effectiveness of its associated equipment but the surveyor should ensure that appropriate certificated personnel are carried for its operation and for listening periods. The radio log should be examined to confirm that mandatory safety radio watches are being maintained.

**Equipment in excess of convention or flag State requirements**

23 Equipment on board which is expected to be relied on in situations affecting safety or pollution prevention must be in operating condition. If such equipment is inoperative and is in excess of the equipment required by an appropriate convention and/or the flag State it should be repaired, removed or, if removal is not practicable, clearly marked as inoperative and secured.
Temporary substitution of equipment

24 In any inspection concerned with the assessment of a ship, the surveyor should have as his objective the ensuring of conditions vital for the safety of the ship and its passengers and/or crew. This should be the determining factor in his judgement whether to detain. It may be that replacement equipment cannot be obtained without serious delay to the ship; in such a case, provided effective alternative means are substituted until convention requirements can be met, the ship should not be detained, always on the understanding that due promptness is observed in effecting replacements. A typical example is substitution of liferafts for a damaged boat; provided that means are also available for rescuing a man overboard, a ship should not be detained. However, the associated circumstances of the need for replacement of equipment should be considered in the surveyor's assessment of the ship.

Conclusion

25 The surveyor should ensure that all vital remedial measures are taken to safeguard the safety of the ship and its passengers and/or crew before permitting a ship to sail.

APPENDIX 2
PORT STATE REPORT ON DEFICIENCIES \(^1\)
(Issued in accordance with resolution A.466(XII))

1. Reporting country: .................................................................

2. Name of ship ................................................................. type of ship \(^2\) .................................................................

3. Flag of ship ................................................................. year of build .................................................................

4. Gross tonnage .................................................................

5. Date and place of inspection ................................................................. year of build .................................................................

6. Nature of deficiency in relation to Convention requirements:

   (a) deficiency \(^3\)

   (b) Convention Regulation \(^4\)

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\(^1\) Deficiencies concerning matters not related to the applicable International Convention for the Safety of Life at Sea, and the International Convention on Load Lines, 1966, should be submitted to flag States and/or the organization concerned.

\(^2\) Indicate whether passenger ship, cargo ship, bulk carrier, tanker, ro/ro vessel, fishing vessel, etc.

\(^3\) Refer only to the relevant parts or equipment of the ship which were found deficient (e.g. life-saving equipment, machinery and electrical installations, hull, radio installation, fire-fighting equipment, watertight integrity, etc.) as appropriate. Detailed deficiency report to be forwarded to the flag State without delay.

\(^4\) Quote the relevant convention Regulation (e.g. Regulation 9(a)(ii), Chapter III, SOLAS 1974).
7. Relevant Certificates

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<tr>
<th>(a) title</th>
<th>(b) issuing authority</th>
<th>(c) dates of issue and expiry</th>
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(d) The information below concerning the last intermediate survey shall be provided if the next survey is due or overdue:

1. Date: 19... Place: (surveying Authority)

2. Date: 19... Place: (surveying Authority)

3. Date: 19... Place: (surveying Authority)

4. Date: 19... Place: (surveying Authority)

5. Date: 19... Place: (surveying Authority)

8. Brief note of action taken:

9. Flag State, classification society and/or next port of call, as appropriately notified, as follows:

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5 E.g., vessel detained, consul informed, Certificate withdrawn/renewed/extended, provisional certificate issued and conditions under which it was issued, next port of call informed, etc.

6 Quote title and address of Administration and/or classification society
COMMENTS BY FLAG STATE ON DEFICIENCY REPORT
(Issued in accordance with resolution A.466(XII))

Deficiency report No.: ..................................................

Name of ship: ..........................................................

Flag State: ..........................................................

Gross tonnage: .........................................................

Reporting country: ...................................................

Classification society involved: ......................................

Brief note on remedial action taken: ..............................

1 Quote symbol and report number of IMCO list of deficiency reports (e.g. MSC XL/L4, Annex 1, No. 48)

2 Indicate also action, if any, regarding the relevant Certificates (e.g. extension, renewal, withdrawal, provisional and conditions).
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