

# THE OFFICIAL GUIDE TO SHIP REGISTRIES 2002

edited by

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# PREFACE

This latest biannual update of the Official Guide to Ship Registries (OGSR) has been in process for many months and contains some significant changes to the ship registration procedures of a number of countries. We have added four new jurisdictions in which ships can be registered, have received detailed updates from over 60% of the previous entries, and have contacted all of them. Among the most significant changes have been:

- South Africa – Major changes in the tax system as applied to shipping,
- Canada – A major revamp is currently in Parliament, watch the website for details,
- Norway – New fee schedules for the Ship's Register and for the Norwegian Maritime Directorate,
- Netherlands Antilles – Major legislative changes are scheduled for the near future, and
- Belize – New quality initiatives and new fees and incentives for vessels over 7500 GT.

These changes reinforce the importance of an up-to-date compilation and analysis that compares and contrasts the various countries in which ships can be registered, and we draw your particular attention to the rate comparison chart and the sample fee calculation we have prepared and present on page 435.

But a biannual book is no longer as efficient a means of delivering timely notice of updates and changes as is a CD or a website. Therefore, this year we have prepared a CD version of this 2002 Edition and we are making it available to our subscribers as a companion to the book. We have also created a website at [www.guidetoshipregistries.com](http://www.guidetoshipregistries.com) which mirrors the format of the OGSR and is available to our subscribers for a small annual fee. The website will be continually updated as we receive notice of changes to the ship registration requirements and regulations or statutes of the various countries. Relevant costs of registration and other significant areas of comparison will be updated as often as necessary in order to provide our subscribers with the latest information possible. The importance of timely updates of such information cannot be over emphasized.

The question of which registry is most appropriate for a particular vessel is of increasing importance from both a financial perspective as well as that of perceived quality. It is still the case that some flags have a greater reputation for quality than others. As the industry becomes even more highly regulated through enforcement of the ISM, Port State Control and now STCW, there will be increasing pressure on flag states to tighten registration requirements and vigorously enforce their standards. Belize is an example of a registry that has gotten the message and is actually dismissing substandard vessels from its registry. We envision even more of this sort of responsible behavior from all flags in the future. This should strengthen the case for individual countries of registry and diminish the movement toward a universal ship registry model.

This edition could not have been possible without the assistance and cooperation of many in the industry in law firms, shipping companies, agencies, registry offices, etc. for which we are most grateful. Their continuing input of changes in the various registry regulations and company and tax statutes is also extremely important to maintain the relevance and accuracy of the website, and we thank them in advance for their commitment to this effort. With the timely submission of registry changes from our contributors and subscribers, the website should greatly enhance the worldwide reputation of the OGSR and improve its relevance and importance to our subscribers. For that, we thank you all.

— *Michael E. Hanson*  
— *Vernon C. Miller, Jr.*

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# THE CONCEPT OF SHIP REGISTRATION

According to the fundamental principles of public international law, all vessels using the high seas must possess a national character; a stateless ship enjoys no protection under international law. "Vessel registration", meaning the entry of a ship in the public records of a State, is the process by which a ship takes on a national character. Every "Flag State" maintains a register in which the particulars of merchant vessels possessing the nationality of that State are entered. Upon registration, a vessel is entitled to hoist the national flag and will be issued vessel documents (e.g. Certificate of Registry, Patent de Navegación) attesting to its nationality.

Once a vessel is registered, there are several rights which are conferred including the right to diplomatic protection and consular assistance by the Flag State; the right to naval protection by the Flag State, and, in some cases, the right to engage in certain activities within the territorial waters of the Flag State (e.g. fishing or trading between the ports of the Flag State known as "cabotage"). The title of the registered owner is protected, and

the priorities among persons holding security interests over the vessel, such as mortgagees, may be preserved.

## REGISTRY DESIGNATIONS

Every sovereign State may decide to whom it will accord the right to fly its flag and may prescribe the rules governing such grants. Generally, the traditional maritime nations limit those who may register a vessel to nationals of that nation or to entities incorporated or organized in that nation. These "national flags" account for roughly 50% of the world's oceangoing fleet. They are protected as arms of national defense, sources of jobs, and territorial pride. Cargoes are reserved for them, fishing rights belong to them, and tax and subsidy benefits accrue to them.

During the last five decades, several Flag States have offered their maritime flag registration to owners from another country. These "open registers" generally offer simple registration procedures, low or non-existent taxes, and no practical restrictions on nationality of crew.

A relatively new phenomenon are the "second registers" which have been established by traditional maritime nations allowing for more relaxed crewing requirements. Although there are only a handful of second registers already existing, owners and operators in many countries are calling for legislation to set up such a program.

## FLAGS OF CONVENIENCE

Some, but not all, open registers are considered to be "flags of convenience" or "FOCs". Although this term is commonly used in the shipping industry to refer to all open registers, it really refers only to those open registries designated by a joint committee of seafarers' and dockers' unions belonging to the International Transport Workers' Federation ("ITF"). The ITF and others oppose the FOC system focusing their criticism on labor issues, safety, and economic distortion. The ITF Fair Practices Committee runs a campaign against FOC ships by urging its affiliated dockers' unions to refuse to load or discharge such vessels and by insisting that shipowners op-

erating vessels under flags of convenience employ their crews under the ITF Collective Agreement which contains terms and conditions for the employment of seafarers unilaterally determined by the ITF.

Countries are added to the FOC list according to certain criteria, most importantly that a majority of vessels in the register are foreign owned or controlled; vessels that are genuinely owned in designated FOC States by nationals of that state are actually considered to fly the *national* flag. The ITF uses a balance of proof: ITF unions and inspectors will assume that a ship flying an FOC flag is foreign owned unless proven otherwise, and a national flag ship is assumed not to be registered with an FOC.

Some registries fall between national and FOC. Therefore, the ITF has set up a ship by ship category comprised of registers where the ITF recognizes that a majority of vessels are national but there is a substantial number of FOC ships on the register as well. In these cases, each ship is examined individually.

Second registers are similar to FOCs in many ways but consist mostly of nationally owned vessels. Any non-nationally owned ship on these registers is automatically considered to be flying an FOC as are nationally owned vessels without union agreements that are equivalent to ITF minimum standards. Therefore, genuine national flag ships documented with a second register with trade union agreements acceptable to the ITF affiliated seafarers' trade

unions in the respective countries will not be considered as FOC vessels. The ITF reserves the right to designate such second registers as full fledged FOCs, and have already done so in the cases of the Spanish (Canary Islands) and German (GIS) Second Registers.

## BAREBOAT CHARTER REGISTRATION

An increasingly widespread and somewhat controversial

practice is that of bareboat charter registration (sometimes called "parallel registration" or "dual registration") whereby a vessel registered in one State is permitted to fly the flag of a second State for a determined period. In those cases, the vessel, which is already registered in State A, is bareboat chartered to nationals of State B who dual register the vessel under the flag of State B during the term of the charterparty. The primary registration in State A is tempo-

rarily suspended during the term of the dual registration, but becomes fully effective once again upon termination of the charter. State A is known as the "flagging out" State, and State B is known as the "flagging in" State.

Pursuant to the laws of a number of nations, the law of State B applies to the vessel's operation, while the law of State A still applies to any mortgages and associated recorded instruments. ✪

# FORMAT OF THE OFFICIAL GUIDE TO SHIP REGISTRIES

## ORGANIZATION OF THIS VOLUME

This book summarizes the requirements and necessary procedures by which a vessel is registered. Each Flag State is discussed as a separate unit but always following the same format.

## INTRODUCTION

The first few paragraphs of each unit discuss the government structure and the economy of the State concerned including such basic information as the capital city and currency used. This section also lists the statutory citations for the laws regarding vessel registration, the number of vessels currently flying that flag, and whether or not it has been designated as a flag of convenience by the International Transport Workers' Federation or if it is a second register.

Information regarding each nation's government and economy was found in *The World Factbook 1995*, published by the Central Intelligence Agency of the United States, Office of Public and Agency Information, Washington DC 20505, Telephone [1] (703) 351 2053. That

publication is available on the internet at <http://www.odci.gov>. Statistics contained in this book regarding merchant fleet numbers have been provided by lawyers, registry officials, or Lloyd's Register-Fairplay statistics as of 12/31/2002.

## SHIPOWNER ELIGIBILITY

In some Flag States, it is mandatory for citizens or companies of that State to register their ships with the national registry. Other countries permit their citizens or companies to register vessels outside of the national registry, but they do limit vessels which fly their flag to those which are owned by citizens or companies established in the Flag State. In some cases, for example many of the EU countries, reciprocity is given to shipowners from other member States.

## COMPANY FORMATION

This section describes the types of corporations which are permitted under the laws of the country including requirements as to types of shares, minimum

capital, nationality and domicile of shareholders, directors, and officers, and annual reporting. Citations of the corporate laws are given as are the procedures for incorporation.

## TAXATION

Corporate and individual tax liabilities and current taxation rates are discussed, particularly as they apply to shipowners. Countries with which the Flag State has entered a double taxation agreement are listed.

## REGISTRATION & DOCUMENTATION

The documents which are required for registration are listed with information on numbers of copies, necessary notarizations, and fax or photocopy acceptability. The differences between provisional and permanent registrations are identified.

## BAREBOAT CHARTER REGISTRATION

Documentation and procedures for both flagging in and flagging out of the register are explained.

## VESSEL ELIGIBILITY & SURVEY REQUIREMENTS

Some Flag States limit vessels which may be registered to those meeting specific age and tonnage requirements. Initial and periodic inspections and surveys may be carried out by government surveyors or by authorized classification societies as specified.

## CREWING

This section deals with licensing and nationality requirements of officers and ratings as well as statutory minimum crewing scales and standard labor agreements.

## MORTGAGES

In some countries, ship mortgages are recorded in the same office as ship registrations while in others there is a completely separate mortgage registry. This section outlines mortgage recording procedures, priority, and enforcement of security interests.

## FEES

Initial registration and re-registration charges are given as well as annual fees and tonnage taxes, charges for surveys and certificates, recording fees, and the costs of incorporation and company renewals.

## CONTACTS

Names, addresses, telephone, telex and fax numbers and e-mail addresses are provided for the ship registries (including branch and port offices), company registries, government tax offices, and shipowners' associations.

# OTHER AVENUES TO PURSUE FOR RESEARCH ON REGISTRY ISSUES

Finding the governmental authority in countries competent to administer vessel registries and conveying the information requested (let alone securing copies of the laws and schedules of fees, if any) have led the author on a colorful tour of the world's transportation ministries, trade officials, bureaucrats, diplomatic representatives and sympathetic US Foreign Service and Commercial officers. In some cases, the Flag States ignored our repeated requests or the political environment was in upheaval and the rules unclear.

Unfortunately, the International Maritime Organization does not keep records of members' laws or even of registry contacts; but, there are countless enticing avenues to explore to learn about vessel registration or offshore corporate formation.

The *Official Guide to Ship Registries* presents a roster of leads

for the user. The contacts which are provided should be your key to obtaining any further necessary information. However, the following resources were routinely used by the author and editor of its parent publication, *International Ship Registry Review*:

- Contact the Flag State's diplomatic representation in your nation's capital city. Trade or Commercial Officers can assist such inquiries.
- If the country is too small to sponsor a mission in your nation, it may well have an office in another nearby country tasked to handle diplomatic representation in the area.
- Former colonial powers often retain diplomatic ties with many of the world's newer nations in Africa, the Middle East, Asia and Latin America,

and trade delegations and political missions are likely to be available.

- Every country has a mission or presence at United Nations headquarters in New York City, and multilingual contacts can be found there. The United Nations also has multilingual development offices throughout the world.
- Your own country's trade or diplomatic mission in the relevant Flag State locale can be especially helpful in providing corporate formation information as well as advice on tax treaties and trade conditions, and will help you find a contact in the government there for registry issues.
- Your diplomatic representative can usually provide referrals to a local maritime attorney with the required expertise. For example, US embassies

routinely maintain lists of US firms with offices in the host country or local firms accustomed to dealing with international clients.

- Classification societies, particularly those which are members of the International Association of Classification Societies, usually have numerous offices or surveyors located on all continents. Likewise, P&I Clubs have correspondents in hundreds of ports worldwide. These entities usually can assist you to find the proper registration official to answer your inquiry.
- Finally, shipmanagers and even crewing agencies located in the Flag State can provide a wealth of information regarding vessel survey and labor requirements and can often refer you to the appropriate registry office for information on other matters.

## TYPICAL FOREIGN EXCHANGE RATES

Foreign Exchange data for 1 February 2002

Country	Currency Name	Foreign Currency Units/US\$	US\$ Equivalent	Country	Currency Name	Foreign Currency Units/US\$	US\$ Equivalent
Antigua	East Caribbean\$	2.67	0.3745318	Israel	Shekel	4.59	0.2178649
Australia	Dollar	1.9637	0.5092428	Italy	Lira	2245.7318	0.0004453
Bahamas	Dollar	1	1	Jamaica	Dollar	47.3	0.0211416
Bahrain	Dinar	0.377	2.6525199	Japan	Yen	133.15	0.0075103
Bangladesh	Taka	57.25	0.0174672	Jordan	Dinar	0.709	1.4104372
Barbados	Dollar	1.99	0.5025126	Kenya	Shilling	78.64	0.0127162
Belgium	Franc	46.7872	0.0213734	Latvia	Lat	0.6442	1.5523129
Belize	Dollar	1.97	0.5076142	Liberia	US\$	1	1
Bermuda	Dollar	0.99	1.010101	Lithuania	Lita	4.009	0.2494388
Bolivia	Boliviano	6.9095	0.1447283	Luxembourg	Franc	46.817	0.0213598
Bulgaria	Lev	2.2668	0.4411505	Malaysia	Ringgit	3.8	0.2631579
Cambodia	Riel	3835	0.0002608	Malta	Lira	0.4593	2.1772262
Canada	Dollar	1.5905	0.6287331	Mauritius	Rupee	30.25	0.0330579
Cape Verde	Escudo	119.8	0.0083472	Mexico	Peso	9.1605	0.1091643
Cayman Islands	Dollar	0.82	1.2195122	Netherlands Antilles	Guilder	1.78	0.5617978
Chile	Peso official	550.21	0.0018175	Netherlands	Guilder	2.5559	0.3912516
China	Yuan	8.2766	0.1208226	New Zealand	Dollar	2.3912	0.4182001
Colombia	Peso	2270.5	0.0004404	Nigeria	Nairam	114.5	0.0087336
Congo Dem Rep	Congolese Franc	337.5	0.002963	Norway	Krone	9.0876	0.1100401
Congo Republic	CFA Franc	760.78	0.0013144	Oman	Sul Rial	0.38498	2.5975375
Costa Rica	Colon	344.85	0.0028998	Panama	Balboa	1	1
Croatia	Kuna	8.7855	0.1138239	Papua New Guinea	Kina	3.6909	0.2709366
Cyprus	Pound	0.6689	1.4949918	Philippines	Peso	51.3	0.0194932
Czech Republic	Koruna	36.9885	0.0270354	Poland	Zloty	4.1975	0.238237
Denmark	Krone	8.6205	0.1160026	Portugal	Escudo	232.5238	0.0043006
Djibouti	Franc	170	0.0058824	Russia	Ruble	30.74	0.0325309
Dominica	East Caribbean \$	2.67	0.3745318	Sao Tome & Principe	Dobra	8957	0.0001116
Ecuador	US\$	1	1	Saudi Arabia	Riyal	3.7505	0.2666311
Egypt	Pound	4.6325	0.2158662	Singapore	Dollar	1.8325	0.5457026
El Salvador	Colon	8.752	0.1142596	South Africa	Rand	11.66	0.0857633
Estonia	Kroon	18.1589	0.0550694	Spain	Peseta	192.9784	0.0051819
European Union	Euro	1.1598	0.8622176	Sri Lanka	Rupee	93.45	0.0107009
Fiji	Dollar	2.3187	0.4312761	St Vincent	East Caribbean \$	2.67	0.3745318
Finland	Markka	6.896	0.1450116	Sweden	Krona	10.663	0.0937822
France	Franc	7.6079	0.1314423	Switzerland	Franc	1.7144	0.5832944
Gambia	Dalasi	17.65	0.0566572	Taiwan	Dollar	34.95	0.0286123
Germany	Deutsche Mark	2.2684	0.4408394	Thailand	Baht	43.965	0.0227454
Ghana	Cedi	7300	0.000137	Tonga	Pa'anga	2.2095	0.4525911
Gibraltar	Pound	0.7089	1.4106362	Trinidad and Tobago	Dollar	6.16	0.1623377
Great Britain	Pound Sterling	0.7053	1.4178364	Tunisia	Dinar	1.4952	0.6688068
Greece	Drachma	395.2099	0.0025303	Turkey	Lirah	1307500	0.00000076
Grenada	East Caribbean \$	2.67	0.3745318	Turks & Caicos	US\$	1	1
Haiti	Gourde	26.2	0.0381679	United Arab Emirates	Dirham	3.6728	0.2722718
Honduras	Lempira	16.02	0.062422	Uruguay	Pesom	14.425	0.0693241
Hong Kong	Dollar	7.7997	0.1282101	Vanuatu	Vatu	146.9	0.0068074
Hungary	Forint	282.125	0.0035445	Venezuela	Bolivar	766.5	0.0013046
Indonesia	Rupiah	10325	9.685E-05	Vietnam	Dongo	15125	0.00006612
Ireland	Punt	0.9134	1.0948106	Virgin Islands	US\$	1	1



# FLAGS