

# FLAGSHIP

NEWS FROM THE LIBERIAN REGISTRY

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## Ship registry management agreement extended for further ten years

**T**he Liberian Bureau of Maritime Affairs has reached an agreement with the Liberian International Ship & Corporate Registry to extend for a further ten years the agreement under which LISCR manages the registry.

LISCR has managed the Liberian Registry since January 1, 2000. During this period, the registry has greatly improved its levels of service, safety, security and client satisfaction, as a result of which it has attracted a record number of shipowners from around the world. Under LISCR management, the registry has grown in size from 1,700 vessels of 53 million gross tons to nearly 3,100 vessels of almost 93 million gross tons – the highest totals in its sixty-year history.

Yoram Cohen (*pictured, right*), CEO of LISCR, says, “We are delighted to have reached agreement with the Liberian Bureau of Maritime Affairs to extend our management of the Liberian Registry for a further ten years. The registry has a long-established track record of combining the very highest standards for vessels and crews with the highest standards of responsive service to owners, and is on the White List of all the leading Port State Control regimes. Our record speaks for itself, and gives us the opportunity to develop the register still further as an industry leader in terms of its expertise and initiative, and to build on its record tonnage figures.



“The renewal of the management agreement is confirmation of the spectacular progress which the registry has made under LISCR’s stewardship, whilst maintaining its excellent safety record. We have added over 1,300 vessels in the last ten years and, even with the general economic and market downturn and the cancellation of some newbuilding orders, which has affected all ship registries, we are still set fair to significantly increase tonnage levels over the coming years.

“That growth will come from both newbuildings and from existing, quality ships. And it will be growth on an international scale that will reflect the strength of the registry’s global

brand and the high regard in which it is held by leading shipowners and operators. Greece, Germany and Japan are particularly exciting areas for us in terms of expansion, and our dedicated offices in Piraeus, Hamburg and Tokyo are doing brisk business.”

Scott Bergeron, LISCR’s Chief Operating Officer, adds, “These are tough times for shipping and, in order to compete, ship registries have to take a proactive interest in their clients’ business. The Liberian Registry continues to work on a number of initiatives to help its customers survive the current economic crisis, including making special arrangements for ships while in lay-up. And it continues to plan for the future, for example by taking a proactive role on compliance with the ILO Maritime Labour Convention and by providing an industry lead in the conduct of harmonised audits.

“Liberia believes in making sure that well-run ships comply with both the spirit and the letter of the law so that they can go unimpeded about their business of keeping world trade moving and generating much-needed revenue for their owners. Where possible, it does everything it can to anticipate problems before they occur. In this way it can be the eyes and ears of its customers.”

Yoram Cohen concludes, “The Liberian Registry has put in the hard work on a number of important issues, and we are delighted that we will now have the opportunity to see some of our initiatives come to fruition over the next ten years.”

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## New mortgage act will safeguard maritime interests

**T**he Liberian Registry has become the first ship registry outside the EU to introduce an initiative to significantly strengthen security for ship mortgagees, and for shipping generally, as it continues to proactively seek ways to help shipowners and financiers survive the current economic recession.

On May 22, 2009, the Government of Liberia enacted the new Insolvency of Foreign Mortgagees Act, which amends Liberian maritime law to address issues regarding the insolvency of foreign mortgagees under a Liberian mortgage.

The initiative has been welcomed by leading owners and financiers, and has received an emphatic endorsement from, among others, the German maritime community. German banks are among the world's leading ship finance institutions, and German owners have a strong – and growing – commitment to the Liberian Registry. Under the new legislation, Liberian-registered ship mortgages will now be eligible as underlying security for German covered bond certificates ('Pfandbrief'). These covered bonds are collateralised by long-

term assets such as mortgages, and are based on EU model law. They have equivalents in other EU countries and are considered an attractive means by which to raise capital. Investors have confidence in the reliability of the product, and the law provides the necessary legal security to protect investors' interests. In the theoretical event that a bank which has issued such a bond becomes insolvent, the security provided by the other banks involved in the bond scheme is made available only to the covered bond creditors to satisfy their claims. Thus, they are not affected by the insolvency of a bank involved in the scheme.

The Liberian Insolvency of Foreign Mortgagees Act was drafted in consultation with Hamburg and US-based lawyers as well as representatives of the international financial community. It follows the provisions of both the Model Law on Cross-Border Insolvency promulgated by the United Nations Commission on International Trade Law, and Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the Reorganisation

and Winding up of Credit Institutions. As such, the Act's language is familiar and accessible for lawyers, judges and arbitrators in the UK, US, and several other countries. Most significantly, the Act provides that ship mortgages registered with Liberia now qualify as assets to back up a German Pfandbrief, without the quantitative limitations which generally apply to non-EU registries.

LISCR COO Scott Bergeron says, "Especially in these difficult times, this initiative significantly strengthens security not only for ship financing banks, but also for the whole maritime industry. Liberia's new insolvency law recognizes that, in the event of the insolvency of the mortgagee, certain levels of protection may be in place, and full recognition should be given to the appropriate jurisdiction."

Captain Jörg Molzahn, Managing Director of the Liberian Registry's Hamburg office, adds, "As no other open registry has introduced similar solutions, the new law underlines the Liberian Registry's leading role as the world's most proactive ship registry."

## Senior management seminar held in Washington

Good communication is the key to efficient operation. This applies at all levels throughout the shipping industry, and it applies also within the Liberian Registry itself. That is why LISCR regularly organises seminars for the senior managers from its offices around the world. This year, the seminar was held over four days at the end of June in Washington DC, and a range of topical issues was discussed.

The opportunity was taken to review what the registry has achieved over the past twelve months, including refining still further the highest levels of service

and customer satisfaction already achieved, strengthening the global workforce, consolidating our leading position on port state control white lists throughout the world, and further improving Liberia's cutting-edge use of information technologies.

Like all successful commercial operations, the Liberian Registry assesses future challenges and new opportunities on a regular basis. In Washington, for example, we looked at ways to make the registry's industry-leading inspection and audit network even more proactive and beneficial for

owners and operators and for the registry in general, and we made plans for our continuing programme of training and educational courses, which are designed to make Liberia the most efficient and safety-aware flag state in the world. Other subjects discussed in detail included maritime operations and risk assessment.

The Liberian Registry has achieved a pre-eminent position in the list of global ship registry service providers. It intends to consolidate and build on that position in the years to come, and it will do that by communicating with its customers and by communicating within its own ranks.



*At the recent LISCR senior management seminar in Washington, DC (see above), a little time was wisely set aside during the course of a comprehensive schedule of work for team-building and relaxation.*



## Liberia produces best-practice anti-piracy program

**I**n May this year, during a meeting of the Contact Group on Piracy off the Coast of Somalia held at United Nations Headquarters in New York, the Republic of Liberia signed the New York Declaration, a commitment to best management practice to avoid, deter or delay acts of piracy. And Liberia has now followed up that commitment by producing an innovative computer-based training program specifically designed to train crews in the practices necessary to avoid, deter and delay acts of piracy.

The New York Declaration is an agreement between the signatory flag states which condemns acts of piracy and armed robbery against vessels and seafarers and recognises that self-protection measures taken by vessels can be highly effective in avoiding, delaying and deterring acts of piracy.

Governments which have signed the declaration have made a commitment which requires all vessels flying their flags to adopt and document self-protection measures as part of their compliance with the International Ship and Port Facility Security Code. Furthermore, the IMO Maritime Safety Committee, considering the distinctive nature of the incidents of piracy and armed robbery against ships in waters off the coast of Somalia, deemed that guidance specific to the area was warranted and agreed to promulgate Best Management Practices (BMP) for



use by shipowners, operators, managers, shipping companies, ship masters, and ship security officers.

As a result - and as part of the Liberian Administration's efforts to disseminate industry BMP amongst all relevant parties and to assist vessels in complying with the anti-piracy requirements - the Liberian registry has teamed up with ICTS Europe, a UK-based security company to develop a computer-based training program specifically designed for the use of merchant ships in the waters off Somalia. The objective of the program is to train crews in the practices that are necessary to avoid, deter and delay acts of piracy.

The Liberian Registry's innovative BMP package uses state-of-the-art

computer-based tools to offer a concise, multimedia-rich, interactive self-learning course. Whether on land or at sea, BMP can run on any PC, providing an effective tool to improve the competence, confidence and preparedness of masters and crews.

The training program includes a certification test, using multi-choice questions to assess understanding of the training material. Printable, recognised certificates are automatically generated upon successful completion of the course, as is a printable report for the ship master or chief security officer which summarises the status of training and certification for each crew member.

The program has been developed to help users comply with industry recommendations. It is approved by insurance companies as a measure for active risk reduction. Each crew member can proceed with the course at his or her own pace, and training can be carried out on board, without interfering with the daily routine of the crew.

The program is extremely user-friendly, and implementation is straightforward. There is no need for software installation because, once the CD is inserted in the PC drive, the program runs automatically. For more information or to order a copy of the program, please contact [publications@lisacr.com](mailto:publications@lisacr.com) or +1 703 251 2440. You can also order online at: [www.lisacr.com](http://www.lisacr.com)

## Hamburg seminar attracts leading owners

The Liberian Registry takes very seriously the threat to the safety of Liberian-flag vessels posed by attacks by armed pirates, particularly in the Gulf of Aden and the waters off the west coast of Somalia. And, as part of its ongoing efforts to ensure that owners and operators are in possession of the best possible advice on how best to respond to an emergency situation, LISCR is holding a series of exclusive one-day anti-piracy courses and seminars in co-operation with

Maritime Underwater Security Consultants (MUSC) at strategic locations around the world.

Following the success of the first such event in Piraeus in May of this year, a further seminar was held in Hamburg on June 8. A total of 42 delegates attended and participated in the seminar, including some of the leading shipowners in Germany, who contributed to the exercise their invaluable experience, knowledge and lessons learned to date.

During the course of the seminar, current global piracy threats were examined, and this provided the background and basis for the unique and realistic training scenario that took place later in the day.

These piracy seminars are unique in that they provide practical advice to the participants, and the training exercise gave a taste of how it can feel to be involved in the difficult and challenging circumstances which are typically found in a piracy hostage situation, for example.



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## On the register

**S**tephen Frey grew up on Long Island in New York State, which may have had something to do with the affinity he feels with ships and shipping. He attended the US Merchant Marine Academy, and thereafter went to Finland for two years to study for his MBA at the Helsinki School of Economics. Then, following a year spent working as a port and transport consultant in Finland, he was tempted back to the US to work for LISCOR at its Virginia headquarters.



Today, Stephen is Vice-President of the Liberian Corporate Registry, in which role he oversees the activities of the Corporate Registration Department in Virginia and the corporate output of the other regional offices. He has also overseen the transition to operating as an electronic register as well as the expansion of Corporate Services offered through LISCOR's regional offices.

The Corporate Registry's customer base includes all conceivable types of operations, including real estate, holding, and, of course, shipping companies. Stephen explains that the attractions of the corporate registry include the worldwide recognition associated with Liberian incorporation, confidentiality, laws modelled on US corporate law, same-day incorporation, and the continued recognition by Liberia of bearer shares.

Business is holding up in the face of the worldwide economic recession, and the Corporate Registry has even attracted new interest from potential registrants because Liberia itself is not home to the kind of international financial services sector which has come under such increasing scrutiny of late.

Given Stephen's great interest in shipping, it could be argued that he is somewhat removed from the maritime world in his corporate role at LISCOR. But Stephen says, "While it is true that I might appear to be a little divorced from the day-to-day world of the shipping industry, I spend a lot of my time working with shipowners and ship operators, not all of whom have ships under the Liberian flag at present, on both a business and a personal level, and I am in regular contact with members of the shipping community."

Stephen enjoys working with LISCOR, and is proud of the responsive service it offers to the international shipping and corporate community. When he isn't working he enjoys spending time with his Finnish wife and four-year-old daughter and two-year-old son. His hobbies include pistol and rifle-shooting, and one day he would like to find the time to revisit recreational activities such as golf and sailboat racing, which have rather gone by the board in recent years. He also enjoys maritime history, visiting museums and ships whenever he has the opportunity. Shipping is never far from his mind, it seems.

