

FLAGSHIP

NEWS FROM THE LIBERIAN REGISTRY

Issue No. 25

February 2009

Financial crisis is proving ground for ship registers

After the buoyant period enjoyed by the shipping industry in recent years, funding for expansion has now in many cases dried up, along with access to credit, as a result of the crises in financial markets throughout the world. But the Liberian Registry is developing practical solutions to help owners and operators. The registry itself is enjoying a period of record growth. At the end of 2008, 2,924 vessels aggregating 86.6m gt flew the Liberian flag. Last year alone, the register added 514 new vessel registrations. And it is working on a number of initiatives as part of a commitment to help its customers survive the current economic crisis. For example, the registry is prepared to enter into agreements with owners and financiers to permit the deferral of some annual and operational fees under certain circumstances until vessels are removed from lay-up or until they are sold.

Another alternative which owners and financiers are considering is to register the ship under construction. In the case of Liberia, a flat fee of \$2,500 is charged, and annual registration fees are waived until the vessel is subsequently registered on delivery.

Liberia is also in the process of outlining procedures to reduce operational requirements for ships to be registered in laid-up status. In doing so, it has been important to distinguish between so-called 'hot' lay up (a short-term lay up for a period of less than one year) and 'cold' lay-up

(an extended term of lay-up of over one year). During a hot lay-up period, all classification certificates will remain valid, so that the vessel can be transferred from laid-up into active status without any loss of time, in case chartering opportunities become available at short notice. During cold lay-up, the vessel's statutory certification will expire and its class will be suspended.



ISM audits need not be performed during lay-up

When analysing short-term/hot lay-up requirements, minimum safe manning requirements must be looked at very closely. For ships not required to get under way, Liberia has decided that the ship should have on board at least a security watch and standby crew for emergencies.

While Liberia has begun to work with various port state regimes to assess local requirements, owners should contact local port authorities for additional requirements and to provide to the register for review and

approval a security watch / emergency crew plan. During lay-up, ships will not be required to have an Annual Safety Inspection until just before the ship restarts trading.

Regarding ISM and ISPS audits and certification during lay-up, external full-term and intermediate audits should not be performed during lay-up. Although the ship's SMC and ISSC will thereby expire if audits are not conducted, short-term extension for the certificates / audits may be provided in case of temporary lay-up.

In this regard, extending an Interim SMC will be possible, but if a full-term or Interim ISSC expires during the lay up period, new certificates will need to be issued after a new audit is conducted prior to the ship getting underway.

Overall, buyers and mortgagees in possession should feel encouraged to continue a ship's Liberian registration or arrange to re-register the ship in Liberia to take advantage of the registry's existing knowledge of the ship and its condition, the continuation of seafarer licences, recognition of the ship managers and owners' DOC and the administration's worldwide services through regional offices.

In addition, a ship registry's reputation for maintenance of established mortgage recording procedures, a positive enforcement record, fixed lien priority, and submission to jurisdiction outside Liberia need to be considered.

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Sixty years old and still going strong

The average sixty-year-old person is said to have spent twenty years sleeping. But the Liberian Registry, which recently celebrated its sixtieth anniversary, never sleeps, because it is engaged in a global industry and available around the clock to respond to the needs of its worldwide customer base. So how did Liberia get to become the world's second-largest ship register, and a byword for safety and efficiency?

In 1948, the Stavros Niarchos-owned *World Peace* became the first vessel to fly the flag of Liberia. By the end of 1949, five ships had been registered in Liberia, and only seventeen more joined in 1950. But in the twenty-year period between 1958 and 1978, the Liberian fleet grew at a phenomenal rate, and by 1966 it had become the largest in the world. Efficiency, no taxation on profits, and lower operational costs had proved irresistible to shipowners.

Of course open registers such as Liberia have not been without their critics over the years, and Liberia has successfully fought a number of battles throughout its history with labour unions and others designed to unreasonably disrupt and limit its operations. Liberia has faced other challenges, too, from political unrest within the country, which has had a negative impact on its perceived suitability to operate a leading ship register. But, throughout these and other difficulties, Liberia has always maintained – and still does – that all ship registers should be judged on their performance in terms of safety and efficiency, and their treatment of the seafarers who man their ships. In every respect, Liberia has a record of which it can be justly proud.

Shipowners from every maritime nation have at one time or another registered their ships in Liberia. The reasons for this include:

- There are no restrictions on where a Liberian ship may be built;
- Crews may be of any nationality, but must be fully qualified and trained;
- Mortgages registered in Liberia have been shown to be both secure and acceptable in courts around the world, making Liberia particularly attractive to lenders;
- Liberia levies no income tax on the earnings of ships in its register;



The 'World Peace' was the first vessel to be registered under the Liberian flag, in 1948

- Bi-national treaties have been favourable to shipowners in certain trades;
- Technical requirements are those laid down in international treaties and conventions, and are not further amplified by national requirements, as is often the case in more 'traditional' maritime nations;
- Only classification societies which are members of the International Association of Classification Societies (IACS) are allowed to class Liberian-flag ships, which ensures that all are built and maintained to a high standard;
- Liberia requires each ship to be inspected by the register on an annual basis, which helps both the owner and the crew to maintain high standards;
- Liberia imposes no restrictions on where its ships may trade;

● Registry paperwork is minimal, and the process easy, quick and efficient; and, most importantly:

● The register has attracted quality owners, resulting in fewer safety violations, thus keeping port state control detentions to a minimum, which, in turn, has resulted in fewer delays of Liberian ships.

Today the Liberian Maritime Programme is renowned for quality, efficiency, safety and service. Liberia is recognised at the top of every industry 'white list', including the International Maritime

Organisation and the major Port State Control authorities.

The registry's personnel have a strong commitment to operating a quality registry with first-class customer service. Significant investments in new computer and communication technologies have been made to meet the demands of today's shipping industry. The workforce of the Liberian Registry includes the best trained and most experienced maritime experts in the

world. A key to Liberia's success is the employment of industry experts, not bureaucratic regulators.

The registry's growing list of blue-chip shipowners attests to the professional service demanded by leading shipping organisations. Today, the Liberian Registry can proudly claim that its 24-hour-per-day service to clients makes it the value-added partner for shipowners and shipmanagers in the very demanding environment of the modern global shipping industry.

The Liberian Registry proudly upholds its leadership obligation in the maritime industry. It has often led the world in introducing new standards and in implementing new international codes and conventions. Liberia strives to promote practical and achievable improvements in maritime regulations – always trying to satisfy both public interest and the needs of the shipowning community. It has come a long way in sixty years.



New managing director for LISCR's relocated Hamburg offices

LISCR has appointed Jörg Molzahn managing director of its dedicated office in Hamburg, Germany. And it has relocated the office itself to brand-new, larger premises, to accommodate its continually expanding workload.

Jörg says, "I am delighted to be taking on this new challenge. LISCR has a strong and established reputation with German shipowners and operators, and my personal ambition is to build on that still further.

"Relocating to bigger and better premises in Hamburg is further



confirmation of our commitment to the German maritime community. Over the past 2-3 years we have expanded and restructured the register's local operations department as part of our overall commitment to support the maritime operations of our German clients. Now we are working to

establish a corporate department in our Hamburg-based branch office."

LISCR COO Scott Bergeron says, "Experience shows that clients appreciate having a dedicated local contact point for all the services which a flag state can provide. The numbers speak for themselves - almost a third of all ships registered in Liberia are managed from Germany. Thanks to the proven expertise of our staff, we are able to meet the industry-specific requirements of owners and operators."

The contact details for LISCR's new Hamburg headquarters are:
LISCR (Deutschland) GmbH
Hohe Bleichen 11
20354 Hamburg, Germany

New staff appointments reflect continued growth of register



LISCR continues to recruit new personnel to help maintain the high levels of service which the register's customers have come to expect.

In recent months, **Allison Williams** (above) has been appointed Certification Services Manager. Other recent appointments in the Virginia office include **Sharon Langat** (Maritime Department), **Silvio Guerrero** (Seafarers Department) and **Melissa Merjias** (Evaluator and Manager, Seafarers Certification Department), **Aaron Moore** (Corporate Department), **Abul Hasnat** (IT Department), and **Basavaraj Kori** (Accounting Department).

In New York, meanwhile, **Christina Trihas** has joined LISCR from a leading law firm as a new member of our mortgage and deletion department.

Security off East Africa

IN response to the recent increase in the number of armed attacks by pirates in waters off the west coast of Somalia, the Liberian Administration has set a Mandatory Security Level II for all Liberian-flagged vessels when operating in or transiting off the coast of East Africa. Owners are strongly encouraged to advise masters to keep their vessels, if possible, at least 600 nautical miles from the coast of Somalia, Kenya and Tanzania when not calling at ports in the area, and to remain vigilant and question the intentions of all craft approaching their vessels. Mandatory Security Level II is set when operating or transiting within 700 nautical miles from the coast of East Africa between Latitude 16 degrees North to Latitude 25 degrees South and reported to the Liberian Administration by email to security@lisr.com. Security Level II is required to ensure higher vigilance and tighter controls to protect against possible acts of piracy, and will remain in effect until further notice. In addition to increasing precautionary measures in accordance with the vessel's Ship Security Plan (SSP), the Liberian Administration recommends that the following measures are implemented when operating in or transiting affected areas.

- Follow the emergency reporting procedures and schemes in Liberian Security Advisory 11, 2008.

- Restrict wire communications to the absolute minimum.

- Maintain a full 360 degree visual and radar watch throughout the transit, and provide extra lookouts if possible, especially during daylight hours, and closely monitor all targets.

- Emphasise extra security measures by adding more security personnel and roving watches as necessary.

- Refresh the crew regarding all anti-piracy measures recommended by SSP.

- Brief the crew regarding special security measures taken, before arrival in this region.

- Rig all available equipment necessary to deter pirates from coming on board, such as charging fire hoses, and remove any equipment that is hanging over the side that could be used as a means to board/gain access.

- Navigate the affected area at maximum possible speed and use evasive manoeuvres and heavy wheel movements, as necessary, to avoid attempted hijacking.

- Complete a Declaration of Security, if calling at a port, and implement the highest security measures necessary.

- Keep in close co-ordination with the CSO, Authorities and Administration.



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On the register



Kana Shiomitsu started work as an intern at LISCR's Virginia headquarters in October 2004, and quickly proved her worth. Today, she is Customer Services manager at LISCR's Tokyo office, and thoroughly enjoying her role with the Liberian Registry.

After a year working as an intern in Virginia, Kana was offered a full-time role with LISCR. She says she was fortunate that her training gave her the opportunity to work in a number of different departments and provided her with a good grounding in safety, technical, registration, mortgage and corporate matters. In November 2007 she joined LISCR's expanding operation in Tokyo.

She says, "I now take care of all matters relating to ship registration, mortgage activities, corporate filings, and Bunker CLC certificates for Liberian vessels owned by Japanese companies, together with other miscellaneous inquiries. I also deal with clients from other countries in the region, including South Korea and Singapore.

"I am in regular touch with the register's clients, helping them to prepare documents required for registration and filing, and dealing with a variety of applications. Our online office systems are directly connected to LISCR's head office in Virginia, which facilitates fast and efficient registration and filing.

"I get a great deal of satisfaction from helping to provide the register's clients with a prompt and efficient service. Sometimes, a shipowner will thank me personally, perhaps for a job particularly well done, and it is at such moments that I feel very good about the work we are doing at LISCR. And I am particularly pleased when Japanese clients tell me that they appreciate the much easier and faster access which they now have to various procedures and certification processes, in their own language and in their own time zone. Such experiences - and the opportunity to work with interesting people - make my job a fascinating and rewarding one."

Kana lives in the heart of Tokyo, which is a one-hour flight from her birthplace in Nishinomiya. Her mother is happy about that, because Tokyo is much nearer to Nishinomiya than is Virginia, and she gets the chance to see her daughter more often than she used to. In her spare time, Kana enjoys reading and visiting art galleries and museums. Playing golf is her latest hobby, and she started taking lessons last year. But these pastimes will have to fit in with her studies. Kana is about to embark on an international maritime law course at graduate school. She says, "The classes will be after work and on Saturdays, so I am sure that my life is about to become more hectic. But I am so keen to expand my knowledge about something related to my job that I do not mind in the least."

