

# FLAGSHIP

NEWS FROM THE LIBERIAN REGISTRY

Issue No. 29

April 2010

## Sanko Mercury breaks historic 100m gross tons mark

**T**he Liberian Registry passed the historic figure of 100m gross tons with the christening and delivery of the 50,792 dwt bulk carrier *Sanko Mercury* in Japan on March 4.

Speaking at the delivery ceremony at the Oshima Shipbuilding Company in Nagasaki, LISCR's Chief Operating Officer Scott Bergeron said, "This is a genuine milestone in ship registry history, and testament to the way in which Liberia has truly become part of the fabric of high-quality modern shipping.

"In the past five years alone, the Liberian Registry has grown by 40m gt.

That is twice the growth rate claimed by its nearest competitor in terms of total tonnage rankings over the same period, and establishes beyond dispute that Liberia is far and away the fastest growing quality shipping flag in the world. It speaks volumes when a ship register achieves the phenomenal growth which Liberia has posted in recent years and which can still point to an established reputation for maintaining the highest standards for vessels and crews, confirmed by Port State Control and other regulatory authorities.

"Liberia has exceeded its all-time tonnage records by signing up top-



*Scott Bergeron presents a commemorative plaque to Takeshi Matsui, President and CEO of The Sanko Steamship Co Ltd*

quality owners and operators who are attracted by our excellent safety record, our high standards of responsive and cost-effective service, and our proactive approach to problem-solving across all areas of the business. When you are attracting quality owners, especially in a tough market, it makes it easier to attract even more quality owners.

"It is particularly pleasing and appropriate that it should be a Japanese vessel which has taken us over the historic 100m gt mark. Japanese vessels have been registering with Liberia for over forty years, and executives from leading Japanese shipping companies have recently confirmed that they expect to see a further increase in Japanese ship registrations with the Liberian Registry."



*The Sanko Mercury took the Liberian Registry over the 100m gross tons mark*

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## Drydocking scheme eases pressure on owners

**T**he Liberian Registry has developed a pilot scheme to extend compulsory drydocking intervals to seven-and-a-half-year intervals to help provide the flexibility urgently required by shipowners and operators in the current difficult economic climate.

The intervals or periods between external inspection of ships' bottoms which are specified in SOLAS and in classification society regulations provide that a minimum of two exterior inspections of the ship's bottom should be held during the five-year validity period of the Safety Construction Certificate. But it is widely recognised, by classification societies and by others, that hull coatings have advanced over the years and that new products are now available which are more durable and which last longer than the products and technology which were available

when these rules were drafted. The result is a reduction in the need for frequent drydocking to maintain and repaint, and a recognition that drydocking cycles are no longer inexorably linked to class renewal cycles.

The programme, unveiled at the Annual General Meeting of the Liberian Shipowners' Council in Hamburg on February 24, defines the requirements which need to be fulfilled so that owners can keep their ships in lay-up with valid statutory certificates, or keep them running in order to earn money. The class renewal would be done via in-water surveys and the ships could get authorisation to be drydocked later. The scheme will require a qualified ship to be drydocked at seven-and-a-half-year intervals provided that two consecutive in-water surveys are satisfactorily conducted during the intervening period. Liberia has already co-operated – and started projects – with Lloyd's Register, Germanischer Lloyd, Class NK, and Det Norske Veritas.

The scheme would continue until the ship reaches fifteen years of age, but could possibly be extended to twenty years, subject to satisfactory service experience. Flag administration and classification society approval would be required in each case. Preparatory reviews, suitably documented, would be required prior to the introduction of the scheme, covering items such as service experience with high-resistance hull coating systems and with applicable rudder and stern-bearing arrangements, and a range of condition and maintenance reports.

The programme is one means by which to ease some of the pressure which has been building on owners and operators, and which it is the responsibility of service providers such as ship registers to alleviate by proactive initiatives wherever possible, without compromising safety or efficiency.

## Liberia pays its 2010 contribution to IMO budget

His Excellency Mr Wesley M Johnson, Ambassador of Liberia to the United Kingdom, presented a cheque for £2,457,663.65 to the Secretary-General of IMO in March to settle in full the assessed budget contribution of the Government of Liberia to the International Maritime Organization (IMO) for 2010. Mr Johnson was accompanied by George M Arku, Permanent Representative of Liberia to IMO, and Stuart Williams, UK General Manager, Liberian International Ship and Corporate Registry.

IMO Secretary-General Efthimios E Mitropoulos welcomed the presentation and said that the timely payment of assessments is essential for the financial wellbeing of IMO as it recognises the critical contribution of the UN organisation's work programme to enhance safety, security and environmental standards in the interests of the international maritime community and of civil society at large.

The annual assessed budget of IMO, amounting to £27,748,500 for 2010, is

distributed amongst its 169 member states and three associate members on the basis of a contribution formula which, broadly speaking, apportions 85 per cent of the budget to the gross tonnage of ships registered in each member state, and 15 per cent according to capacity to pay.

Liberia has the world's second largest merchant fleet by gross tonnage under its flag and its contribution represents around eight per cent of the assessed IMO budget.



## Liberia at Posidonia

*The Liberian Registry will, as usual, be attending Posidonia 2010, the world's most prestigious trade shipping event, to be held this year for the 22nd time in Greece, from June 7 to June 11, at the Hellenikon Exhibition Centre.*

*We look forward to seeing you there. Please email us at [info@liscr.com](mailto:info@liscr.com) if you plan to attend the event.*



## Liberian owners get better loan rates under German covered bond scheme

**E**verybody understands the difficulties of refinancing nowadays, and nobody more so than the Liberian Registry. Liberia recently became the first ship registry outside the EU, and the first open registry in the world, to qualify for preferential loan rates under a covered bond scheme operated by the German ship finance banks. This has produced significant and immediate benefits for its clients, who have received much better loan rates than would previously have been possible.

German ship finance banks have on their books roughly 50 per cent of the debt of the world merchant fleet.

German law has for many years allowed banks to issue covered bonds, so-called 'Pfandbrief', based on their shipping loans. These bonds are nothing more than tradeable baskets of ship financing loans but, in order to qualify to go into the basket, the loan has historically had to be a German or an EU state loan. But that is no longer the case.

Last year, 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. In this way, Liberian ship loans qualified under Pfandbrief law, thus helping to make it possible for German banks to use their refinancing tools to the benefit

of both parties - the lending bank and the borrowing shipowner. Liberia is the only open registry which qualifies under this arrangement, giving its clients a significant edge in today's difficult market.

The result is a win-win situation for both sides. Refinancing via Pfandbrief means substantially lower costs for German banks in the current capital market environment, thereby providing an incentive to use Pfandbrief-type jurisdictions and mortgages. Shipowners, meanwhile, get the benefit of lower margins on their ship loans.

Liberia is the only non-EU jurisdiction which is accepted under the German Pfandbrief Act, and as such it offers the same advantages in terms of refinancing and should allow the same attractive banking terms and, most importantly, equal treatment with EU jurisdictions.

Recently, we tested the system and are now satisfied that Liberian mortgages are as welcome by German banks as any EU jurisdiction mortgage under the Pfandbrief Act. Furthermore, there is now an added incentive to non-German clients of German banks seeking to finance their ships via a German bank loan.

For more information contact: [mpantazopoulos@liscr.gr](mailto:mpantazopoulos@liscr.gr)

## Rightship results

Liberia is justifiably proud of its high ranking with leading Port State Control authorities around the world. Safety is its number one priority. It also co-operates fully at all times with recognised inspection and vetting services such as Rightship.

Rightship issues a rating for its clients based on a complex analysis of comprehensive data involving the assessment of about 50 separate factors including yard, owner, operator/manager, vessel age, casualty history, port state control history, flag, conditions of class and class changes, trading patterns and cargo history, terminal inspections and ISPS certificate data. In its ratings it also encourages other quality-minded organisations.

Liberia understands that Liberian-flag ships currently have the highest rating under RightShip's SVIS Rating System.

## LISCR's IMO piracy presentation

LISCR UK General Manager Stuart Williams recently made a presentation to IMO entitled 'Flag State Activity In Response to Piracy'. Having outlined how Liberia has pursued a multi-layered approach in its response to piracy, he explained how its Best Management Practice (BMP) anti-piracy program works, and why the shipowner is the key to ensuring proper and effective actions aboard ship.

BMP is made available in several formats on board Liberian ships. The basic contents are available as a Liberian Notice which is periodically updated with the latest information. Computer-based training has been developed to enable anti-piracy measures to be incorporated easily into the ship's routines. And additional security arrangements are in place covering the embarkation of security personnel. Liberia is currently developing additional components to its Annual Safety Inspections and ISPS verification audits to ensure that piracy and armed robbery are fully incorporated into onboard systems.



*Pictured is the 2010-built, 55,518 dwt bulk carrier 'E R Bilbao', which was delivered recently to Schiffahrtsgesellschaft mbH & Co KG by the Hyundai Mipo Dockyard Co Ltd of Korea, for operation by Wallem Shipmanagement under the Liberian flag.*





# Contacts

## HEADQUARTERS

### Virginia, USA

Tel: +1 703 790 3434

Fax: +1 703 790 5655

Yoram Cohen, CEO

ycohen@liscr.com

Scott Bergeron, Chief Operating Officer

sbergeron@liscr.com

### New York, USA

Tel: +1 212 697 3434

Fax: +1 212 697 5655

Brad Berman, Executive Director

bberman@liscr.com

Greg Maj, General Manager

gmaj@liscr.com

### Hamburg, Germany

Tel: +49 40 35 00 4660

Fax: +49 40 35 00 4670

Jörg Molzahn, Managing Director

info@liscr.de

### Hong Kong

Tel: +852 28101068

Fax: +852 28100023

William Wu, Executive VP

liscrfe@liscr.com.hk

### London, UK

Tel: +44 207 799 3434

Fax: +44 207 799 3456

Stuart Williams, General Manager

info@liscr.co.uk

### Monrovia, Liberia

Tel: +231 77000400

Fax: +231 77000422

Joseph Keller, General Manager & Executive Vice-President

### Piraeus, Greece

Tel: +30 210 452 9670

Fax: +30 210 452 9673

Michalis Pantazopoulos, General Manager

liscr@otenet.gr

### Tokyo, Japan

Tel: +81 3 5419 7001

Fax: +81 3 5419 7002

Shigeki Fukuda, Managing Director

info@liscr.jp

### Zurich, Switzerland

Tel: +41 44 250 8650

Fax: +41 44 250 8655

Peter Kidman, General Manager

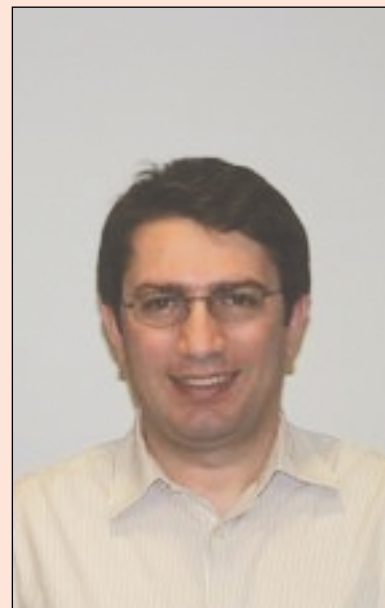
info@liscr.ch

### Editorial consultants

Merlin Corporate Communications

## On the Register

**S**alih Kocamis loves everything about the sea. He was born in Trabzon, on the Black sea coast of Turkey. He studied at the Maritime Academy in Turkey and subsequently served on board a variety of commercial ships, including ro-ros and bulk carriers – a career which runs in his family, with a number of cousins currently employed in the merchant marine. He came to the US to study English in 2005, and joined LISCER in July 2007. Today he is Vessel Inspections and Audit Co-ordination Manager in Virginia.



Salih enjoys his work, which is just as well because he has no shortage of it. He is responsible for co-ordinating flag state inspections on the 3,000-plus ships which fly the Liberian flag, and for the Registry's harmonised audit and certification programme.

Liberia is unusual in the high number of inspections and audits carried out by its own, dedicated surveyors. More than a third of the Liberian-flag fleet falls within the compass of the 150-plus ISM/ISPS-qualified Liberian inspection force worldwide. "I get to see the reports first," says Salih, "so if there is something to be done I get on to it right away, liaising with the safety department where appropriate or necessary."

Salih enjoys his job. "It is very challenging," he says. "There is a lot to do, so much so that sometimes I forget even to have my lunch. I am very happy in my job. I have access to some priceless experience, such as the former Coast Guard personnel who now work for the Registry. I can learn so much by just listening to the people who I see every day in the office. There is a lifetime of experience there. It is an invaluable and very rewarding education for me."

Outside the office, Salih likes to play soccer with a group of friends when he gets the opportunity. He lives in Virginia with his wife, and his spare-time interests include amateur photography and reading, particularly the great Russian classics by the likes of Dostoevsky, Turgenev and Gogol. One day he hopes to have his own boat – nothing big, "something under twenty foot" – and the time to sail it.

