



# FLAGSHIP

NEWS FROM THE LIBERIAN REGISTRY

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## Using technology to cut costs

THINK of a business which is almost untouched by computerisation. Now think of a business which is ideally suited to computerisation. Ship registry, right both times. Ship registry involves working across time zones and around the globe to exchange and store information and issue documentation. It demands the highest standards of accuracy and security, combined with rapid global access to examine and update databases. Yet today, almost all ship registration involves teams of lawyers in different countries communicating by telephone and fax. The quill pen has gone, at least from most registries, but its legacy is still costing shipowners money. Fortunately, shipping is not immune to the internet effect, and ship registration is on the verge of its own small technology revolution.

Why has ship registry moved so slowly into the internet age? Because it involves governments, who are slow to change. Because of legitimate fears over security

and checking of documentation. Because many shipowners like the personal touch. And because smaller registries simply cannot afford the investment, and some of the larger ones would rather use shipowners' cash elsewhere.

Now look to the future. An independent manager, like LISCR, is run as a business. It serves the government but acts commercially, which means it reacts to clients' needs. It sees the cost savings inherent in greater use of technology, and it invests, like LISCR, to win those savings. Everyone benefits from greater speed, and lower transaction costs.

As for accuracy and checking, computerisation adds another powerful layer to the checking process. Everyone has got frustrated because a computer has rejected something because one

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character in a password or entry was incorrect. When dealing with important legal documentation that level of checking really helps get things right every time. Computers don't get sleepy or muddled. They can check all documents and entries against standard criteria, around the clock, around the world, at the entry point, more thoroughly than any person. That doesn't do away with people. It simply speeds the flow of information handling, improves the input quality, while adding yet more security to the process.

Technology makes storing, handling and changing information cheaper, so registries can invest, save costs, and cut fees. Is it secure? LISCR is investing a lot of time and money to guarantee that its system is. But the benefits are wider than that. The transaction costs are often as big as the registry fees, and technology is going to cut through those too. Take over a newbuilding in Japan today, using a Norwegian bank, a London ship manager and a US owner and you need lawyers in two or three jurisdictions on the case. Soon, you will be able to open and inspect the register and complete all documentation remotely. Shipmanagers will be able to enter and update seafarer information, and have documents printed locally. When and where they need them. The lawyers may not like it, but shipowners will. Simple, safe, and simply catching up with financial markets which have been working on line with far greater transaction values for years.

As for wanting the personal touch, that sounds like a valid reason for not moving to internet-based registry. But registry managers like people too. Do the donkey work over the web, and you have more time and more money available to talk and explore better ways of working together. That's the future. E-flag. LISCR is ahead now, and will stay there.

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## Frontline flies the flag

As a public company, Frontline has to set and adhere to high standards. So when it comes to choosing a register, Nick Sherriff, director of Frontline Management (UK) Ltd, says, "We have to have a register which has the trust of the public and our customers. That is our starting point." Frontline currently controls a fleet of twenty-five suezmax tankers, eight obos and fifteen vlccs, and looks after the interests of a further group of ulccs, using just four registries.



"Consistency is important," says Nick. "We need to be able to move quickly on purchases, so the registry has to allow us to preplan documentation and to have clear regulations so that there are no last minute hitches." He goes on to list other attributes of the registries he wants to use, "Transparent and rigorous investigation of accidents and prompt reporting, flexibility to provide a fast moving company like ours with service when we need it, not just in office hours, and a sensible pricing structure."

According to Nick, that already limits his choices. "Finally, a good relationship with the registry managers is a key factor," he says. "A world wide office network staffed with people who know us and know what we need makes the difference."

Frontline has recently flagged three vlccs into the Liberian Registry, and Nick expects more ships to follow. "Now that pricing has become more competitive, we want to develop our relationship further. I particularly like the five year price fix, which allows us to plan costs, and the promised move to allow registration of mortgages in London will save us a lot in legal fees," he says.

## Shipowners share cost benefits

LIBERIAN Registry tonnage taxes have been cut by 75 per cent to \$0.10 per net ton and initial registration fees waived for new vessels committed to the register before the end of 2000. Also, beginning in October, shipowners will be able to handle seafarer documentation online, as the first step in a move towards a web-based registry. The cuts in fees and improvements in electronic access are the first results of a major information technology investment programme by the registry's managers, LISCR.

Yoram Cohen, CEO of LISCR, says, "We have used computers to streamline our processes and cut costs. Now we can share those savings

with shipowners, while offering them an enhanced service. We have kept the best elements of the Liberian registry, its tradition of excellent quality and service to owners, and got rid of the high costs and old-fashioned bureaucracy that drove up those costs. Now owners can have the best for less."

The new pricing structure for the registry sets annual tonnage taxes at \$0.10 per net ton, plus a flat annual fee of \$3,800 per vessel. There are separate fees for MIIPS contributions, to cover IMO dues, and marine inspections. An initial registration fee of \$0.13 per net ton, not to exceed \$3,900, plus a one off payment of \$1,500 per vessel, will be waived for vessels committed to the registry during the six months commencing July 1.

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Celebrity Cruises' newest vessel, the \$350m, 91,000gt *Millennium* is the latest cruise vessel to fly the Liberian flag. The world's first gas turbine powered cruise ship, the *Millennium* was delivered by French yard Chantiers de l'Atlantique during June. It is the first of a series of four similar ships, and Celebrity president Richard Sasso says there are plans for further newbuildings to add to Celebrity's nine ship upmarket fleet. Celebrity has five cruise ships on the Liberian registry.

## Mortgages made simple

SHIOWNERS will be able to register Liberian mortgages in London beginning later this year. "This is a service which has real value to owners, in saving both time and legal fees," says Jill Keohane, LISCR's vice president corporate. "London is a major shipping centre and it sits in the time zone that bridges the Far East and the US. There is a lot of demand for recordation to be available there, and soon we can offer that. We can use secure technology which will allow us to maintain the mortgage register in the USA, but inspect and close it from London when our clients need to. That will generate legal cost savings of many thousands of dollars per vessel, besides making the process simpler."

The move to allow registration of mortgages in London is the first step in a programme to take registry services to clients. Over the next year LISCR will be announcing a number of new services aimed at saving shipowners time and cost.

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## Zurich office opens

LISCR has extended its world wide network by opening an office in Zurich, Switzerland. Catherine Dreyer has been appointed to manage the office.

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## On the register



Brad Berman is a lawyer who uses his legal skills in a business context. "Twelve years of maritime law in New York, building on working with general corporate law is a good grounding," says Brad. "But I have a business degree and I want to develop my commercial skills further. Being president of the Connecticut Maritime Association gave me a taste of the wider shipping world, so when the opportunity came along to help build up LISCRA, I jumped at it."

He only regrets the number of days he has been able to get away for his favourite sport this year. "One day's skiing," he laughs. "No-one can believe it." He does find time for his family, and for his summer love, which is gardening. "I'd also like a discussable golf handicap," he says. That doesn't look likely, given that his ambition is to grow from his present role as General Counsel to take on much more commercial development of the Liberian Registry.

"I like the work," he says. "I like the international contacts. I like the camaraderie amongst the legal fraternity, the common desire to get things right for our clients." What doesn't he like? "Marginal flag operators," he says. "They bring all flags into disrespect and cause us real problems. Liberia has high standards, and we guard those fiercely. Things have to be done right, and people who are ready to cut corners damage all of us."

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