

FLAGSHIP

NEWS FROM THE LIBERIAN REGISTRY

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Safety first

THE United States Coast Guard sponsored a special IMO meeting in February to review a range of preventive measures to address maritime security which could be brought into force quickly.

Because the international community is involved, of course, any action taken cannot be as immediate as some would like. But the fact that a full-scale diplomatic conference has been scheduled for December this year shows that the maritime industry can move quickly when it wants to. A number of measures have been agreed and, significantly, the Liberian Registry can offer its expertise in specific areas.

So what are the measures, and how effective will they be?

Fourteen specific preventive measures were considered at the IMO meeting. Of these, two could be groundbreaking – port security and measures to positively identify seafarers. The others all contribute to the need to make security second nature to everybody involved in shipping, but are unlikely to materially make ships safer.

The industry will have to install Automatic Identification Systems (AIS) by 2004, rather than 2008; AIS could be extended to all international waters; all ships will have to have a security manual, and a designated security officer, and companies will have to appoint a company security officer; means of ship-alerting and the installation of special security equipment such as rear-facing radars might well become commonplace; and the complex issue of container inspection, and of how customs organisations fit into container inspections, are also in focus.

Efforts to make ports safer were the most promising development. The Liberian delegation saw a clear resolve to do something about potential maritime security loopholes.

On seafarers' identification, there was the most impressive show of "thinking outside the box". There exists an ILO convention - No180 of 1958 – on seafarers' ID, but it is woefully out-of-date. It is scheduled for revision, but this is not expected to be finished until 2005. So the ILO made IMO a promise – it would obtain approval to put the revision of ILO 180 on the fast track and

have it in force by the summer of 2003. This is unprecedented in the ILO annals. In case the ILO fails to act, IMO has reserved the right to include an appropriate regulation in SOLAS.

LISCR, meanwhile, believes it can offer its expertise in two areas. On seafarers' ID, the Liberian Registry already maintains an extensive electronic database of seafarers. This system, continually improved in line with the very latest in computer technology, is the core of a system that can easily be adapted to the idea of SMART cards that not only incorporate personal ID recognition but can also be linked to a person by a biometric reading of fingerprints or retina scan.

In another area, LISCR is already working with security specialists in the development of a security manual for ships, and will be able to offer this to the IMO group preparing an international version.

The greatest benefit will be achieved if, by working on and eventually adopting security measures, seafarers are reminded constantly to be vigilant about security, and if would-be terrorists appreciate that the shipping industry is well-protected because of that vigilance.



Law changes create flexible structures

THE Liberian Legislature has approved extensive amendments to both maritime and corporate laws.

On the maritime side the changes implement international requirements into national law, reflect the independent status of the Bureau of Maritime Affairs and facilitate new services in relation to ship registration and mortgage recording.

“Importantly, the amendments do not touch the bearer share provisions and there are no plans to do so or to change the non-resident tax status.”

The amendments exploit changes in technology permitting registration of a ship and recordation of a mortgage to be made remotely, and for the record - in the legislation referred to as the index - to be maintained and reproduced electronically. Of real significance to both ship owners and banks granting mortgages are the provisions for the recordation of a mortgage other than in the location at which the index is physically kept, New York. This will eventually allow mortgages to be recorded in real time anywhere in the world.

The Electronic Transactions Law contains detailed provisions which establish the status of electronic communications, records, contracts made electronically, the integrity of electronic documents and reproductions and the security of signatures, meeting UN model law standards.

Other amendments to the Maritime Law –

- ◆ Clarify the noting of mortgage in relation to ships bareboat chartered into Liberia and the status of the preferred mortgage recorded in respect of a vessel which bareboat registers out of Liberia.
- ◆ Spell out the circumstances in which corrections to entries in the index or in documents registered in respect of the mortgage may be made.
- ◆ Expand the form and the nature of charge or interest that may be given the status of a preferred mortgage.
- ◆ Specify when a vessel may be de-registered notwithstanding that a preferred mortgage is still in effect.
- ◆ Introduce the possibility of recording a mortgage on a vessel under construction.

Amendments to the Business Corporation Act will give greater flexibility, reduce some formalities, allow

re-domiciliation and conversion from and to other legal entities and generally bring the Act up to date with the United State law on which it is based.

Importantly, the amendments do not touch the bearer share provisions and there are no plans to do so or to change the non-resident tax status.

A new law on money laundering contains tough measures based on UN convention requirements to require due diligence in the provision of financial services, cooperation with law enforcement agencies in pursuit of the proceeds of serious crime which is being prosecuted, and the opportunity for giving effect to international bilateral agreements between Liberia and other countries for this purpose.

Liberia has also moved to protect contracts, particularly mortgages, which are expressed in any of the European currencies which have been replaced by the euro. A simple piece of law confirms the continuing effect of the contract and substitutes the euro for the original currency. Without this measure the enforceability of many multimillion dollar transactions would have been in jeopardy.

The changes also create new possibilities for clients of the registry, particularly the introduction of major new legal entities as asset-holding vehicles.

The Registered Business Company Law uses European common law structures to provide an alternative style of incorporation, particularly for companies needing to re-domicile from, and businesses operating in, jurisdictions which require evidence of regular filing. Filing requirements do not include an obligation to file accounts.

The Foundation Law takes a popular civil law concept, particularly suitable as a way of protecting a family business, and provides a robust structure to keep assets intact while allowing the operation of the business and the distribution of income in accordance with the wishes of the founder. It provides a safe alternative to the trust, ensuring the separation of ownership between the founder and the foundation, at the same time as keeping

“...protect contracts expressed in currencies which have been replaced by the euro.”

management control. It is also a better structure than a company where there is the need to manage and preserve a large estate for future generations.



Advisory board sets positive agenda

The Advisory Board of the Liberian International Ship & Corporate Registry (LISCR), at its inaugural meeting, held in conjunction with the CMA conference, in Stamford, USA, during March, set a positive agenda designed to drive forward the Liberian Registry's goal of achieving excellence in standards of quality and service.

The Board applauded the decision of the Liberian legislature to adopt major amendments to both maritime and corporate laws. Rex Harrington, board chairman, said, "We are greatly encouraged to see that LISCR's efforts to promote reform of the maritime and corporate law has met with such a positive response. The comprehensive package has been produced following worldwide consultation with professional users of the Liberian registers. It balances the important objectives of security and continuity of ownership of assets with the need

to satisfy the commercial requirements of due diligence."

The Advisory Board reviewed LISCR's advanced plans for implementing the electronic recording of ship mortgages. Rex Harrington commented, "LISCR's revised ship mortgage recording provisions take advantage of state-of-the-art communications technology to provide safe remote recording of mortgages, enabling business to be concluded in real time in the location of the parties involved in the transaction."

The LISCR Advisory Board is chaired by Rex Harrington, a former director of The Royal Bank of Scotland and now a director of a number of substantial shipping interests including the General Maritime Corporation. His fellow members are leading figures from the shipping world, Yukio Aso (Sanko Steamship), Ulf Bertheau (Cyrus Makowski), Harry Gilbert (Wallem Group), Huang Shao Jie (Hong Kong Ming Wah Shipping Co), Robert D Somerville (American Bureau of Shipping) and David C. H. Liu (Yang Ming Marine Transport).

LISCR welcomes Russian boost for tanker owners

LISCR welcomes the action recently taken by the Russian government to reduce port costs for Liberian-flag ships, which will help tanker owners and raise standards in the Black Sea trades.

Yoram Cohen, ceo of LISCR, says, "Liberia is the flag of choice for the world's tanker fleet, and for Russian shipowners flying foreign flags. Russia's old system, under which ships of a few favoured flags were charged lower port dues, effectively made it difficult for owners of Aframax and Suezmax

tankers trading to Russia to benefit from the efficiency of the Liberian Registry, and difficult for Russian ship flying foreign flags to trade to their own ports. Now a typical 80,000 dwt vessel under our flag will see port costs cut by as much as two-thirds when calling at Russian Black Sea ports. Owners can now use their flag of choice, unhindered by two-tier charging systems for port dues.

Steady growth

DURING 2001 the Liberian Registry recorded a steady growth. At the end of the year, the steady flow of ships joining and leaving left the registry with a net gain of 1.2m gt.

SEA system users reap the benefit

LAST year, LISCR released its Seafarer's Electronic Application (SEA) system software, which allows users to complete applications for seafarer documents and to electronically submit them, via the internet, for processing.

SEA system software has gone out to almost forty clients, and over 3,000 applications have been submitted. Currently, about ten clients submit applications during any given week. Some agents submit single applications, while others submit large work orders for entire fleets. Either way, documents are processed quickly.

The feedback has been very positive from those users who have submitted applications. As one user stated, "The SEA system has proven itself to be an efficient and economical method of applying for Liberian certifications."

The SEA system has also brought an unexpected benefit to its users. The processing time for seafarer applications has grown to over six weeks as a result of the huge surge in demand as a result of the STCW 95 deadlines. But, despite this increased flow of traditional paper traffic, electronic applications submitted through the SEA system are still processed in approximately one week.

For more information on the SEA system, and for details of how to apply for a three-month free trial, contact LISCR at:

seafarers@liscr.com



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On the register

CATHERINE Dreyer hasn't lost her Yorkshire accent, despite having spent a large part of her life to date in Africa and Switzerland. Nor should she. Yorkshire people have a reputation for pragmatism, which is no bad thing when dealing with the intricacies of corporate registration.



Cath was appointed to run LISCR's Zurich office, which opened for business in July 2000. But she was no stranger to the demands of the job, having previously been managing director of Liberian Services in Zurich, which later became IRI.

Cath loves her job, and particularly values the close contact and co-operation she enjoys with her colleagues throughout the LISCR network. Zurich is the right place for LISCR to be, in the middle of Europe. It is also the right place for an office dealing with the legal implications of corporate registration, rather than with the registration of ships, which is handled by LISCR's other overseas offices.

Cath enjoys dealing with lawyers and bankers, and the host of other corporate entities she comes into contact with during her day-to-day job. She says there is nothing about her job that she doesn't like. Nothing. You can tell she means it too.

Cath spent twenty years in Zimbabwe, where she met her Swiss husband. She hasn't been back to Zimbabwe since, but every now and then she fits in a visit to England, where one of her two grown-up children – and her grandchildren and one great grandson - live.

Cath says she has no time for hobbies. But that doesn't make her dull. Just happy.

