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Liberia As A  
Maritime Flag State  
And  
Its Economic Impact

Submitted by

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WORLD MARITIME UNIVERSITY

MALMÖ, Sweden

LIBERIA AS A MARITIME FLAG STATE AND ITS ECONOMIC IMPACT

by

A Lamii Kromah

Liberia

November 1985

A thesis submitted to the Faculty of the World Maritime University in partial fulfillment of the requirements of a Master of Science degree (MSc) in GENERAL MARITIME ADMINISTRATION COURSE.

The contents of this paper reflect my own personal views and are not necessarily endorsed by the UNIVERSITY.

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Liberia As A Maritime Flag State  
And Its Economic Impact

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## Preface

This study of Liberia as a Maritime Flag State, and Its Economic Impact is a requirement in partial fulfillment of a master-degree thesis at the World Maritime University (WMU). Its focus is Liberia's Flag Registration commonly known as "Open Registry System" or "Flag of Convenience" which began in the late forties.

The motivations for undertaking the study include a personal interest in the subject matter and the need for a Liberian to treat the subject which has become a controversial issue in the Maritime world.

Finally, the views I express herein on this very important topic are exclusively mine, and reflect in no way those of the Government of Liberia (NPA), which I currently serve.

A. Lamii Kromah

Abbreviations

AB	Abled-Body Seamen
FAÇS	Federation of American Controlled Shipping
FOC	Flag of Convenience
GNP	Gross National Product
ILO	International Labor Organization
IMO	International Maritime Organization
ITF	International Transport Workers Federation
LDC	Less Developing Countries
MSC	Maritime Safety Committee
NTSB	National Transportation and Safety Board
NPA	National Port Authority
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States of America
USCG	United States Coast Guard

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## 1.0. Introduction

### 1.1. General

While Liberia is not regarded as a traditional nation in the world of shipping, it can be said that she has had a minor maritime tradition of her own. Liberia's fleet in the mid-nineteenth century was a striking achievement, since many of her 300 sailing ships were constructed and wholly owned in Liberia and became an important, if temporary, factor in the West African economy. But, that fleet had nearly vanished by 1900, as large German and British steamships firms completed for the coastal trade of the West Africa region<sup>1</sup>. For this reason it is very unfair to call Liberia a non-maritime nation. However, recent (1950s) characteristic of ship registration in Liberia where non-nationals have become owners of vessels is now a controversial issue in the Maritime World.

The registration of ships under the Liberian and Panaman flags is known as flag of convenience or open registry to use current terminology.

It has the following features according to the Rochdale report of 1970:

- i) The country allows ownership and/or control of its merchant vessels by non-citizens;
- ii) Transfer from the registry at the owner's option is not restricted;
- iii) Taxes on the income from the ships are not levied locally or are low. A registration fee and an annual fee, based on

tonnage, are normally the only charges made;

- iv) The country of registry is a small power with no national requirement under any foreseeable circumstances for all the shipping registered;
- v) Manning of ships by non-nationals is freely permitted; and
- vi) The country of registry has neither the power nor the administrative machinery effectively to impose any government or international regulations; nor has the country the wish or the power to control the companies themselves.<sup>2</sup>

The Rochdale report then goes on to emphasize that these countries could be distinguished by the fact that it was only for them that all these conditions applied and that it was only they which effectively had no possibility of imposing taxation on shipping in the future.

"However, in view of recent moves by Liberia to tighten up control of vessels operating under her flags, items (ii) and (vi) of the Rochdale definition warrant revision: access to the Liberian registry is no longer as easy and automatic as it was in the 1960's and the Liberian government does now attempt to enforce effective regulations."<sup>3</sup>

Countries that have tried the system in their history of existence are listed in figure I.

Many of these countries were not as successful as Panama and Liberia and therefore have dropped out. Of late Sri Lanka and Vanuatu have become open registry countries. Many other countries including Sierra Leone are now considering the system.

Figure I

History of open registry

<u>Period</u>	<u>Flag of Registry</u>	<u>Motivation</u>
16th Century	Spanish	English merchants circumvented restrictions limiting non-Spanish vessels from West Indies trade.
17th Century	French	English fishermen in Newfoundland used French registry as a means to continue operation in conjunction with British registry fishing boats.
19th Century	Norwegian	British trawler owners changed registry to fish off Moray Firth.
Napoleonic Wars	German	English shipowners changed registry to avoid the French blockade.
War of 1812	Portuguese	U.S. shipowners in Massachusetts changed registry to avoid capture by the British.
1922	Panamanian	Two ships of United American Lines changed from U.S. registry to avoid laws on serving alcoholic beverages aboard U.S. ships.
1920 - 1930	Panamanian Honduran	U.S. shipowners switched registry to reduce operating costs by employing cheaper shipboard labor.
1930's	Panamanian	Shipowners with German-registered ships switched to Panamanian registry to avoid possible seizure.
1939 - 1941	Panamanian	With encouragement from the U.S. Government, shipowners switched to Panamanian registry to assist the Allies without violating the Neutrality Laws. European shipowners also switched to Panamanian registry to avoid wartime requisitioning of their vessels.

1946 - 1949	Panamanian	More than 150 ships sold under the U.S. Merchant Sales Act of 1946 were registered in Panaman - as it offered liberal registration and taxation advantages.
1949 -	Liberian	Low registration fees, a well writing code, absence of Liberian taxes, absence of operating and crewing restrictions made registry economically attractive.
1950-late 1970	Liberian Panamanian Honduran Costa Rican San Marinense Sierra Leonean Lebanese Cypriot Haitian Somalian Omani Manxman and others	As registry in U.S. and other countries become increasingly uneconomical, many countries competed for ship registrations, recognizing the economic benefit to the host flag country; only a few succeeded in attracting significant registrations.

Source: IMA, Economic Impact of Open Registry shipping, 1979.

Other third world countries that are not open registry countries but have registered vessels under the Liberian or Panamanian flags are listed in figure II

Countries in Latin America that Registered Vessel  
under Liberian or Panaman Flags

Figure II	1,000 grt		% of fleet
	<u>National flag</u>	<u>Foreign flag</u>	<u>Under foreign flag</u>
Argentina	1,868	5	0.3
Brazil	4,590	371	8.1
Chile	563	169	30.1
Colombia	236	42	16.1
Mexico	863	203	23.6
Venezuela	9,794	915	20.0
Total	17,914	1,705	

This thesis is therefore geared towards looking at Liberia's Maritime Flag State Policy (1947 - 1984) and It's Economic Impact,

Chapter two looks at the historical development of the Liberian Registry while chapter three considers some aspects of legislation and maritime practices Chapter four and five treats some controversial issues and encourages interested parties to carry out detailed, quantifiable assessments that are required to establish whether the proposed phasing out of the open registry system is in their true economic and social interests. These issues should then be considered on the rights and interests of individual states, in the light of its



merits and not merely emotional responses based on an ideological and political differences.

Chapter six considers the economic impact on the World in general and Liberia in particular, Finally, the last chapter is devoted to recommendations and conclusions.

## 2.0. Historical Development

### 2.1. General

Dissatisfied with Panama's conditions, American owners in the oil tanker charter business searched for new means of maintaining competition with European fleets. Using private capital and public influence derived through his extensive contacts as a former corporation director and former Secretary of State, in 1947 Edward R. Stettenius, Jr., organized Stettinius Associates - Liberia, incorporated as a system of private direct economic aid to Liberia. His ambitious plan soon outreached available capital, but the Liberian ship registration system rapidly grew far beyond its original scope. That system is the most important institutional survivor of the Stettinius corporate activities of the period, and eventually it brought Liberia to rank as the world's largest maritime power in total registered merchant tonnage (see figure III).

Late in 1947, shipowners asked Stettinius if Liberia had a system of ship registration and he replied that he did not know, but would look into it for them. In January 1948, E. Stanley Klein, an attorney for Stettinius Associates reported certain shipping interests had indicated a willingness to obtain registration under the Liberian flag. Thereafter, the idea of maritime registration remained on the agenda of Stettinius Associates.

Between April and July 1948, the Stettinius group drafted the laws that would implement proposals to set up a corporation code for Liberia and to form a service corporation through which foreign

corporations would be established. While these plans moved along quickly it took a month longer to prepare the maritime code.

During this period, Stettinius viewed Liberian ship registration as a possible minor adjunct to his other Liberian enterprises. He noted that gasoline could be sold at a profit in Liberia for twenty cents a gallon but that it cost sixty-five cents due to a cartel worked out by Shell, Sacy - Vacuum, and Texaco. "We must consider", he remarked, "The possibility of Venezuelan oil brought in by tanker under the Liberian flag to break the cartel and bring the prices down".<sup>9</sup> Under such a plan, Stettinius Associates would directly set up Liberian-registered shipping for Liberian benefit. He envisioned a variety of other ways to utilize the maritime law. In August 1948, he looked into the possibility of transporting iron ore, calculating that one million tons of ore moved from Monrovia to Baltimore could be brought at a rate under three dollars per ton if the company used Liberty ships manned by officers from nations such as Netherlands and Scotland, with the balance of the crew Liberians.

By mid 1948, President Tubman of Liberia, as well as the officers of Stettinius Associates, grew anxious to get ship registration underway. Tubman wanted visible results in the form of revenue and action to justify his arrangement with Stettinius. The corporation, for its part, wanted to show some revenue, in order to attract new investment, as salaries and travel expenses of the staff rapidly consumed the original funding.<sup>10</sup> With both sides eager to get the corporation going, Mackey and Klein consultancy firm worked with considerable haste, some times simply copying comparable elements of the United States Code.

The Liberian Legislature made some changes in the Code. Prominent among the changes was placing direct authority in the office of the Secretary of the Treasury rather than the Secretary of Commerce, as the company's written draft had indicated. (See figure IV). More significantly, the Liberian Maritime Commissioner, reporting to the Secretary of the Treasury (now Ministry of Finance) was to issue rules and regulations directly, without required consultation with the proposed Stettinius-organized contracting company, as the first draft indicated.<sup>11</sup> Aside from these changes, the legislative - approved draft kept almost perfect fidelity to the original, even to the amounts of fees and fines. The Liberian legislature accepted the rewritten code in November 1948, and President Tubman signed it into law in December 16, 1948.<sup>12</sup> Because the code was properly enacted, it had the same status, from an international point of view, as other national laws governing ship registry and flag use.

## 2.2. Ships Registration as a Business

Liberia's ship registry system represented a clear departure from the Panamanian system in several important respects, while it retained the features that attracted shipping to Panama's flag in the 1940s:

- The transfers and registry would be handled by the International Trust Company office in New York, rather than by a consular network.

- The system would be administered largely by International Trust Company employees, and not by the patronage - appointee nationals of the flag state.<sup>13</sup>
- The system would be frankly funded by the 27 percent (\$2325 of each \$1.20) retention of fees, eliminating the necessity for irregular fee collection.<sup>14</sup>
- The code was written carefully, by American corporate officers, to conform to American needs.
- Since the code was duly passed by the Liberian Legislature, it would have the status, in international law, of other national flag laws.
- Liberian-registered vessels could be owned by any citizen or corporate entity of any state in the world; Liberian incorporation was not required.
- Minor advantages could be found in the fact that all laws and transactions would be written in English; Liberia's currency was the American dollar.

Although several companies, including Gulf Oil, the Farrel Lines, Delta Shipping, and the Ludwig-owned National Bulk carriers, had expressed interest in Liberian registration in 1948, the first ship officially registered in 1949 under the new Liberia Maritime Code was the World Peace, a tanker owned by Stavros Niarehoz and under charter to Gulf Oil.<sup>15</sup> By the end of 1949, five ships had been registered, and in 1950, the total climbed to twenty-two. Registration steadily increased and by 1955, Liberia surpassed Panama in tonnage, and in 1956, by the number of ships registered. See figure III for

the comparative positions of fleet throughout.

The Liberian registry, which did compete and eventually surpass Panama's system, was unique in its origins. Frankly designed to meet the needs of American shipowners, the Liberian Maritime Code took the best ideas of the Panamanian arrangement, and avoided its worst aspects by substituting a well-run business organization for the unreliable consular network. Key individuals in the Army, Navy, State Department, in ESSO, and in the shipping community had been involved in the planning stage.<sup>16</sup> Through crucial personal contacts available to Stettinius because of his spectacular career in business and government service, large shipowners were ready to transfer their ships and to place newly built vessels under the Liberian flag. While never officially endorsed by the State Department, the creation of the code under the leadership of a former Secretary of State, and its low-key review by a respected business leader under contract to the Department, gave the organization and the Liberia registry system a degree of legitimization for American shipowners never achieved by Panama, which by the late 1940s had earned a reputation for corruption and instability. But, no sooner had the Liberian flag begun to attract registry, that it, along with Panama's flag, became the target of widespread and now better-organized, attacks from labor organizations and shipowners in traditional maritime states.

### 2.3. Problem of Election to the Maritime Safety Committee (MSC)

When the IMO held its first assembly in 1959, two policy problems immediately arose. Under article 12 of IMO (formerly IMCO)

Convention the organization was to be composed of an assembly, a council, a maritime safety committee, and required other organs. Article 28(a) of the convention establishing the organization provided that the MSC should consist of "14 members elected by the Assembly from the Member Governments of those nations having an important interest in maritime safety, of which not less than eight shall be the largest ship-owning nations."<sup>17</sup>

Immediately, attempts were made to elect France and West Germany on the Maritime Safety Committee (MSC). Liberia, which was ranked third on the world tonnage scale was deprived of

membership in one of IMO's most important committees. The IMO dispute was finally submitted to the International Court of Justice for an advisory opinion on the following question: (with UK, France, Norway, the Netherlands on one side, and Liberia, Panama, India and the USA on the other.

"Has the assembly, in not electing Liberia and Panama to the Maritime Safety Committee exercised its electoral power in a manner in accordance with the provisions of Article 28(a) of the Convention of March 6, 1948 for the establishment of the Inter-Governmental Maritime Consultative Organization."<sup>18</sup>

At trial was the principle of a state's freedom to fix the conditions for the granting of its nationality to ships, for the registration of ships, and for the right of ships to fly its flag.<sup>19</sup> Those for the election of Liberia to MSC argued that only reference to actual ship registry would meet the requirement of the Convention

and that to look behind the law of the flag was to invite "international legal anarchy" and the "disruption of the legal order which has already been established."<sup>20</sup> Those against the election of Liberia to the MSC argued that a "genuine link" had to be established between registration and ownership and that registration alone proved nothing.<sup>21</sup> By a nine-to-five vote the court held that the non-election of Liberia and Panama to the MSC meant that the IMO assembly had failed to comply with this requirement under the convention.<sup>22</sup> The decision was entirely correct as it preserved the sovereign rights of states to affix their nationality to ships as they wished.

#### 2.4. Present Position of the Liberia's Registry

The growth of the Liberian fleet since 1963 has been phenomenal. After very rapid growth in the 150's there was a brief decline in the 1960's but since 1963 a rapid pattern of growth has emerged (see figure III). Between 1968 and 1978 the world fleet increase at an annual rate of 7.6 percent while the Liberian fleet at 12.3 percent, as operators unable to manage under their national flags switched to open registries in order to keep down cost, avoid undue bureaucratic interference with their operations and, where possible, make higher profits, all legitimate objectives.

Today, Liberia is the largest shipping nation in the world in terms of tonnage with 56,453,940 gross registered tons flying the Liberian flag as of April 1, 1985, (see figure VI), accounting for 14.8 percent of the world fleet.



Figure III

## Liberia's Registry as Compare to World Fleet (1948 - 1984)

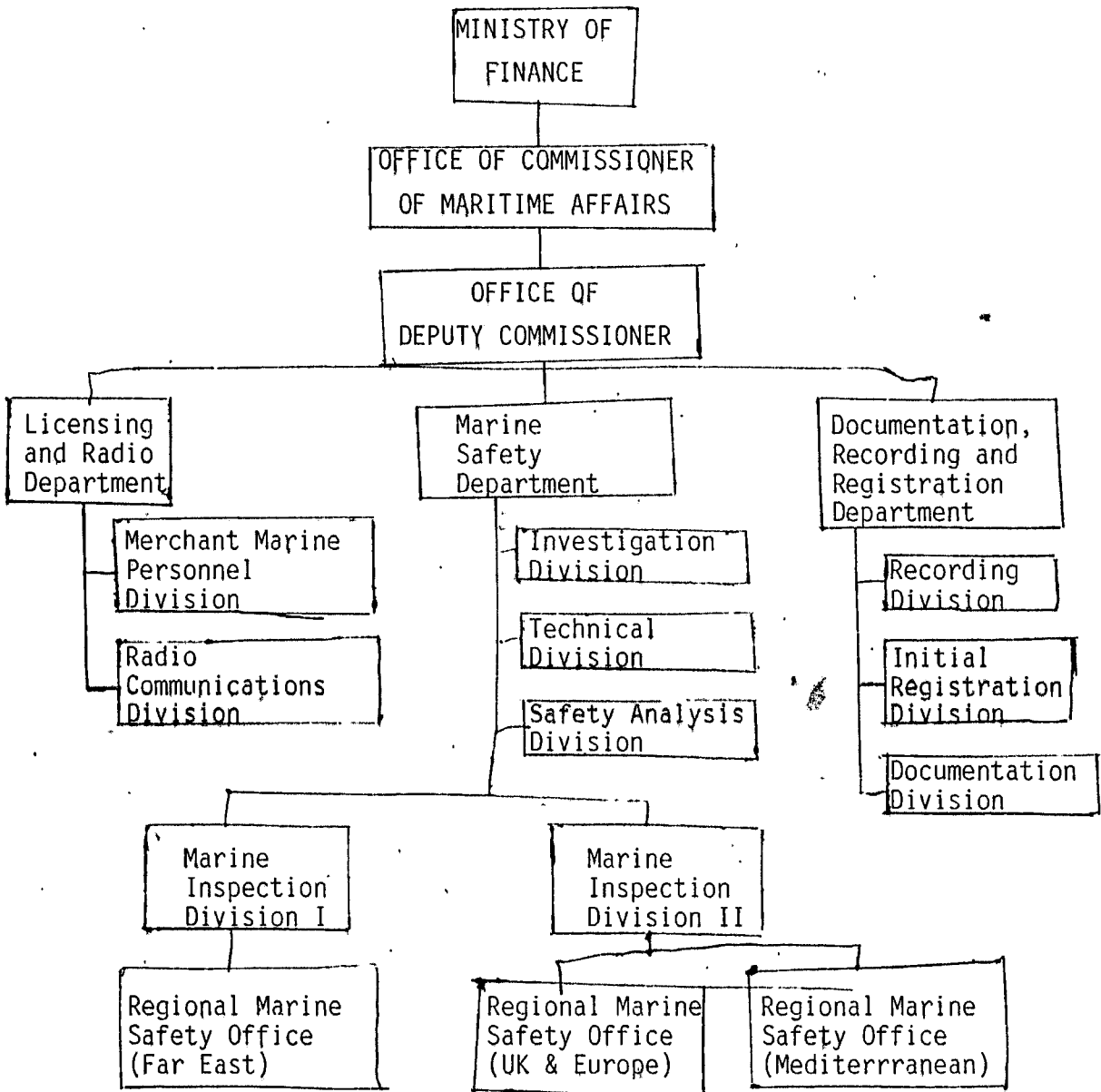
LIBERIA		WORLD		Year
Steam & Motor	Gross	Steam & Motor	Gross	
No.	Tonnage	No.	Tonnage	
2	772	29,340	80,291,593	1948
5	47,314	30,284	82,570,915	1949
22	245,457	30,852	84,583,155	1950
69	595,198	31,226	87,245,044	1951
105	897,898	31,461	90,180,359	1952
158	1,434,085	31,797	93,351,800	1953
245	2,381,066	32,358	97,421,526	1954
436	3,996,904	32,492	100,568,779	1955
582	5,584,378	33,052	105,200,361	1956
743	7,466,429	33,804	110,246,081	1957
975	10,078,778	35,202	118,033,731	1958
1,085	11,936,250	36,221	124,935,479	1959
977	11,282,240	36,311	129,769,500	1960
903	10,929,511	37,792	135,915,958	1961
853	10,573,158	38,661	139,979,813	1962
893	11,391,210	39,571	145,863,463	1963
1,117	14,549,645	40,859	152,999,621	1964
1,287	17,539,462	41,865	160,391,504	1965
1,436	20,603,301	43,014	171,129,833	1966
1,513	22,597,808	44,375	182,099,644	1967
1,613	25,719,642	47,444	194,152,378	1968
1,731	29,215,151	50,276	211,660,893	1969
1,869	33,296,644	52,444	227,489,864	1970
2,060	38,552,240	55,041	247,202,634	1971
2,234	44,443,652	57,391	268,340,145	1972
2,289	49,904,744	59,606	289,926,686	1973
2,332	55,321,641	61,194	311,322,626	1974
2,520	65,820,414	63,724	342,162,363	1975
2,600	73,477,326	65,887	371,999,926	1976
2,617	79,982,968	67,945	393,678,369	1977
2,523	80,191,329	60,020	406,001,979	1978
2,466	81,528,175	71,129	413,021,426	1979
2,401	80,285,176	73,832	419,910,651	1980
2,281	74,906,390	73,864	420,834,813	1981
2,189	70,718,439	75,151	424,741,682	1982
2,062	67,564,201	76,106	422,590,317	1983
1,934	62,024,700	76,068	418,682,442	1984

Note: Liberian registry accounts for 14.8 GRT and 17.5% dwt of the World total gross registered and deadweight tonnages.

Source: Lloyd Registry of Shipping Statistics, 1984

Figure IV

ADMINISTRATIVE ORGANIZATION OF THE LIBERIAN BUREAU OF MARITIME AFFAIRS



Source: IMA, Economic Impact of Open Registry Shipping, 1979

The deadweight ton of the 1694 vessel registered under the Liberian flag is 110,154,538, accounting for 17.47 percent of the total world merchant fleet by deadweight (see figure V).

Figure V

Changes in Liberia Registry (1950 - 1985)

<u>Year</u>	<u>MIL. DWT</u>	<u>% world total</u>
1950	500	0.5
1960	19.100	11.3
1970	56.600	18.0
1975	126,000.	23.2
1980	159.000	23.7
1985	110.200	17.5

Source: Lloyds Register of Shipping Statistics, 1985.

Figure VI

Six (6) Largest World Merchant Fleet by Flags as of April 1st, 1985

<u>No flag</u>	<u>No of ships</u>	<u>grtl</u>	<u>nrt</u>	<u>dwt</u>	<u>Share of flag dwt %</u>
Liberia	1694	56,453,940	42,673,675	110,154,538	17.47
Japan	4081	36,410,607	22,306,018	58,223,884	9.23
Panama	3860	35,830,760	23,536,944	60,681,204	9.62
Greece	2008	29,556,000	19,848,554	51,889,725	8.23
USSR	3036	19,264,582	10,088,779	25,912,027	4.11
US	0991	16,345,126	11,193,016	25,586,600	4.06
All flag	34037	376,346,886	247,911,541	630,514,033	100.00

Liberia Registry fleet ranks number one among the six largest Merchant Fleets of the world.

Source: Bremen Institute of Shipping Economics, 1985 Aug.

## 2.5. The Employment Figures

There are reasonable statistics about employment of non-nationals on Liberian flag vessels. This again is an omission that needs urgent rectification in so far as reporting procedures allow. Certainly there is no reason to assume that the Liberian flag, in this respect, is typical of open registries as a whole.

However, what is clear from the Liberian fleet manning figures is that the main countries providing officers and crew are, not, in fact, the poorer developing countries, but the OECD countries, and especially Greece, Italy, Japan, Spain and United Kingdom; China, Hong-Kong and Taiwan; and South Korea. Of developing countries only the Philippines, India and Indonesia account each for more than 1 percent of total Liberian manning (see figure VII).

Of the total of 24,960 officers in the Liberian fleet in 1980, 11,473 or 46 percent are from the OECD countries and a further 6,845 or 27 percent from China, Hong-Kong, and Taiwan. South Korea accounts for 1,932 or 8 percent and the Philippines for 2,280 or 9 percent.<sup>23</sup>

Of the total of 60,776 ratings in the Liberian fleet, 21,110 or 35 percent are from the OECD countries and 15,191 or 25 percent from China, Hong-Kong and Taiwan. In this category, however, some of the developing countries, notably the Philippines, India and Indonesia feature prominently, and as a group the least-developed countries account for about 28 percent of the total. South Korea (4,841) accounted for another 8 percent.

If a country does not have the capital to provide the means to employ all of its potential work force, it is only better that they work elsewhere or that they emigrate if anyone will have them.

## 2.6. Conclusion

The basic reasons for establishing Liberian Registry was to offset the high cost of transporting petroleum product from South America to Liberia and the need of the newly elected president to justify, in the form of revenue and action, his open-door policy.

The principle behind the operation was designed to use officers from the traditional maritime state while the crew was to come from Liberia. In this process, substantial numbers of Liberians would be trained as deck officers and engineers, but somewhere along the line the training aspect of Liberian seafarers was neglected thereby reducing total maximum gain from ship-operation under the Liberian registry.

Figure VII

SURVEY OF LIBERIAN SHIP PERSONNEL DISTRIBUTION BY COUNTRY

<u>Country</u>	<u>Officers</u>	<u>Ratings</u>	<u>Total</u>
Algeria	0	3	3
Argentina	30	87	117
Australia	20	75	95
Austria	11	15	26
Bahrain	0	2	2
Bangladesh	14	563	577
Barbados	2	18	20
Belgium	3	5	8
Brazil	5	20	25
Great Britain	1,485	1,968	3,453
Burma	98	477	575
Cameroon	0	2	2
Canada	26	42	68
Cape Verde	5	45	50
Central African Republic	3	0	3
Chile	18	308	326
China, Hong-Kong, Taiwan	6,845	15,191	22,036
Colombia	32	213	245
Costa Rica	2	5	7
Cuba	2	0	2
Cyprus	17	126	143
Denmark	248	197	445
Dominican Republic	0	12	12
Ecuador	5	39	44
El Salvador	9	16	25
Estonia	3	3	6
Egypt	21	327	348
Ethiopia	12	26	38
Finland	21	9	30
France	27	87	114
Gambia	0	8	8
Germany	576	315	891
Ghana	2	30	32
Greece	3,380	5,472	8,852
Grenada	2	6	8
Guatemala	3	50	53
Guyana	0	24	24
Haiti	0	21	21
Honduras	6	882	888
Iceland	3	2	5
India	675	3,197	3,872
Indonesia	189	1,494	1,683
Iraq	0	8	8
Ireland	62	27	89
Israel	168	405	573
Italy	2,217	5,316	7,533
Ivory Coast	0	3	3

<u>Country</u>	<u>Officers</u>	<u>Ratings</u>	<u>Total</u>
Jamaica	12	105	117
Japan	669	1,242	1,911
Jordan	6	14	20
Kenya	0	105	105
Korea, South	1,932	4,841	6,773
Lebanon	5	18	23
Liberia	12	30	46
Libya	0	3	3
Malaysia	5	23	28
Maldives	5	55	60
Malta	2	9	11
mauritius	2	3	5
Mexico	2	3	5
Morocco	5	5	10
Netherlands	374	281	655
Netherlands Antilles	3	0	3
New Guinea	0	20	20
New Zealand	11	32	43
Nicaragua	0	8	8
Nigeria	2	41	43
Norway	708	332	1,040
Pakistan	200	650	850
Panama	0	6	6
Paraguay	0	5	5
Peru	20	108	128
Philippines	2,280	8,256	10,536
Poland	17	14	31
Portugal	9	1,058	1,067
Romania	0	2	2
Samoa, West	0	2	2
Senegal	0	8	8
Seychelles	0	2	2
Sierra Leone	0	42	42
Singapore	30	107	137
Somalia	0	21	21
South Africa	2	66	68
Spain	1,400	4,325	5,725
Sri Lanka	15	168	183
Sudan	6	21	27
Surinam	0	2	2
Sweden	132	27	159
Switzerland	54	110	164
Syria	6	210	216
Tanzania	0	36	36
Thailand	14	41	55
Trinidad	6	134	140
Tunisia	0	8	8
Turkey	12	90	102
Uruguay	30	38	68
United States	20	47	67

<u>Country</u>	<u>Officers</u>	<u>Ratings</u>	<u>Total</u>
U.S.S.R.	2	5	7
Venezuela	2	5	7
Yemen	2	24	26
Yugoslavia	<u>705</u>	<u>827</u>	<u>1,532</u>
TOTAL	30,966	60,776	85,742

Note: This figure has dropped by 20% since the reduction in Registry and the introduction of new manning regulations.

Source: Bureau of Maritime, RL, IMA, Economic Impact of Open Registry, 1979.



### 3.0. Aspects of Liberia's Legislation and Practice

#### 3.1. General

Under the flag of Liberia sails the largest world fleet, tonnage wise.

The Bureau of Maritime Affairs is headed by a Commission (see figure IV for organization chart) in the national's capital, Monrovia. All operations, however, are contracted out to the International Trust Company, which has established Liberian Services Inc. in Reston Virginia, which in turn provides all operational services to the office of the Deputy Commissioner of Maritime Affairs, also situated in Reston. This office is the Operations Centre with various divisions in charge of registration, licensing, safety and inspections, casualty investigations, publications and general services. The Liberian Maritime Law generally adopts the United States Maritime Law. There are field operations affairs covering various areas, such as London, Rotterdam, Hong-Kong and Piraeus. There are about 200 inspectors in various countries, most of whom are employed on contract.<sup>24</sup>

"The only service activity of Liberia which could present conflict of interest problems is that of ship Safety Inspection." Since the inspection of ships are mostly carried out by six classification societies the inspection service is limited mainly to the inspection of documents, charts, publications, navigational aids, crew accommodation and general safety. Nevertheless, the Investigation department was removed, from the ship safety division and now this Department reports directly to the Administration. There have been one or two cases where an investigation was carried out by an

investigating officer who had previously inspected the ship involved.<sup>25</sup>

### 3.2. Casualties Reported and Investigated

The owner or master of a Liberian ship is required by the Code to report casualties resulting in:

- a) Actual physical damage to property in excess of US\$50,000;
- b) Material damage affecting the seaworthiness or efficiency of a vessel;
- c) Stranding or grounding;
- d) Loss of Life; or
- e) Injury causing any persons to remain incapacitated for a period in excess of 72 hours.<sup>26</sup>

Between 150 and 100 of such casualties are reported yearly and although it may be difficult at times to obtain reports, the casualties are all eventually reported. Failure to report may result in a fine or ultimately in the cancellation of the Liberian registration.

Approximately 100 reports have been made public since 1967 and are available to the public. Major casualties where there are unknown or unusual facts, are investigated (see figure VIII).

Figure VIII

The following Investigation Reports of Liberia (1967 - 84) are

Available as of 15 January 1985:

<u>Year</u>	<u>Ship</u>	<u>Casualty</u>	<u>Cost(\$US)+</u>
1967	TORREY CANYON (MB)	Stranded/Pollution /TL	\$1.00
1968	OCEAN EAGLE (MB)	Stranded/Scuttled/Pollution	1.00
1969	VAINQUEUR (PI)	Explosion/Sank	1.00
1969	IRENE (PI)	Stranded/TL	1.00
1970	PACIFIC GLORY/ALLEGRO (MB)	Collision/Explosion	2.00
1970	PACOEAN (PI)	Structural Failure/Sank	1.00
1971	PANTHER (PI)	Stranded	1.00
1972	SAN NICOLAS (PI)	Sank	1.00
1972	TEXANITA/OSWEGO GUARDINA (MB)-2	Collision	2.50
1972	ORIENTAL WARRIOR (MB)-2 Reports	Fire/TL	3.00
1972	GAYO (PI)	Explosion/Sank	2.00
1972	TIEN CHEE/ROYSTON GRANGE (MB)	Collision/Fire	2.00
1972	PACROVER (PI)	Sank	1.00
1973	ORIENTAL MONARCH (PI)	Sank	3.00
1973	DONA MARIKA (FORMAL)	Stranded	2.00
1973	GOLAR PATRICIA (MB)	Explosion/Sank	3.00
1973	ELWOOD MEAD (PI)	Grounding	3.00
1974	YAGA (PI)	Sank	4.00
1974	SEAGULL (PI)	Sank	2.00
1974	ORIENTAL PIONEER (PI)	Grounded/TL	2.00
1975	BERGE ISTRRA (MB)	Explosion/Sank	10.00
1975	GRAND JUSTICE (FI)	Collision with EUGENE H.	3.00
1975	KINABALU SATU (FI)	Unstable/Sank	3.00
1976	OLYMPIC BRAVERY (MB)	Grounded/TL	3.50
1976	IVY (PI)	Structural failure/Grounded/ CTL	2.00
1976	OLYMPIC ARROW (PI)	Collision w/MALVERN PRINCE	2.00
1976	ARGO MERCHANT (MB)	Grounded/TL	10.00
1976	MELIAS (PI)	Hull damage/Sank	1.00
1976	ORIENTAL ACE (PI)	Heavy weather damage/Sank	3.00
1977	IRENES CHALLENGE (PI)	Structural failure/Sank	2.00
1977	EXOTIC (PI)	Explosion/TL	2.00
1977	ROSE S (PI)	Heavy weather damage/Sank	2.00
1977	HAWAIIAN PATRIOT (PI)	Structural Failure/Explos./ Sank	2.00
1977	EASTERN ROSE (PI)	Collision/Sank	2.00
1977	JOY (PI)	Fire/Sank	2.00
1977	PACIFIC DAISY (FI)	Struck & Sank fishing boat BATAVIA	3.00
1977	UNIVERSE DEFIANCE (PI)	Explosion/Fire/TL	3.00

1978	AMOCO CADIZ (MB)	Grounded/Pollution: 228,00T/TL	18.00
1978	EVA MARIA (PI)	Explosion/Fire/Sank	2.00
1978	TOLLANA (PI)	Engine Room Flooded/Sank at Pier	1.00
1978	LYCHEE QUEEN (PI)	Grounded/Sank	2.00
1978	APPLE BLOSSOM (PI)	Collision	2.00
1978	BONNY (PI)	Fire/CTL	1.00
1978	MARI BOEING (FI)	Stranded Bermuda	\$3.00
1978	NEW ENGLAND TRAPPER (PI)	Collision	2.00
1978	WORLD HORIZON (PI)	Lost Forepeak/Bow	2.00
1978	FEDERAL SAGUENAY (PI)	Fire/Loss of Life	2.00
1978	PA GETTY/WORLD NOBILITY (PI)	Collision	4.00
1979	RONIZ (PI)	Grounded Haifa Bay/CTL	2.00
1979	SEATIGER (PI)	Explosion/Lightning/Fire	3.00
1979	SEALANE (PI)	Coal explosion/Loss of Life	2.00
1979	LOSINA (PI)	Bulkhead collapse	2.00
1979	ATLAS TITAN (PI)	Explosion/Fire/CTL	3.00
1979	GOLDEN MIRANDA (PI)	Collision/Sank ERIC BOYE	2.00
1979	SAINT CHRIS (PI)	Explosion/Loss of Life	2.00
1979	MESSINIAKI FRONTIS (PI)	Grounded/Pollution: 10,000T	2.00
1979	SEASPEED ARABIA (PI)	Grounded/Pollution: 435T	2.00
1979	ARTADI (PI)	Collision	2.00
1979	GINO (PI) (Revised)	Collision/Sank/Pollution: 32,000T	3.00
1979	REGAL SWORD/EXXON CHESTER (S&R)	Collision/REGAL SWORD Sank	4.00
1979	EL PASO PAUL KAYSER (PI)	LNG Grounding	3.00
1979	OLAUG (PI)	Carriage of Prohibited Cargo	3.00
1979	HAWAIIAN SEA (PI)	Engine Room Fire	3.00
1979	TROPICAL SUN (PI)	Collision with LENA S	3.00
1979	DEVALI I (PI)	Grounded/Pollution: 200T	3.00
1979	BURMAH AGATE/MIMOSA (MB)	Collision, CTLs, Pollution: 38,400T	5.00
1979	SKYRON II (PI)	Touched Bottom/Oil Spill: 2,386T	2.00
1979	AEGEAN CAPTAIN/ATL. EMPRESS (MB)	Collision/Fire/Explosion/ 296,000T	5.00
1979	PATIANNA (PI)	Fire	2.00
1979	SALLY I (PI)	Explosion	2.00
1979	BERGE VANGA (MB)	Sank without Survivors	8.00
1979	FORTUNE (PI)	Fire/Loss of Life	4.00
1979	LIMON (PI)	Collision with BETHIOUA	4.00
1979	ENERGY DETERMINATION	Explosion/Fire/CTL	8.00
1979	STOIC (S&R)	Grounded/Sank	4.00
1980	NUMBER FOUR (PI)	Explosion/Fire	2.00
1980	ESSO PORTLAND (PI)	Flooded	3.00
1980	ENERGY CONCENTRATION (FI)	Structural Failure/CTL	6.00
1980	DAN PRINCE (PI)	Heavy weather/Drilling rig/ Sank	5.00
1980	MYCENE (FI)	Explosion/Fire/Sank	10.00
1980	ALBAHAA B (FI)	Explosion/Fire/Sank	10.00

1980	SUMMIT VENTURE (Decision Only)	Collision with Bridge/Loss of Life	1.00
1980	KINABALU TIGA (PI)	Grounded/CTL	3.00
1980	OCEANIC GRANDEUR (PI)	Explosions/Fire/Loss of Life	4.00
1980	SEASPEED DANA (FI)	Grounded	3.00
1980	FORTUNE (PI)	Grounded PG/Pollution 7,300T	1.50
1981	PACIFIC CHARGER (S&R)	Stranded/Pollution: 470T	5.00
1981	SPRAY STAN (PI)	Collision/JENNIE F. DECKER Sank	4.00
1981	GOLDEN PINE (PI)	Sank/Loss of Life	3.00
1981	SINOIA (PI)	Fire/Loss of Life/Shipyard	3.00
1981	KAPETAN GEORGIS (PI)	Explosions/Fire/Loss of Life	4.00
1981	CHEMICAL CHALLENGER (PI)	Explosions/Fire/CTL	3.00
1981	ORIENTAL NAVIGATOR (PI)	Fire/Explosion/CTL	5.00
1981	FEDDY (PI)	Collision/SOUNION/Sank/ Loss of Life	3.00
1982	YPAPANTI/TAXIARHIS (S&R)	Violation of Safety Rules	4.00
1982	GOLDEAN ALLIANCE (PI)	Collision with ASTROLABE	3.00
1982	AFRICAN PIONEER (PI)	Collision with DELTA NORTE	3.00
1982	SEALIFT (PI)	Improper Employment of Seafarers	3.00
1982	CORINTHIAN (PI)	Fire/Expl. ER/CTL	3.00
1982	HARALABOS (FI)	Fire/Expl. ER; low flash pt oil/CTL	5.00
1983	TIFOSO (Joint Bermuda/R.L. MB)	Stranded Bermuda/CTL	10.00
1983	HARALABOS (FI)	Fire/Expl. ER/Low flash pt oil/CTL	5.00
*1983	JOHANNA U (PI)	Death of Third Assistant Engineer	
1983	KINABALU LIMA (PI)	Abandoned/Sank	3.00
1983	MANHATTAN DUKE (PI)	Grounded off Port Moresby; CTL	3.00
1983	PANAMERICA (PI)	Fire/Expl.; Cargo Holds	5.00
*1983	POLYXENE C (PI)	Loss of Life/Stowaway	
1983	KEY BISCAYNE (Australian PI)	Loss of Tow/Foundered	8.00
1983	ACDIR II (FI)	Flooding/Fire/Barratry	10.00
1984	AEGEAN SUN (PI)	Flooding, Grounding & Abandonment	5.00
1984	TSZ-SIN CHUNG (S&R)	Section 294 & RLM-118 viola- tion	4.00
1984	RADIANT MED (MB)	Flooding/Capsizing/Loss of Life	10.0

Source: Maritime Law, Regulations, Notices and Requirements, Bureau of Maritime R.L., 1984.

- (MB) = Marine Board of Investigation
- (PI) = Preliminary Investigation
- (FI) = Formal Investigation
- (S&R) = Suspension & Revocation Proceeding
- \* = Limited Distribution

### 3.3. Disciplinary and Penal Aspects

The investigating officer conducting a preliminary inquiry into a casualty or a Marine Board of Investigation reporting on a formal investigation, may recommend that disciplinary action be taken against licensed officers. The recommendation may be general or specific. Upon receipt of the report the Commissioner of Maritime affairs reviews the recommendation and may revoke or suspend a licence. An appeal can be made to the Minister of Finance.<sup>27</sup>

Disciplinary action may also lead to direct suspension and revocation proceedings, which may even result from another country's investigation of a casualty, for instance, in a case where the U.S. Coast Guard investigated report indicated fault on the part of Liberian licensed officers, a hearing appointed by Liberia, relying on that report, recommended disciplinary action.<sup>28</sup>

On the question of the effects of discipline in public hearings, authorities are of the opinion that it is unavoidable that people whose certificates may be in jeopardy will try to protect their interest at formal hearings whether they are parties or not. This is unavoidable even if there are two distinct hearings. Liberia examined the question of excluding discipline from the public hearing process and came to the conclusion that there was no benefit in it, that it might even be more prejudicial to the individuals concerned, and that if there were a separate disciplinary proceeding, it would be unavoidable that the facts of the casualty would be inquired into and therefore the same evidence would be repeated.

#### 3.4. Civil Liability Aspects

Liberia, whose public inquiry is very similar to the U.K. formal Investigations, believes that this system is used extensively for civil liability purposes, such as for an extensive discovery.<sup>29</sup>

The Rules for Marine Investigation and Hearings have been recently revised and an attempt was made to deal with this issue by restricting the number of parties to an investigation. For example, cargo interest which were previously given party status, are now only allowed to participate if they are bareboat charterers.

Dr. F. Wiswall, Admiralty Counsel for Liberia stated at a conference in Shanghai, in 1982 that:

"It is ... at the formal inquiry that the effect of other proceedings upon the investigation becomes most apparent ...

Normally, most of the objective evidence and at least some of the testimony of witnesses presented at a formal shipping inquiry will be admissible in other proceedings. Very simply, this means that the lawyer for the directly-affected parties have a definite interest in the way in which the evidence is presented. At the very least, they will seek to influence the outcome of the formal shipping inquiry in favour of their clients which is of course their job. At most, it happens too frequently that lawyers will try to use the formal shipping inquiry for the purpose of building a record of the testimony of their witnesses, or of the destruction of opposing witnesses under cross-examination, which can be used to their advantage at a subsequent trial of the civil or criminal issues.<sup>30</sup>

### 3.5. Investigation Process and Examination of Witnesses

Deck audits are carried out if the causes of a casualty is apparent, and there is nothing mysterious about it or there is nothing to be learned from investigating. A fact-finding inquiry may be conducted through informal interview without any statement being taken. This is a very superficial inquiry on the basis of which a decision is taken as to whether or not a preliminary investigation should be carried out. Usually these fact-finding inquiries are carried out, by local inspectors on their own initiative. The inspectors first report verbally to Reston and then in writing. No further investigation is carried out if the casualty is minor.

Preliminary inquiries are undertaken after a decision to that effect has been taken in Reston; they are ordered in the case of major casualties where a formal hearing is to be held, where the issue is in doubt as to whether there will be a public hearing, or where there will be no formal hearing but the facts appear curious, possibly because certain of the facts of the casualty are not readily available.

A formal hearing is held in every instance where revocation or suspension of any licence, or permit or document is proposed on the basis of a preliminary investigation.

The Rules also provide that it is advisable to hold a hearing in all cases of serious marine casualties in loss of life, substantial pollution or substantial property damage.

Witnesses are usually interviewed privately by the investigating officer since it is believed that more information can be ob-



tained on a one-on-one basis and that there is a better possibility for a candid recitation of the events. These interviews are usually mechanically recorded and are not taken under oath. Investigation may also take a written record and read it back to the witness, who is not asked to sign it. Counsel declaring his representation of a witness may be present during the questioning. However, no counsel for any person other than the individual under question may be present unless such counsel also represents the individual and the individual clearly understands this and agrees to his presence."<sup>31</sup> The investigator does not give any warnings nor does he advise the individual of his rights to counsel or to remain silent unless there is evidence of criminal conduct or conduct which could call for the suspension or revocation of a licence, at which time the individual will be advised of his rights.

### 3.6. Report and their Publication

The investigating officer conducting a preliminary inquiry submits with his own report for which he is sole by responsible; the report is not reviewed but is submitted as such to the superior authority, who attaches his own comments and conclusions. All such reports contain the identification of the ship and of all persons involved. They are totally public. The conclusion of reports deal with causes, although words that can be directly related to civil liability, such as "fault" or "negligence", are avoided.

Most preliminary inquiry and formal investigation reports are published. There is at present a list of approximately 100 such

reports which are available at a nominal cost (see figure VII). A permanent distribution list of reports is kept and it includes approximately 25 individuals and organizations in addition to the Liberian staff offices around the world. Copies are also sent to IMO, to the owners/managers of the ships involved, to all parties and to all seamen charged. In certain cases, however, copies are sent to all masters of similar Liberian ships.

### 3.7. Public Hearings and Procedures

"The Liberian public hearing process is very similar to the present U.K. and Canadian formal investigation hearings; these hearings may be carried out by a single hearing officer or, in more serious cases, by a Marine Board of Investigation consisting of not less than three and not more than five members. They are held anywhere in the world and usually as close as possible to the casualty site. Testimony is taken under oath."<sup>32</sup>

The evidence is introduced by the representative of Liberia and formal parties are entitled to cross-examination; some parties having only an observer status are not permitted to question witnesses directly but may do so through the chairman of the Board.

Liberia sometimes holds joint hearings with the United States. This has occurred in at least one case where a Liberian officer attended a U.S. Coast Guard Marine Board of Investigation as an observer and was allowed to question witnesses. In that case, the report was based on the USCG records. Often, however, the situation is reversed and representatives of USCG or NTSB attend a Liberian hearing;

in such cases, they are allowed to participate fully in the hearing and to ask questions, and in the case of USCG they usually take an active part in the proceedings.

The average length is a week for most hearings and in the case of Marine Boards, the hearings will take seven to ten working days on the average. Certain Liberian officials are of the opinion that their hearing are more tightly run than those of the U.S. Coast Guard in that they follow the British system more closely.

### 3.8. Role of Safety Recommendation

The Liberian Investigation Rules states that reports shall include recommendations "directed to appropriate action in the instant matter and to prevent recurrence." Most reports contain disciplinary as well as safety recommendations. In the latter case the effects of the investigation are found mainly in the Marine Notices, where there are references to casualties as the grounds for new requirements or practices. Such Notices are sometimes issued before the investigation is completed. The manuals used by nautical inspectors contain guidelines which are often based on previous casualty experience.<sup>33</sup>

### 3.9. Conclusion

Despite some suggestions, the contrary, the role of Liberia in exerting effective administrative control over its maritime programs in recent years has not been mere window polishing. Liberia has in the last ten years expanded and refined her legal and professional machinery by which it exercises an effective control over the construc-

tion, equipment, maintenance and manning of Liberian vessels. The Liberian safety inspection program now is truly worldwide in the sense that 200 inspectors are in 180 ports of 40 countries worldwide. Its licensing program includes examinations patterned after those conducted by the U.S. Coast Guard. The licensing program has reached the point where it can hold its own against most of the programs in the traditional maritime nations: Its investigations and boards of inquiry covering marine casualties are highly professional and have earned the respect of even the most outspoken critics of open registries.<sup>34</sup>

#### 4.0. The UNCTAD Controversy Issues

##### 4.1. General

The UNCTAD report ("The Repercussions of Phasing out open Registries") suggested that if open-registries were to be phased out, there would be four options for the beneficial owners:

- (i) Repatriating there investments to their home countries.
- (ii) Establishing genuine links with the open-registry countries.
- (iii) Transferring investments to developing countries having a supply of shipboard labour.<sup>34</sup>

According to the report which is entitled "The Repercussions of Phasing Out Open Registries", defined "phasing out" as follows: Phasing out does not imply "abolition", but rather a gradual tightening of the conditions on which countries will accept or retain new registration. Practically, whatsoever the wording, it is generally accepted in the maritime industry that if it were to enter into force, this would mean an end to the open registry practices as they are at present.

The Working Group has concluded that the following elements are normally relevant when establishing whether a genuine link exists between a vessel and its country of registry:

- (i) The fleet contributes to the national economy of the country;
- (ii) Revenues and expenditures of shipping, as well as purchases and sales of vessels, are treated in the national balance-of-payments accounts;
- (iii) The employment of nationals on vessels;
- (iv) The beneficial ownership of the vessel must reside in country of Registry.<sup>35</sup> (See figure IX).

At present, even national flag vessels, including Britain, let alone Liberia and Panama, do not meet all these criteria and for many of the operators under the Liberian flag the establishment of a genuine link as defined by UNCTAD is not really a practical option.<sup>36</sup>

According to the report, the phasing out was to commence in 1981 and end in the 1990's in which the "development of the national fleets of developing countries would have benefited from increased employment opportunities, industrial diversification, and the opportunity to improve their balance of payment." The questions that remains to be answered are still hypothetical.

They are:

- ✓ (i) How would the beneficial owners exercise their option?
- ✓ (ii) To what extent might the possible benefits to the developing countries materialise?

For the objective of UNCTAD to be materialized, it is essential that enough of the vessels should be transferred to the developing countries and that these countries should then have enough investment capital to buy the vessels, sufficient working capital to run them, sufficient labour to man them and sufficient trained executives to manage them. In this respect it should be pointed out that, even now, with the existing open registries, there is no real barrier to the entry into bulk shipping of those developing countries, Brazil and India are only two examples, with access to the necessary capital, management and labour. The point here is that if UNCTAD's intention is to make it easier for other developing countries to enter

the market by phasing out part of the existing competition i.e, that from open registries, the question arises:

1. Who would pay the higher market costs that might be expected to result from the increased protectionist element
2. What compensation, if any, would there be for those smaller LDC who are presently benefiting from "Low-price" service from open registries, but unable to muster the resources to participate in the new shipping scene and who would provide ~~it~~ the new maritime beneficiaries?

#### 4.2. Redeployment of Vessels

In 1984 the total open registry fleet under the five identified open registry flags amounted to 8,409 vessels with a total GRT of 110,011,914 representing respectively 11.1 and 26.3 percent of the world fleet of 76,068 vessels with a total of 418,682,442 GRT.<sup>36</sup>

Since the open-registry fleet was built over a period of 35 years, it would be unrealistic to expect the system to be wiped out in less than 12 - 15 years. Thus phasing out would not induce any sudden or violent changes. As the fleets account for about 26.3 percent of the world fleet, phasing out during this period would only induce changes in the neighbourhood of 1.8 percent of the total world fleet per annum.

✱ But this would involve finding a new place of registration in what is likely to be a depressed shipping market for 561 vessels a year or 7.3 million GRT with in all probability a very limited choice of flag to which to transfer.<sup>37</sup> At current 1984 second hand

prices the approximate total value of this annual tonnage to be transferred would be of the order of \$1,100 million.

The vessels in question are probably owned by American, Japanese, Greeks, EEC Nationals, and by Chinese citizens of Hong-Kong. What are these operators likely to do with these vessels given the four UNCTAD options.<sup>38</sup>

The existing American and Japanese operators are geared to carrying the raw material imports of large multinational companies. This aspect of open registry shipping is non-speculative and long-term in character, and uses the more respectable open registries, and especially the Liberian flag, in order to avoid the higher cost of operation and greater degree of bureaucratic supervision under national flags.<sup>39</sup> In the case of the vessels owned by the U.S. oil companies, there is a major employment of vessels in the U.S. trade, but also considerable activity in the cross traders. The same is probably less true of the Japanese multinationals, although some may be involved in the cross trades of other countries with China.<sup>40</sup>

The multinational companies are involved in shipping primarily to ensure the regular flow of raw materials to their industries in the United States and Japan. Thus, their shipping arrangements must be secured and as far as possible under the group's control. Without U.S. or Japan marine subsidies, UNCTAD's option (i) regarding merchant fleet contributing to the national economy of the country would not be open to the companies concerned. On the other hand the choice of the beneficial ownership of the vessel seems limited since only very few developing countries are able to provide



the element of political stability that would have to be associated with such shipping requirements,<sup>41</sup>

The present economic priorities of most of these countries, hardpressed as they are in the present market situation, are to maximise returns from raw material exports, from increase value added by domestic processing of raw materials, and from import substitution.

As far as oil import by U.S. and Japan are multinationals are concerned, there is no reason why participation in joint shipping ventures with their oil supplying countries should not be considered, especially as part of a total oil contract. "The U.S. main suppliers are Saudi Arabia, Kuwait, Nigeria, Algeria, Venezuela, and increasingly the United Kingdom; Japan's suppliers are Indonesia, Iran, Saudi Arabia and the Gulf states."<sup>42</sup> Of these oil supplying countries, however, only Nigeria can be said to be deprived in the shipping sense. All others have the capital, although not the labour, to set up new shipping or expand their existing shipping commitment now if they consider it appropriate. However, it is difficult to see how a joint-shipping venture between United States or Japanese and Saudi Arabian or Kuwaiti interests would help the least-developed countries except by employing their low-cost labour in the same way that the existing open-registry operators are already doing.<sup>43</sup>

There are some possible exceptions to these argument. They are:

- (i) The Philippines and Indonesia export bulk cargo to Japan. Both are suppliers of manpower to existing open registry fleets, both have national flag fleets and both are generating enough trade in bulks.
- (ii) The Greek and Hong-Kong owners are primarily in the business to serve the cross-trades. They, almost certainly earn a reasonable return; at least over the long term, on their capital. They would not have stayed in business if they did not. On the other hand they clearly offer an acceptable and reasonably priced service both on the spot and charter markets.

In this respect the exercise on cargo flows carried out by the UNCTAD Secretariat might be amplified into a wider and much more comprehensive examination of the shipping arrangements for the sea-borne foreign trade of the less developing countries, and their relative use of open registry and national flag services should be established.

These flag operators engaged mainly in the cross-trade are, of course, vulnerable to protectionist flag-discrimination practices whether by developed or developing countries. If such a situation were to accompany an internationally agreed phasing out of open registries it seems highly improbable that their commercial interests would generally lie in setting up joint ventures in developing countries. Perhaps they would first look for havens and quasi-flags of convenience or alternatively might look to the charter market

for time charters and bareboat charters to various national flags. Not succeeding at this, the owners might simply dispose of some of their vessels, particularly the older ones, on the second hand or scrap markets.

#### 4.3. Financial Aspects

If open registry shipping were to be phased out and replaced by national flag shipping, there would be particularly for those less developed countries trying to develop national fleets in such circumstances, major financial and funding issues to be faced. For most, if not all the less developed countries, it undoubtedly would be a critical constraint.

Most of the existing Liberian registry is owned by companies and individual. The big multinational companies, that is mainly the United States and Japanese operators, will know what options are open to them for redeploying their vessels or realizing the capital tied-up in them. One thing is sure, there is no way in which they are going to hand over capital to other parties, and the extent to which they will be prepared to participate in joint ventures in shipping in developing countries will depend on the credit rating of the country, the availability of suitable partners, the political security of the investment and the precise terms on which a joint venture can be set up in a particular country. Their only concern in the venture would be to protect their long-term commercial interests, to maintain turnover and to make profits.

The result would be a concentration of a very small

number of developing countries who would be likely to meet the requisite criteria. Most of them would be from the Asian countries. But many African countries would not meet the healthy climate requisite.

Therefore, a developing country that does not seem attractive for a joint-venture but still wants to go ahead with its national fleet can either buy new ships, buy second hand ships or charter vessels if it has the resources to do so.

#### 4.4. Fleet Management Aspect

The basic issue here is what fleet management measures or arrangements would have to be taken by those developing countries determined to introduce their own national flag shipping to replace the present open registry services if open registries were to be phased out.

In the first place there are alternatives for a developing country to the direct purchase, ownership and operation of its own vessels. These alternative are:

- (i) Voyage Charter - charterer paid freight for the carriage of cargo.
- (ii) Time Charter - hire of a vessel for a period of time.
- (iii) Bareboat Charter - leasing of a vessel where the charterer supplies his own crew and totally runs the operation as a disponent owner. He is free to operate the vessel under whatever flag he pleases.

The alternative for a developing country would require a con-

siderable degree of technical management, as well as the capital to buy the vessels in the first instance.

The main issues involved are:<sup>44</sup>

Financial: Where does the money come from given the depressed market situation.

Commercial; What control would there be to insure economic viability. This includes chartering, tariff control, marketing, commercial time management, i.e. day to day operations.

Technical: This requires technical supervision, training, control, purchasing, insurance and ship management.

In practice however developing countries wishing to set up their own fleets have two main options:

- (i) Employ foreign nationals to operate advise, and eventually train their own nationals to acceptable international standards; or
- (ii) Seek outside shipboard and a land based management team to do the job for them,

A phasing out of open registries could produce a market boom for the well-established ship management firms in the OECD countries. The developing countries can't come to the conclusion that as open registry vessels are phased out that the management expertise associated with it will automatically be available to the developing countries for their operations. It may, but only at a high price.

#### 4.5. Manning Aspects

There are three aspects of the questions which will be di-

scussed here. They are:

(i) In a situation where shipping services from developing countries replaced their open registry services such service could expect to have lower labour cost to the extent that their own nationals were employed and that wages paid to seamen reflect the national wage structure. Such is already the situation in the large Indian fleet and in the fleets of several other countries.

(ii) There is the basic problem of shortage of manpower in certain developing countries (see figure II). The shortage of national crews in Brazil has been cited as one example why they place some of their vessels under the Liberian and Panamanian flags.

During this period of shortage they would have to pay the international market rate for trained and experienced officers and crew, some of whom would be prepared to transfer as open registry were phased out. In this respect, these countries would not obtain a reduction in the labour element of their operating cost, if they did, however, it would be marginal.

(iii) The third argument leveled at open registry operators is their failure to operate effective training schemes. This statement, in short, is true.<sup>45</sup> However, in the case of the more reputable U.S. operators, Federation of American Controlled shipping members (FACS) this criticism has been repudiated before a U.S. Congressional Subcommittee on the grounds that evidence exists FACS members have under-

taken to apply the highest standards to the recruitment, training, promotion and supervision of the crew aboard their vessels. 75 percent of the officers aboard FACS vessels come from Italy, Spain and North European countries such as Norway, Denmark and Germany. The remainder come from Taiwan, the Philippines and Korea. "They are able to obtain highly qualified officers because pay scales are higher than those in the country of origin, living and working conditions are excellent and supplemental pension and health insurance benefits are excellent", to quote the words of the U.S. Congressional Subcommittee report.<sup>46</sup>

Generally, however, some operators probably provide less than their share of training facilities and thus have continued to rely on OECD and developing countries for trained personnel.

#### 4.6. Conclusion

Surprisingly, when the third session of UN Conference on condition for Registration of ships came to a close in July, there were some notable agreements by the various groups (Group B, Group of 77, Group D and China) with respect to these issues.<sup>46a</sup>

After prolonged negotiation the groups agreed to eliminate all proposals dealing with port state enforcement and to adopt broad and flexible terminology dealing with manning, management and ownership that placed an imprimatur on the status quo.

For example, on the key question of manning, the text endor-

ses the goal of manning by some nationals of the flag state, but then recognizes that the realities of international shipping may prevent implementation of this goal."

Similar flexibility appears in the texts on management and ownership. The former accepts the present practice followed by most open registry operators of designating a legal representative in the flag state in lieu of the operators actually being present there. The latter contains no references to equity ownership by flag state. Instead, it simply calls for ownership participation by nationals which includes companies incorporated in the flag state regardless of the nationality of the shareholders.

I suspect that future maritime historians will point to the recently concluded session as a turning point, a time when the conference finally faced up to the real world of international shipping, cast aside ideological differences, and undertook the task of writing an international agreement which, as mandated by the UN General Assembly resolution establishing the conference, reflected the views of all interested parties.

No doubt analysts will try to show how an international negotiation mired in disagreement a few months ago, was able to put its act together and produce an agreed text on the most critical issues in dispute.



Figure IX

True managers and beneficial owners of open-register fleets, 1984  
(Number of vessels and thousands of dwt)

Home country or territory	True managers			Beneficial owners		
	Number	dwt	% of total dwt	Number	dwt	% of total dwt
US	717	48,212	23.8	714	49,766	24.6
Hong Kong	1,093	42,625	21.0	854	37,252	18.4
Greece	920	21,494	10.6	1,135	36,412	18.0
Japan	1,119	22,204	11.0	1,164	22,926	11.3
Norway	175	6,256	3.1	214	7,971	3.9
West Germany	352	5,953	2.9	359	6,013	3.0
Unspecified	206	4,442	2.2	233	5,675	2.8
UK	297	9,731	4.8	221	5,563	2.7
Switzerland	145	4,231	2.1	145	4,650	2.3
China	-	-	-	119	3,097	1.5
South Korea	84	2,147	1.1	83	2,145	1.1
Pakistan	8	38	-	63	1,758	0.9
Israel	25	1,168	0.6	33	1,530	0.8
Italy	49	1,237	0.6	58	1,459	0.7
Indonesia	82	1,190	0.6	89	1,324	0.6
Netherlands	94	1,252	0.6	93	1,239	0.6
Monaco	71	6,371	3.2	25	1,141	0.6
Denmark	60	1,092	0.5	59	1,088	0.5
Sweden	3	969	0.5	41	1,048	0.5
Countries, entities or territories, each beneficially owning less than 0.5%	845	19,054 <sup>1)</sup>	9.4	643	7,609	3.8
Unidentified	270	2,876	1.4	270	2,876	1.4
Total: open-register fleets	6,615	202,542	100.0	6,615	202,542	100.0

Based on data supplied to the UNCTAD secretariat by A & P Appledore Ltd.

- 1) This figure is mainly attributable to the UK-based Greek shipowners (10.4 million tons) and the US-based Greek shipowners (2.2 million tons).

Unidentified includes Brazilia, Chile, Venezuela and Communist Block Countries including Russia.

Source: Hogan, Bridget, "Unctad reports' marginal rise in free flag tonnage". Lloyd's List 85-07-09.

## 5.0. International Transport Workers Union & Liberia Registry

### 5.1. General

The main question is whether the Liberian Registry have a cost advantage from lower labour cost over national flag operators, remembering that this might account for about 40 percent of the operating cost.<sup>49</sup>

The advantage of a low cost labour force undoubtedly lies with the particular operators. However, traditionally some national flag operators have also had this advantage.

The main influence now eroding this advantage for some operators is the action being taken by the International Workers Federation (ITF) with support from national seamen's and other unions.

### 5.2. ITF Requirements

The key to ITF's ability to force some operators of Liberia's flag vessels to agree to its demands is its ability through affiliates to hold ships in port at great cost to their owners or characters until they succumb. Thus even in countries such as Germany, Sweden or Norway, payment to and agreements with the ITF are made because legal actions require costly delays. Therefore, when an ITF inspector boards a ship, the operator wanting above all to avoid delay, enters into the following agreement.<sup>48</sup>

- (i) An agreement is signed either with the ITF or an ITF affiliated union.
- (ii) Each seamen is provided with an employment contract.
- (iii) All seamen on board, regardless of their wishes, must either be members of an ITF-affiliated union, or if not eligible therefore, must be enrolled in the ITF's Special Seafarers Department at a joining fee of \$20 and a membership fee of \$40 per annum, both per seaman paid in advance.
- (iv) The shipowner must contribute \$200 per seafarer per annum to the ITF welfare fund.
- (v) Back pay is demanded from the date of each seaman's signing on shipboard to the date of ITF contract signing for the difference between the wages paid and the ITF agreement wages.
- (vi) The owner must agree to maintain stipulated conditions despite any waivers by the crew, to grant all ITF inspectors access to all records of each crew member, and to advise the ITF of all crew changes and contract changes. The blue certificate and contract must always be available for inspection by crew members.

Figure IX sets forth the basic rate worldwide and Far East for the key able seamen, 1972 - 1983, demanded by the ITF, together with the percentage increase. In each case there was no negotiation.

The increases in rates were decided upon by ITF and its affiliates and put into effect.

Figure X.

ITF Basic Minimum Monthly Rate Able Bodied Seamen  
(1975 - 1983)

Effective Date	World wide	Far East
	US\$	US\$
9/1/75	483	343
9/1/77	579	411
9/1/79	674	478
9/1/81	703	499
1/1/83	821	698

Source: ITF, Report on Activities, 1983.

The wage scales and cash benefits introduced on 1 September 1979 remain in force until 31 August 1981 by decision of the December 1980 meetings, pending the recalculation of the worldwide rate based on an average F.O.C. fleets instead of the average of European seafarers rates. The new method of calculation established the following AB rates which came into effect on September 1, 1981:

- (i) US\$703 for worldwide trading.
- (ii) US\$499 for Far East trading only.

A further revision taking account of increases negotiated during 1981 produced an average increase of 11.7% to US\$785 and US\$577 respectively and came into effect on April 1, 1982. Improvements in the national agreements concerned during the first nine months of 1982 produced average increases of 3.4% for officers and 4.6% for ratings giving a worldwide AB rate of US\$821 to take effect

from January 1, 1983.<sup>49</sup>

5.3. Exceptions

Not all ITF-approved vessels meet these specifications. There are several categories of ships which escape its attention, or are not troubled by ITF inspections. These include the following:<sup>50</sup>

- (i) Communist block vessels: the ITF takes the position that these ships are not F.O.C. vessels, and therefore they do not come within the orbit of its campaign. It is universally agreed, however, that the terms and conditions of employment aboard these ships are considerably below many F.O.C. vessels. "This, of course, is a source of great irritation to F.O.C. operators and a point of contention among ITF Asian affiliates who have referred to the anomaly with bitterness."
- (i) National Agreements: the ITF accepts national agreements of affiliated unions as a substitute for its agreement if it is assured that the national agreement is equivalent or superior to its agreement. As the South Korean case suggest, however, this can cause problems if the national agreements are not enforced. On the other hand, the ITF arrogates to itself the right to determine whether to accept national agreements. There are cases in which Spanish, Singapore, Indian and other national agreements were boycotted even though the national unions were ITF affiliates.

Total crew costs: Since 1981, the ITF has agreed to accept "total crew cost" and funding arrangement as a bonafide basis for acceptable national agreements. Total crew costs are calculated from all wage, fringe benefit, manning and other quantifiable labour charges. Then, if these are below ITF standards, the difference is supposed to be placed in the National Seafarer's fund.

Deal: One may hear from both nation union officials and maritime employers that "deals" are entered with the ITF permitting substandard wages and exemption from boycotts. Just what the shipowners offer in return for such arrangements is not clear, but some ships without the blue certificate are not boycotted.<sup>51</sup>

#### 5.4. Blue Certificates and National Conditions

The ITF leadership has long admitted that some Liberian Registered ships meet all standards for safety and pay wages well above its minima. The tankers fleet of the United States oil companies registered under the Liberian flag are usually cited as being in this category. Yet, vessels of such companies are harassed and boycotted just like ships that pay substandard wages. The ITF focuses narrowly on the flag, regardless of the rates of pay, the conditions of work, or the desires of the affected employees. It is this aspect of the ITF's policy which subjects it to the most criticism.

The ITF's early campaign, particularly its use of the Inter-

national Labour Organisation (ILO), was devoted to improving the condition of seafarer. It makes a similar claim for its FOC campaign. In part this can be supported and there is no question that the threat of ITF actions and its marshalling of public opinion have forced FOC countries to raise their standards. The absence of union or their weaknesses in some countries, has created a void that the ITF in part has filled.

On the other hand, the ITF has from the inception of its campaign equated FOC shipping with substandard conditions. This ignores the actual situation and disregards the tremendous economic differences between the developed and the underdeveloped countries and the need of their respective maritime labour forces. By equating FOC shipping with substandard wages and labour condition, the ITF not only inaccurately categorizes those who, like the United States petroleum companies vessels registered under the Liberian flag, provide conditions above standards, but it ignores the national flags that pay wages that are reportedly among the lowest in the world shipping industry.

#### 5.5. Conclusion

The International Transport Workers Federations (ITF) is a unique organization. Its accomplishments at the ILO have won it recognition as a spokesman for seamen's rights and welfare and also as an opponent of unsafe practices in all transportation industries, but especially in ocean transport.

There is no doubt that its campaign has forced shipowners to upgrade the conditions on board for seafarers who work on these vessels. It has also induced Liberia to improve the laws governing these matters and to move their standards toward, or equal to, those recommended by ILO.

On the other hand, the attempt to equate Liberian Registry with substandard ones leave me with no alternative but to quote its former general secretary, Charles H. Blyth, address to company of Master Mariners. "Some FOC owners are among the best employers in the world, e.g. the U.S. oil companies, while others are certainly the worst." This would appear to make the ITF an agent of European and North American trade unions attempting to hold or to gain work at the expense of seamen in less developed countries. In its FOC campaign, the ITF has collected millions of dollars and spent little on the welfare of seafarers. Moreover, only a tiny fraction of its small welfare expenditures have been given for the benefit of Third World seamen serving on FOC ships, seamen whose welfare is the alleged reason for collecting the funds. (See figure XI).

Finally, the ITF is an organization that has vowed to eliminate all FOC ships from commerce. It has failed to do so, but has grown wealthy in the process. It now faces an interesting dilemma. In the event that it succeeds, however, the ITF would eliminate the source of its own wealth.



Figure XI

ITF seafarers' trust: grants made		£
1.	Anchor House, Hull, England - improvements	11,000.00
2.	Durban Bayhead Club - building extension	3,800.00
3.	Liverpool Personal Service Society - re late Claes Hoberg	50.00
4.	Missions to Seamen, Halifax, Canada - extension to accomodation	4,000.00
5.	International Sports Committee for Seafarers - towards expenses of "Sports Week"	20,000.00
6.	Seafarers' Hotel, Copenhagen - renewal fo furniture	12,000.00
7.	Stella Maris Club, Sydney - purchase of bus	7,385.00
8.	Bay of Plenty Seafarers' Centre, New Zealand - purchase of bus	7,685.00
9.	Missions to Seamen, Vancouver - improvements to canteen	3,050.00
10.	Seamen's Welfare Foundation, Rotterdam - printing of brochure	2,000.00
11.	United Seamen's Service, USA - towards activities in 1981	30,231.55
12.	Merchant Seamen's War Memorial Society, Great Britain - purchase of equipment	18,800.00
13.	German Seamen's Mission, Djakarta - purchase of minibus	5,000.00
14.	Anchor House, London - repairs and renovations	30,000.00
15.	Danish Seamen's Church, New York - building extension	2,000.00
16.	Seamen's Church Institute, New York - electrical re-wiring	16,528.58
17.	United Seamen's Service, USA - purchase of busses for Alexandira and Pusan centres	9,508.55
18.	Rosenhill Seafarers' Centre, Gothenburg - floodlights for running track	17,000.00
19.	Stella Maris Club, Melbourne - purchase of bus	16,000.00
20.	Flying Angel Club, Fremantle - building extxensions and improvements	32,331.00
21.	Willie Seager Memorial Homes, Cardiff, Wales - renovations	10,000.00
22.	Dubai International Seafarers' Centre - building extensions and improvements	20,000.00
23.	International Seafarers' Centre, Manila - purchase of vehicle	5,631.33
24.	Swedish Seamen's Service, Sydney - repair of vehicle	1,487.65
25.	Kobe Mariners' Centre - purchase of bus	5,310.00
26.	Stella Maris Centre, New Orleans - repairs	2,787.07
27.	International Radio Medical Centre - towards services	15,000.00
28.	British Sailors' Society, Hamburg - building extensions	9,378.00
29.	Atlantic House, Liverpool - building work	15,000.00
30.	Stella Maris Club, Southampton - repairs and renovations	12,007.00
31.	Muroran Seamen's Hall, Japan - renovations	28,571.00
32.	Provision of video cassettes to certain Japanese vessels	3,276.45
33.	Glasgow Veteran Seafarers - vehicle purchase	5,301.00
34.	British Sailors' Society, Hamburg - building work	20,622.00
35.	Missionsto Seamen, Mombasa - vehicle purchase	7,430.00
36.	Apostleship of the Sea, Liverpool (Atlantic House) - building work	9,972.00
37.	Stella Maris Club, Melbourne - building work	23,760.00
38.	International Sports Committee/Norway Sports Week - International Seafarers	25,000.00
39.	International Seafarer's Centre, Manila - repairs	24,000.00
40.	Seagull Committee, Italy - donation	5,003.00
41.	Timaru Seafarers' Centre, New Zealand - building work	6,438.00
42.	Dampier Seafarers' Centre, Australia - building & facilities	15,133.87
43.	Dreadnought Hospital, London, England - equipment	316.00
44.	Missions to Seamen, Cardiff, Wales - minibus purchase	4,869.00
45.	Faroes Seamen's Home - building work	12,000.00

46. Stella Maris Seafarers' Club, Fremantle, Australia - minibus purchase	6,843.46
47. Missions to Seamen, Newcastle, Australia - minibus purchase	4,420.00
48. Handelsflottans Kulture och Fritidsråd - bus purchase	22,400.00
49. Merchant Seamen, Springbok Farm, England - equipment	16,000.00
50. Belgische Transportarbeidersbond Sports Week - bus hire	674.00
51. United Seamen's Service, Yokohama, Japan - minibus purchase	4,157.00
52. Apostleship of the Sea, Halifax, Canada - repair work	4,823.00
53. OeTV Germany, Seafarers' School - equipment	17,000.00
54. Missions to Seamen, Halifax, Canada - Mobile Welfare Centre	22,243.00
55. Royal Alfred Seafarers' Society, Britain - 2 minibuses	15,628.00
56. N.V. Van Corp Sana & Clinic de Mick, Belgium - repair work	26,133.00
57. Stella Maris Maritime Center, New Orleans - repair work	6,456.00
Total	683,521.00

Many of the Funds collected is spent in developed countries.

Source: ITF XXXIV Congress, Report on Activities 1980 - 84,

Madrid 1983, Oct 20 - 28.

Figure XII

ITF Manning Standards 15,000 GRT and Over Estimated Monthly Crew cost (worldwide) - rates effective as of April 1, 1982.

Rankor Rating	Basic pay US\$	40 Hours normal US\$	60 Hours Sat/Sun	3 days leave pay	Total Pag per mon
Master	2,675	792.00	2,147.00	321.00	5,930.00
C/off	1,727	512.00	1,380.00	207.30	3,836.30
2/off	1,383	408.00	1,104.00	165.90	3,060.90
3/off	1,333	396.00	1,068.00	159.90	2,956.90
R/off	1,383	408.00	1,104.00	165.90	3,060.90
C/Eng	2,431	720.00	1,944.00	291.60	5,386.60
1/Eng	1,727	512.00	1,380.00	207.30	3,826.30
2/Eng	1,383	408.00	1,104.00	165.90	3,060.90
3/Eng	1,333	396.00	1,068.00	159.90	2,956.90
Bosun	877	260.00	702.00	105.30	1,944.30
9 AB's	7,065	2,088.00	5,670.00	847.80	15,670.80
Donkeyman	877	260.00	702.00	105.30	1,944.30
C/Stwd	1,383	408.00	1,104.00	165.90	3,060.90
2/Stwd	785	232.00	630.00	94.20	1,741.20
A/Stwd	668	196.00	534.00	80.10	1,478.10
Cook	877	260.00	702.00	105.30	1,944.30
2/Cook	668	196.00	534.00	80.10	1,478.10
A/Cook	668	196.00	534.00	80.10	1,478.10
2 messmen	1,336	392.00	1,068.00	160.20	2,956.20

Total crew: 28 Total montly crew cost US\$67,762.00.

Source: ITF schedules adapted and compiled by B.L. Wilhaurs, "The International Transport Workers Federation", 1982.

Total montly crew cost under ITF "agreement" effective January 1, 1983, worldwide rates, (4,6 percent increas) = US\$70,879.05.

## 6.0. Economic Impact

### 6.1. General

Developing countries can be classified in terms of similarities and differences at strengths and interests. I choice to classify them into four main categories relevant to the Liberian Registry. They are the following:

- (i) Countries providing host facilities for registration of ships (e.g. Liberia)
- (ii) Countries providing seamen on a significant scale for Liberia's registry (i.e. Philippines, South Korea, India and Indonesia),
- (iii) Countries operating or wishing to operate deep sea shipping services on a large scale (e.g. Brazil, South Korea and Singapore),
- (iv) Countries using bulk deepsea service on a significant scale (e.g. (Indonesia and Guinea).<sup>52</sup>

A particular country may fall into more than one of these categories. Liberia, for example, is the largest open registry country (i) and a big exporter of iron ore (30 million tons); Brazil has its own national flag fleet (iii), is a major exporter of bulk commodities (iv) and has about 10% national shipping registered under the Liberian and Panamanian flag; the Philippines and Indonesia are major suppliers of seamen to open registry vessel (ii), an important exporter of certain bulk commodities and has the potential for a national flag fleet (iii); and Singapore host open registries (i), but is also expanding its national flag vessels (iii).

Further more, it is practicable to exclude the following countries from the UNCTAD bulk shipping debate because of the size of their economies, the pattern of their trade and their geographical locations,

Such list include:<sup>53</sup>

1. Afghanistan
2. Benin
3. Bhutan
4. Botswana
5. Burundi
6. Cape Verde
7. Central African Republic
8. Chad
9. Comores
10. Djibouti
11. Dominica
12. Equatorial Guinea
13. Fiji
14. Gambia
15. Grenada
16. Guinea Bissau
17. Haiti
18. Lao People's Democratic Republic
19. Lesotho
20. Malawi
21. Maldives

22. Mali
23. Mongolia
24. Nepal
25. Niger
26. Rwanda
27. Samoa
28. Sao Tome and Principe
29. solomon Island
30. Swaziland
31. Tonga
32. Uganda
33. Upper Volta
34. Vanuatu

The next subclassification is those countries with trade and shipping interests at stake. They need shipping on a large-scale for their international trade and have gone some way in this regard. These countries are not involved in open registry operations either as host or crew providers, although, a significant proportion of their foreign trade may be carried in open registry vessels.

These countries are;

China

North Korea

Nigeria

Iraq

Thailand

Vietnam

Colombia

Cuba

So there can be no doubt that many interest groups are at stake when one considers phasing out "open registry".

## 6.2. Labour suppliers

Bangladesh, Burma, India, Indonesia, South Korea, Pakistan and the Philippines provide a substantial amount of officers to Liberia registry vessels, and all excepting Burma, already have sizeable national flag fleets. Here is a group of countries whose voice is entitled to be heard and whose governments have a clear responsibility to ensure that whatever shipping policy they adopt is in the best interest of their surplus seafarers. The economic issues for these countries are whether they derive any genuine net benefit from the employment of their nationals in open registry vessels; whether the movement of such part of their foreign trade as is at present carried in Liberia registry vessels involves a lower resources cost than if it were carried in national flag vessels; and finally whether Liberia registry operations as such constitute a genuine barrier to the development of their own national flag vessels assuming here that some national flag development involves an efficient use of resources. With regard to the labour situation it can be argued that officers and crew from developing countries wouldn't continually work with foreign flag vessels unless they earned more money including tax benefits of overseas earnings than they would in their own country. Inducements of promotion and guaranteed continued employment would also encourage personnel to continue sailing under foreign flags. If the stated argument is accepted, it is difficult to use

the exploitation of labour argument against the Liberian Registry, or at least the more respectable open registries operators. On the contrary, the phasing out of Liberian Registry could result in the unemployment of officers and seamen from developing countries.

The use of labour from developing countries in combination with capital from industrialized countries is not, whether shipping, tourism or vehicle assembly, economic exploitation if the real opportunity cost of that labour in the national economy is lower than its value to the national economy as a result of employment in another country.

In practice the attitudes and policies of the Indian, South Korea, Philippines, Pakistan and Bangladesh governments to migrant labour on Liberian registry vessels controvert the UNCTAD argument. If such governments considered the employment of their nationals on open registry vessels to be contrary to their national economic interests, they have it in their power to put an end to it by direct decree or by indirect fiscal measures. The fact is that these fleets provide employment opportunities for citizens from countries where unemployment is often endemic, and the value of these opportunities to the countries concerned is recognized, although not overtly acknowledged, by their governments.

The Philippine National Seamen Board reports that there are approximately 50,000 Filipinos seamen employed on open registry vessels earning some \$120 million in hard currency which flows into the Central Bank.

The Deputy Director General of Shipping in India reports that 11,105 Indian seamen are on foreign registry ships, producing about \$30 million in income.



The Korean Maritime and Port Administration reports an employment of about 18,000 Korean seamen on foreign registry vessels earning foreign exchange associated with these jobs of about US\$100 million.<sup>54</sup>

The Taiwan Advisory Committee for the Foreign Employment of Mariners reports employment of 21,00 Taiwanese seamen on foreign registry ships but no official estimate of hard currency earnings has been made available.

### 6.3. Liberia's Gain from the System

As shown in figure XIV, in 1984 the Liberian Government realized approximately \$17.0 million in net proceeds from the Liberian registry. Except for vessels in the Liberian coastal trade, Registration fees and annual Tonnage tax for vessels of less than 2,200 net tons shall be equal to that for a vessel of 2,200 net tons. Registration fees and annual tonnage tax for vessels assigned dual tonnage shall be paid on the higher of the two net tonnage figures.

Fees required at registration are the following:<sup>55</sup>

- |   |                                   |
|---|-----------------------------------|
| 1. Registration Fee   | \$1.20 per net ton                |
| 2. Annual Tonnage Tax   |                                   |
| As of January 1, 1983   | \$ .35 per net ton                |
| As of January 1, 1985   | \$ .40 per net ton                |
| 3. Marine Investigations, Nautical Training<br>and International Participation (Annual) | \$1,000.00 plus \$.05 per net ton |
| 4. Marine Inspection (per Inspection)   | \$725.00                          |

5. Provisional Certificate of Registry	\$200.00
6. Permanent Certificate of Registry	\$200.00
7. Temporary Radio Authority	\$50.00
8. Combined Maritime Publications Folder	\$37.50
9. Oil Record Book for COW-equipped Tankers	\$18.00
10. Oil Record Book for all other Vessels	\$5.00
11. Articles of Agreement (1 only)	\$2.00

Registration charges payable where Liberian-registered vessel is sold are:<sup>56</sup>

1. Reregistration charges	\$1,000.00
2. Provisional Certificate of Registry	200.00
3. Permanent Certificate of Registry	200.00
4. Temporary Bill of Sale	50.00
5. Recording Bill of Sale	50.00

Plus official forms and Publication as above.

The only points to be made here are first, that the system seems to make a significant contribution to the small, undiversified economy of Liberia and secondly, that part, or possibly all of such revenue would be lost to Liberia as the result of phasing out. No specific proposals appear to have been developed as to whether the open registry countries should be compensated for such losses and if so, how and by whom? In any case, the Liberia Government sees its registry as an extension of international investment from metropolitan economies of the countries of the beneficial owners. By offering such facilities, Liberia is acting legitimately in her own economic interest and is not undermining or weakening the economies of their fellow developing countries.

#### 6.4. International Trade and Shipping

The major issue in FOC argument is the effect on international trade. Before a final decision is taken as to phasing out, it is essential that a thorough economic analysis be made of the possible effects on trade.

It is a fact to say that some developing countries are much more developed than others in terms of their command of economic resources; the richer Arab oil exporting countries (see figure XIII) and South Korea are the obvious. Such richer developing countries are freer from serious constraints on the development of different sectors of their economy, including shipping, and if some have not chosen to give high priority to the large scale development of national flag fleets it is probably because they consider their economic interests and true comparative advantage, at least in terms of present priorities, to lie elsewhere. In some cases where such countries have started to develop national flag fleets they have had help from western interests. On the other hand, a large part of these countries' oil exports are carried by Liberia's Registry operated by oil companies because of its flexibility, ready availability, and competitive rates.

Of the OECD countries, Canada is a notable example of a country which has not allocated resources to national flag development but has carried most of its deepsea foreign trade at a lower cost by using services offered by vessels registered in other countries.

The dream of a new merchant fleet in Canada has been cancelled by

the report of a special task force on the subject released in June, the Task Force on deep-sea shipping.<sup>57</sup> As the report notes, government past and present have attached only a low priority to maritime transportation. This neglect, the report emphasized, has been justified because of cut-throat international competition and high Canadian wage rates. Any attempt to establish a merchant marine, therefore would require "direct subsidies or the reservation of cargoes for Canadian-flag vessels or both."<sup>58</sup>

The report argues that the creation of a merchant fleet would damage Canada's crucial foreign trade by limiting the access of Canadian shippers to a wide variety of ocean-going services. Export to non-North American markets account for roughly 10% of Canada's gnp and about 90% of these exports are carried by ships. Establishing a Canadian merchant marine would restrict the access of the Canadian shipper to the broad range of shipping services now available and this could put the whole seaborne export sector of the Canadian economy in jeopardy, the report concludes.<sup>59</sup>

In other cases where the economy may be smaller and the related demand for shipping less, the argument for investment into shipping as compared to other less capital-intensive, less risky sectors may not be so strong. If there is a real economic case for their investment in shipping they may look for a reserved or protected market for the infant industry and in theory this might appear to be offered by phasing out the Liberian Registry services. But if regardless of such protection, their real comparative advantages lie elsewhere than in shipping it may be that the phasing out of Liberian

Registry may not necessarily be in their economic interests.

There are LDC which are likely to suffer most economically if scarce resources are misallocated in the economic sense to less productive sectors.

Finally, had the economic case for such shipping investment in the developing countries been clearly established by pre-investment case studies then there is little doubt that the level of World Bank (IBRD) lendings for such shipping projects would have been reasonably high, whereas in the 70's it has been negligible. At present the Bank's attitude could be described as cautious, but not negative. The Bank remains willing to lend for sound shipping projects, but requires assurance that the borrowing country would be the principal beneficiary. It is not proposed to enumerate the success and failure rates in developing countries shipping. However, it is suggested that several detailed case studies of different examples of successes and of failures in shipping industries in developing countries could help potential investors to identify and distinguish between the internal factors and the external factors making for success or failure in international shipping.

The long-term competitiveness of a country's exports and the price it has to pay for its imports can depend in the case of certain commodities to a significant extent on the shipping costs. Such is clearly the case with the lower value, high volume bulk commodities such as coal, iron ore, bauxite and phosphate. Even in the case of crude oil and other high value commodities such as grain, freight cost can be significant in determining the volume, timing

and source of supply chosen by a buyer. In the case of imports, freight rates clearly affect the delivered prices of consumer goods and of industrial inputs. If the contention that Liberian Registry services help to keep down shipping rates in a competitive shipping market and that if its services were to be phased out they would be replaced by higher cost and therefore higher prices services, it is difficult to argue that such phasing out would be in the economic interests of countries heavily dependent on bulk shipping for their foreign trade.

Therefore the more important argument relates to the export of dry bulk cargoes, where freight accounts for a high proportion of the delivered cost. Again, the trade interests of individual countries need careful assessment before a vote is taken for less competitive, less flexible shipping to move their exports.

Three general factors should not be overlooked:

- (i) The GNP of major industrialized countries.
- (ii) The predominant role of the industrialized countries as markets for most of the bulk cargoes from the developing countries, and as grain suppliers.
- (iii) The role of a number of industrialized countries as suppliers of certain major bulk items. Clearly, a detailed and up-to-date matrix of trade and inter-related shipping movements is called for, and in such analysis it is essential that the developing countries are not treated as a block, but distinguished along their different economic strengths and interests.

6.5. Conclusion

It is a significant fact that in the industrialized nations no venture capitalist would dream of investing in shipping. But shipowners are not blind to the aspirations of some developing countries and have taken an important initiative to encourage fleet development in these Third World countries". This is known as the Caracas Declaration promoted by the Paris based International Chamber of Commerce.

This realistic approach has a fulltime coordinator whose task is to set up a center of Maritime Information which will provide information to Third World countries on all aspects of shipping. Those developing countries with shipping aspirations may seek information from this body.

In the bulk trade the transportation costs are often the criterion on which the sale is made. A prime example is import to Japan of coal and iron ore from Australia. The higher cost of Australian raw materials can be offset by the lower transportation costs offered by Liberian registry.

While developing countries can certainly compete, it is relevant to note that in 1980 at UNCTAD the representative of the Ivory coast said, "The operating cost of vessels of developing countries were not always lower than those of the market countries with the highest costs." This statement in my opinion is worth nothing for those countries that are aspiring to venture in the shipping industry.

Figure X IV

Net Earning from Liberia's Registry (1951 - 1984) in  
Millions of US Dollars

Year	Initial Registration fees & tonnage tax	Annual tonnage tax	Addit'l Registration fees and tonnage tax	Change of name fees	Total
1951	--	--	--	--	.2
1952	--	--	--	--	.3
1953	--	--	--	--	.5
1954	--	--	--	--	.5
1955	--	--	--	--	.8
1956	1.1	.2	.006	.0007	1.3
1957	1.7	.3	.037	.007	2.0
1958	1.2	.5	.029	.002	1.7
1959	1.0	.5	.008	.003	1.5
1960	.6	.5	.014	.003	1.1
1961	.5	.5	.066	.004	1.0
1962	.4	.5	.037	.001	.9
1963	1.5	.5	.057	.005	2.1
1964	2.1	.5	.082	.007	2.7
1965	2.7	.7	.150	.007	3.5
1966	1.6	.8	.079	.007	2.5
1967	2.4	1.0	.096	.006	3.4
1968	2.5	1.1	.062	.007	3.6
1969	3.0	1.2	.036	.006	4.2
1970	3.6	1.3	.051	.007	5.0
1971	4.5	1.6	.090	.008	6.1
1972	5.3	1.8	.103	.009	7.2
1973	6.4	2.1	.019	.013	8.6
1974	6.9	2.4	.095	.009	9.4
1975	10.6	5.0	.057	.008	15.6
1976	9.5	4.3	.077	.008	13.9
1977	7.3	3.9	.056	.007	11.2
1978	6.0	4.6	.340	.008	11.0
1979	5.2	4.8	.198	.011	10.2
1980	3.1	4.0	.308	.009	7.4
1981	3.9	13.6	.301	.008	17.8
1982	3.7	14.4	.341	.011	18.5
1983	3.7	14.6	.111	.015	18.4
1984	3.9	13.4	(.045)	.018	17.3
Total in million US dollars					249.8

Source: Bureau of Maritime Affairs, R.L. IMA, Economic Impact of  
Open Registry Shipping, 1979.

The International Trust Company of Liberia, 1985.



Figure XV.

Additional charges

III Change of name fees

(Payable where vessel's name is to be changed. Not required where vessel is being transferred from foreign flag and is to be initially registered in a new name).

Publication cost \$100.00

Change of Name Fee based on tonnage as follows (M.L. 77):

- |  |          |
|--|----------|
| 1. 90 net tons and under               | \$ 25.00 |
| 2. Over 90 and under 500 net tons      | 50.00    |
| 3. Over 500 and under 1,000 net tons   | 75.00    |
| 4. Over 1,000 and under 5,000 net tons | 100.00   |
| 5. Over 5,000 net tons                 | 150.00   |

New Provisional Certificate of Registry \$200.00

New Permanent Certificate of Registry 200.00

New Temporary Radio Authority . 50.00

Amended Ship Radio Station License

showing name of vessel if a License had been  
previously issued in former name 100.00

IV Recording fees

Recording of:

Bill of Sale or Builder's Certificate	\$ 50.00
Mortgage (includes two certified copies)	425.00
Amendment, etc., of Governant or Loan Agreement	150.00
Amendment, etc., which increases principal sum	450.00

Subordination or Assumption Agreement	150.00
Assignment (includes two certified copies)	150.00
Satisfaction of Mortgage	100.00
Notice or Discharge of Claim of Lien	75.00
Re-issued Certificate of Registry; when requested, showing endorsement of recording	150.00

Figure XVI

## Age and size of all steamships and motorships registered under the Liberian flag

Division of tonnage	Division of age														Total No.	Total Gross tonnage
	0 - 4 years		5 - 9 years		10 - 14 years		15 - 19 years		20 - 24 years		25 - 29 years		30 years & over			
	No.	Gross tonnage	No.	Gross tonnage	No.	Gross tonnage	No.	Gross tonnage	No.	Gross tonnage	No.	Gross tonnage	No.	Gross tonnage	No.	Gross tonnage
100 - 499	-	-	8	2,675	23	9,890	14	5,466	1	438	2	698	2	712	50	19,879
500 - 999	3	2,449	14	11,058	15	12,095	2	1,729	1	515	-	-	-	-	35	27,846
1,000 - 1,599	2	3,035	12	18,837	11	16,490	2	2,232	-	-	-	-	-	-	27	40,594
1,600 - 1,999	-	-	-	-	1	1,725	-	-	-	-	-	-	-	-	1	1,725
2,000 - 3,999	6	19,038	13	46,174	21	71,503	5	14,150	2	6,005	-	-	-	-	47	156,870
4,000 - 5,999	11	55,467	32	155,762	33	167,690	15	79,626	7	36,473	-	-	-	-	98	495,018
6,000 - 6,999	4	25,897	22	139,130	10	64,956	15	96,560	5	31,727	1	6,040	-	-	57	364,310
7,000 - 7,999	5	37,379	6	43,265	7	52,657	4	29,259	4	28,384	-	-	-	-	26	190,944
8,000 - 9,999	22	199,561	46	421,869	30	275,639	27	240,569	6	56,979	6	56,887	-	-	137	1,251,504
10,000 - 14,999	32	393,590	73	916,900	80	1,015,445	35	413,785	9	105,071	2	23,150	3	36,414	234	2,904,355
15,000 - 19,999	61	1,092,939	122	2,206,365	110	1,874,133	34	584,534	9	155,123	2	33,293	2	35,046	340	5,981,433
20,000 - 29,999	72	1,701,326	51	1,213,771	35	824,843	56	1,411,695	7	167,610	5	116,841	-	-	226	5,436,086
30,000 - 39,999	60	2,002,987	76	2,604,480	43	1,447,946	40	1,422,149	5	163,633	-	-	-	-	224	7,641,195
40,000 - 49,999	24	1,025,162	37	1,600,377	12	555,461	25	1,107,072	1	46,476	-	-	-	-	99	4,334,548
50,000 - 59,999	4	232,661	10	559,150	25	1,342,945	4	206,547	-	-	-	-	-	-	43	2,341,303
60,000 - 69,999	1	66,413	29	1,849,204	19	1,209,107	-	-	-	-	1	61,275	-	-	50	3,185,999
70,000 - 79,999	1	70,164	11	832,742	20	1,497,390	3	221,740	-	-	-	-	-	-	35	2,622,036
80,000 - 89,999	2	173,340	6	504,657	14	1,192,734	1	85,906	-	-	-	-	-	-	23	1,956,637
90,000 - 99,999	2	186,867	-	-	6	590,210	-	-	-	-	-	-	-	-	8	777,077
100,000 - 109,999	-	-	10	1,064,889	22	2,316,565	-	-	-	-	-	-	-	-	32	3,381,454
110,000 - 119,999	-	-	15	1,741,667	36	4,197,406	-	-	-	-	-	-	-	-	51	5,939,073
120,000 - 129,999	-	-	27	3,353,381	27	3,370,538	-	-	-	-	-	-	-	-	54	6,723,919
130,000 - 139,000	-	-	6	803,524	6	801,465	-	-	-	-	-	-	-	-	12	1,604,989
140,000 and above	-	-	21	3,890,854	4	755,052	-	-	-	-	-	-	-	-	25	4,645,906
Total	312	7,288,275	647	23,980,731	610	23,663,885	282	5,923,019	57	798,434	19	298,184	7	72,172	1,934	62,024,700

Source: Lloyd Registry of Shipping Statistics, 1984.

Figure XVII

Arab fleet by country as of January 1st, 1985

- Vessels over 1,000 grt -

Country	State			Private			Total			Aver- age*	% of fleet (grt)	Change over 84 in %		
	No.	grt	dwt	No.	grt	dwt	No.	grt	dwt					
Saudi Arabia	16	346,294	505,441	7.0	157	2,683,344	4,574,697	14.9	173	3,029,638	5,081,138	13.9	27.02	27.1
Kuwait	59	2,110,370	3,208,867	6.0	13	142,309	194,029	17.7	72	2,252,679	3,402,896	6.7	20.09	6.4
Algeria	74	1,328,962	1,931,300	8.6	-	-	-	-	74	1,328,962	1,931,300	8.6	11.85	1.9
Iraq	44	925,514	1,625,920	9.4	-	-	-	-	44	925,514	1,625,920	9.4	8.25	34.6
Libya	28	832,423	1,506,168	9.1	-	-	-	-	28	832,423	1,506,168	9.1	7.42	5.7
UAE	15	592,571	1,153,144	8.3	33	132,846	183,024	18.4	48	725,417	1,336,168	10.1	6.47	12.1
Egypt	78	457,332	665,009	9.7	36	151,284	200,226	23.0	114	608,616	865,235	13.0	5.43	10.4
Lebanon	-	-	-	-	103	413,178	618,159	22.3	103	413,178	618,159	22.3	3.68	10.0
Morocco	31	317,630	525,582	6.9	19	53,139	84,694	11.1	50	370,769	610,276	7.5	3.31	2.3
Qatar	13	289,675	431,162	6.9	6	50,499	85,583	19.1	19	340,174	516,745	8.7	3.03	3.3
Tunisia	23	167,450	232,723	7.7	-	-	-	-	23	167,450	232,723	7.7	1.49	6.4
Sudan	10	91,101	122,989	6.5	1	1,991	2,577	39.0	11	92,092	125,566	7.3	0.83	-
Jordan	4	44,918	71,266	12.8	2	2,719	3,702	21.3	6	47,637	74,968	13.3	0.42	-
Syria	5	17,155	24,211	10.5	7	22,239	30,944	24.2	12	39,394	55,155	18.2	0.35	49.0
Bahrain	-	-	-	-	3	21,619	38,639	18.4	3	21,619	38,639	18.4	0.21	30.1
Somalia	3	11,297	9,907	20.6	1	1,287	1,760	32.0	4	12,584	11,667	21.8	0.11	11.4
Yemen (N)	2	3,236	4,907	9.1	-	-	-	-	2	3,236	4,907	9.1	0.03	-
Mauritania	-	-	-	-	1	1,581	1,964	18.0	1	1,581	1,964	18.0	0.01	-
Jibuti	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Oman	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yemen (S)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>405</b>	<b>7,535,928</b>	<b>12,018,596</b>	<b>7.9</b>	<b>382</b>	<b>3,678,035</b>	<b>6,020,998</b>	<b>16.2</b>	<b>787</b>	<b>11,213,963</b>	<b>18,039,594</b>	<b>10.6</b>	<b>100.0</b>	<b>12.8</b>

Source: Institute of Shipping Economics and Logistics, shipping statistics, Bremen, 1985 Feb Vol. 29 No. 2.

\* Average age (years).

## 7.0. Recommendation and Conclusion

The basic reasons for going into ship registration were to offset the high cost of transporting petroleum product from South America to Liberia and the desire by President Tubman to prove to the Liberian people that his open-door policy was making head-way.

The principle behind the operation was designed to use officers from the traditional maritime state and crew from Liberia. In this process Liberians would have been trained as masters and officers to take-over the command of Liberian Registered vessels. But somewhere along the line, the training aspect of Liberian crew was neglected thereby reducing total gain from the system of ship registration.

If the process of training of crew in the early days of the system had been taken seriously, Liberia would now be earning substantial amounts from the system of ship registration. Already, I have mentioned in chapter six the substantial cash-flow earned by India, Philippines and South Korea by providing officers and crew to open registeries.

At present there are more officers and crew in the world today than the tonnage requires. Therefore, if Liberia was to consider training of seafarers for vessels registered under her flag, the conventional method of training would be inadequate. Training would have to be based on a modern approach, where the seafarer would have to be trained at university to enable him to fit into jobs at the ministries, ports, shipping companies, training institutions and also as brokers and forwarders.

A man-power study would have to be undertaken to make an assessment of the man-power needs of the various maritime industries in the

long run.

Since adequate maritime training as described is expected to have a very good effect upon efficiency and productivity in maritime development, I wish to emphasize that it be given high consideration as a matter of priority.

Another aspect of the maritime industry that Liberia could enter into is a joint-venture with a multinational agreement such as bareboat chartering. This agreement must only be done during the period of high rate.

Under a bareboat charter, the Liberian company obtains the complete control of the vessel which the company operates as if it belongs to their own fleet. The company is responsible for all crew matters including the appointment of the Master and the Chief Engineer. All costs incidental to the use and operation of the vessel are for the company's account. The company is also responsible for keeping the vessel in good condition and running order and this requires them to overhaul and repair it whenever necessary.

The bareboat vessels would then enter into a contract for major part of the iron ore export trade. This sort of deal could assist in providing part of the most extensive training program.

Most of the ore could be shipped through the Freeport of Monrovia and Lower Buchanan, where facilities might have to be upgraded. Additional quantities of ore could be obtained from Guinea.

However, consideration will have to be given to the fact that the market for iron ore is presently undergoing a great deal of uncertainty, with steel output plunging in the US in the first quarter

of 1985 by 12 percent, compared to 1984, while EEC production fell only slightly, Japan steel industry revived, however, by more than 3 percent.

One of the prime characteristics of Liberia's Registry operations is that in a competitive market unrestricted by cargo-sharing they provide a very flexible, rich supply of shipping services at a lower cost to the buyer than would be the case if the beneficial owners were obliged to operate under their own national flags. It is premature to think that their phasing out would lead to redeployment by the beneficial owners of Greece, Japan, Hong-Kong and United States to a wide range of developing countries on a trade related basis. Much of them might probably be re-flagged under lower cost OECD countries such as Greece, and perhaps in the future Spain. The extent to which charges to ship users might increase would depend upon reduced taxation.

Of the small number of ships that might be redeployed in joint ventures in developing countries the owners may require high financial and political guarantees of the investment. Ironic, however, is the fact that in many cases re-flagged vessels operating in joint-ventures under some of these flags would be just as dependent on officers and seamen from other developing countries and indeed, from the developed countries as in the present Liberian Registry.

Some developing countries hosting joint shipping ventures would obtain some benefit of the flow of hard currency through their national accounts derived from the immediate revenue from their new operations, although the net gain or possible loss, would depend upon the ratio of unit revenue. However, net cash flows of foreign exchange could be lower than gross revenues as a result of heavy outgoings on interest charges, management, officers, and crew repairs and maintenance, bunkering and stores.

The large majority of developing countries, including Liberia which follows Canada's example, will realise that their economic interest in buying relatively low-priced bulk shipping in a free market would find that their foreign trade transaction in seaborne trade becoming less competitive and their imports more expensive. Since, many of these commodities coming from these countries have alternative suppliers in the industrialized world, (i.e. Canada and Australia & South Africa) such changes would have long-term implications for the narrowly based economies on the developing countries.



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Appendix A

International Conventions and Agreements, Maritime or  
Related, to which Liberia is a Party or of which Liberia is a Signa-  
tory,

Key:

\* = Applied by Liberia in advance of coming into force internationally.

N.Y.R. = Liberia has not yet deposited ratification.

E.I.F. = Date of entry into force for States Parties.

N.Y.I.F. = Not yet in force internationally.

IMO Conventions

1. CONVENTION ON THE INTERNATIONAL MARITIME ORGANIZATION (IMO CONSTITUTION) 06 MAR 48, Geneva	06 JAN 59	06 JAN 59
Amendments to the Convention on the International Maritime Organization		
28 SEP 65 (Res A.70)	(03 NOV 68)	03 NOV 68
17 OCT 74 (Res A.315)	22 AUG 75	01 APR 78
14 NOV 75 (Res A.358)	19 NOV 79	22 MAY 82
17 NOV 77 (Res A.400)	14 DEC 79	N.Y.I.F.
15 NOV 79 (Res A.450)	08 JAN 81	N.Y.I.F.
2. INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960 (SOLAS '60) 17 JUN 60, London	26 MAY 64 (Abrogated: 25 May 80)	26 MAY 65
1966 Amendments		
30 NOV 66 (Res A.108)	25 FEB 69	25 FEB 69*
1967 Amendments		
25 OCT 67 (Res A.122)	29 JAN 70	N.Y.I.F.
1968 Amendment		
29 NOV 68 (Res A.146)	25 SEP 72	N.Y.I.F.
1969 Amendments		
21 OCT 69 (Res A.174)	25 SEP 72	N.Y.I.F.
1971 Amendments		
12 OCT 71 (Res A.205)	25 SEP 72	N.Y.I.F.
1973 (General) Amendments		
20 NOV 73 (Res A.263)	N.Y.R.	N.Y.I.F.
1973 (Grain) Amendment		
20 NOV 73 (Res A.264)	(01 JAN 75)	01 JAN 75*

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	15 NOV 79 (Res A.450)	08 JAN 81	N.Y.I.F.
2.	INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960 (SOLAS '60) 17 JUN 60, London	26 MAY 64 (Abrogated: 25 May 80)	26 MAY 65
	1966 Amendments		
	30 NOV 66 (Res A.108)	25 FEB 69	25 FEB 69*
	1967 Amendments		
	25 OCT 67 (Res A.122)	29 JAN 70	N.Y.I.F.
	1968 Amendment		
	29 NOV 68 (Res A.146)	25 SEP 72	N.Y.I.F.
	1969 Amendments		
	21 OCT 69 (Res A.174)	25 SEP 72	N.Y.I.F.
	1971 Amendments		
	12 OCT 71 (Res A.205)	25 SEP 72	N.Y.I.F.
	1973 (General) Amendments		
	20 NOV 73 (Res A.263)	N.Y.R.	N.Y.I.F.
	1973 (Grain) Amendment		
	20 NOV 73 (Res A.264)	(01 JAN 75)	01 JAN 75*



3.	INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1974 (SOLAS '74) 01 NOV 74, London	14 NOV 77	25 MAY 80
	1981 Amendments 20 NOV 81 (Res MSC. 1.XLV)	20 NOV 81	N.Y.I.F.
4.	PROTOCOL OF 1978 (TSPP '78) TO SOLAS '74 17 FEB 78, London	28 OCT 80	01 MAY 81
5.	CONVENTION ON THE INTERNATIONAL REGULATIONS FOR PREVENTING COLLISIONS AT SEA, 1972 (COLREGS '72) 20 OCT 72, London	28 DEC 73	15JUL 77
	1981 Amendments 19 NOV 81 (Res A.464)	(19 NOV 81)	01 JUN 83
6.	INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION OF THE SEA BY OIL, 1954 (OILPOL '54) 12 MAY 54, London	28 MAR 62	26 JUL 58
	(OILPOL '54 - Continued) 1962 Amendments, excepting Article XIV 22 MAY 62	21 AUG 63	18 MAY 67
	1962 Amendments to Article XIV 22 MAY 62	21 AUG 63	28 JUN 67
	1969 Amendments 22 OCT 69 (Res A.175)	25 SEP 72	01 SEP 67*
	1971 Amendments 12 and 15 OCT 71 (Res A.232 and A.246)		20 JAN 78
7.	INTERNATIONAL CONVENTION FOR THE PREVENTION OF POLLUTION FROM SHIPS, 1973 (MARPOL '73) 02 NOV 73, London	(28 OCT 80)	2 OCT 83
8.	PROTOCOL OF 1978 (TSPP '78) TO MARPOL '73 17 FEB 78, London	28 OCT 80	2 OCT 83
9.	INTERNATIONAL CONVENTION ON LOAD LINES, 1966 (LL '66) 05 APR 6, London	08 MAY 67	21 JUL 68
	1971 Amendments 12 OCT 71 (Res A.231)	25 SEP 72	N.Y.I.F.
	1975 Amendments 12 NOV 75 (Res A.319)	N.Y.R.	N.Y.I.F.

	1979 Amendment 15 NOV 79 (Res A.411)	N.Y.R.	N.Y.I.F.
10.	INTERNATIONAL CONVENTION ON TONNAGE MEASUREMENT OF SHIPS, 1969 (TMS '69) 23 JUN 69, London	25 SEP 72	18 JUL 82
11.	INTERNATIONAL CONVENTION FOR SAFE CONTAINERS, 1972 (CSC '72) 02 DEC 72, Geneva	14 FEB 78	14 FEB 79
12.	INTERNATIONAL CONVENTION ON STANDARDS OF TRAINING, CERTIFICATION AND WATCH- KEEPING FOR SEAFARERS, 1978 (STCW '78) 07 JUL 78, London	28 OCT 80	N.Y.I.F.
13.	CONVENTION ON FACILITATION OF INTERNATIONAL MARITIME TRAFFIC, 1965 (FAL '65) 09 APR 65, London	14 FEB 78	15 APR 78
	1973 Amendment 19 NOV 73	N.Y.R.	N.Y.I.F.
	<u>Amendments to the Annex</u> 1969 Amendments	(12 AUG 71)	12 AUG 71
	1977 Amendments	(31 JUL 78)	31 JUL 78
14.	INTERNATIONAL CONVENTION RELATING TO INTERVENTION ON THE HIGH SEAS IN CASES OF OIL POLLUTION CASUALTIES, 1969 (INTERVENTION '69) 29 NOV 69, Brussels	25 SEP 72	06 MAY 75
15.	PROTOCOL RELATING TO INTERVENTION ON THE HIGH SEAS IN CASES OF POLLUTION BY SUBSTANCES OTHER THAN OIL (INTERVENTION PROT '73) 02 NOV 69, Brussels	25 SEP 72	19 JUN 75
17.	PROTOCOL OF 1976 (CLC PROT '76) 19 NOV 76, London	17 FEB 81	08 APR 81
18.	CONVENTION RELATING TO CIVIL LIABILITY IN THE FIELD OF MARITIME CARRIAGE OF NUCLEAR MATERIAL; 1971 (NUCLEAR '71) 17 DEC 71, Brussels	17 FEB 81	18 MAY 81

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|-----|--|--|-----------|
| 19. | INTERNATIONAL CONVENTION ON THE ESTABLISHMENT OF AN INTERNATIONAL FUND FOR COMPENSATION FOR OIL POLLUTION DAMAGE, 1971 (FUND '71)<br>18 DEC 71, Brussels | 25 SEP 72  | 16 OCT 78 |
| 20. | PROTOCOL OF 1976 (FUND PROT '76)<br>19 NOV 76, London  | 17 FEB 81  | N.Y.I.F.  |
| 21. | ATHENS CONVENTION RELATING TO THE CARRIAGE OF PASSENGERS AND THEIR LUGGAGE BY SEA, 1974 (PAL '74)<br>13 DEC 74, Athens                                   | 17 DEC 80  | N.Y.I.F.  |
| 22. | PROTOCOL OF 1976 (PAL PROT '76)<br>19 NOV 76, London   | (To be deposited on entry into force of PAL '74) | N.Y.I.F-  |
| 23. | CONVENTION ON LIMITATION OF LIABILITY FOR MARITIME CLAIMS, 1976 (LLMC '76)<br>19 NOV 76, London  | 17 DEC 80  | N.Y.I.F.  |

ILO Conventions

- |     |  |           |           |
|-----|--|-----------|-----------|
| 24. | ILO CONVENTION NO. 22 CONCERNING SEAMEN'S ARTICLES OF AGREEMENT, 1926<br>24 JUN 26, Geneva   | 21 JUN 77 | 21 JUN 78 |
| 25. | ILO CONVENTION NO. 23 CONCERNING REPATRIATION OF SEAMEN, 1926<br>23 JUN 26, Geneva   | 21 JUN 77 | 21 JUN 78 |
| 26. | ILO CONVENTION NO. 53 CONCERNING THE MINIMUM REQUIREMENTS OF PROFESSIONAL CAPACITY FOR MASTERS AND OFFICERS ON BOARD MERCHANT SHIPS, 1936<br>24 OCT 36, Geneva | 09 MAY 60 | 09 MAY 61 |
| 27. | ILO CONVENTION NO. 55 CONCERNING THE LIABILITY OF THE SHIPOWNER IN CASE OF SICKNESS, INJURY OR DEATH OF SEAMEN, 1936<br>24 OCT 36, Geneva                      | 09 MAY 60 | 09 MAY 61 |
| 28. | ILO CONVENTION NO. 58 CONCERNING THE MINIMUM AGE FOR ADMISSION OF CHILDREN TO EMPLOYMENT AT SEA, 1936<br>24 OCT 36, Geneva                                     | 09 MAY 60 | 09 MAY 61 |

29.	ILO CONVENTION NO. 73 CONCERNING THE MEDICAL EXAMINATION OF SEAFARERS, 1946 06 JUN 46, Geneva	N.Y.R.	E.I.F. 17 AUG 55
30.	ILO CONVENTION NO. 87 CONCERNING FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANISE, 1948 09 JUL 48, San Francisco	25 MAY 62	25 MAY 63
31.	ILO CONVENTION NO. 92 CONCERNING ACCOMMODATION OF CREWS (REVISED), 1949 18 JUN 49, Geneva	21 JUN 77	21 JUN 78
32.	ILO CONVENTION NO. 98 CONCERNING THE RIGHT TO ORGANISE AND TO BARGAIN COLLECTIVELY, 1949 01 JUL 49, Geneva	25 MAY 62	25 MAY 63
33.	ILO CONVENTION NO. 108 CONCERNING SEAFARERS' IDENTITY DOCUMENTS, 1958 13 MAY 58, Geneva	08 JUL 81	08 JUL 82
34.	ILO CONVENTION NO. 111 CONCERNING DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION, 1958 25 JUN 58, Geneva	22 JUL 59	22 JUL 60
35.	ILO CONVENTION NO. 112 CONCERNING THE MINIMUM AGE FOR ADMISSION TO EMPLOYMENT AS FISHERMEN, 1959 19 JUN 59, Geneva	16 MAY 60	07 NOV 61
36.	ILO CONVENTION NO. 113 CONCERNING THE MEDICAL EXAMINATION OF FISHERMEN, 1959 19 JUN 59, Geneva	16 MAY 60	07 NOV 61
37.	ILO CONVENTION NO. 114 CONCERNING FISHERMEN'S ARTICLES OF AGREEMENT, 1959 19 JUN 59, Geneva	16 MAY 60	07 NOV 61
38.	ILO CONVENTION NO. 113 CONCERNING ACCOMMODATION OF CREWS (Supplementary Provisions), 1970 30 OCT 70, Geneva	08 MAY 78	N.Y.I.F.
39.	ILO CONVENTION NO. 147 CONCERNING MINIMUM STANDARDS IN MERCHANT SHIPS, 1976 29 OCT 76, Geneva	08 JUL 81	08 JUL 82

Brussels (C.M.I.) Conventions

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|-----|--|--------|---------------------|
| 40. | INTERNATIONAL CONVENTION FOR THE UNIFICATION OF CERTAIN RULES OF LAW WITH RESPECT TO COLLISION BETWEEN VESSELS (1910 COLLISION)<br>23 SEP 10, Brussels   | N.Y.R. | E.I.F.<br>01 MAR 13 |
| 41. | INTERNATIONAL CONVENTION FOR THE UNIFICATION OF CERTAIN RULES OF LAW RELATING TO ASSISTANCE AND SALVAGE AT SEA (1910 SALVAGE)<br>23 SEP 10, Brussels   | N.Y.R. | E.I.F.<br>01 MAR 13 |
| 42. | PROTOCOL OF 27 MAY 1967 TO 1910 SALVAGE  | N.Y.R. | E.I.F.<br>15 AUG 77 |
| 43. | INTERNATIONAL CONVENTION FOR THE UNIFICATION OF CERTAIN RULES OF LAW RELATING TO BILLS OF LADING (1924 HAGUE RULES)<br>25 AUG 24, Brussels   | N.Y.R. | E.I.F.<br>02 JUN 31 |
| 44. | PROTOCOL OF 23 FEB 1968 (HAGUE-VISBY, 1968)  | N.Y.R. | E.I.F.<br>23 JUN 7  |
| 45. | PROTOCOL OF 21 DEC 1979 TO 1924/68 HAGUE RULES   | N.Y.R. | N.Y.I.F.            |
| 46. | INTERNATIONAL CONVENTION FOR THE UNIFICATION OF CERTAIN RULES RELATING TO PENAL JURISDICTION IN MATTERS OF COLLISION OR OTHER INCIDENTS OF NAVIGATION (1952 PENAL JURISDICTION)<br>10 MAY 52, Brussels | N.Y.R. | E.I.F.<br>20 NOV 55 |

Miscellaneous Conventions and Agreements

- |     |  |             |                     |
|-----|--|-------------|---------------------|
| 47. | CONVENTION ON THE HIGH SEAS, 1958<br>29 APR 58, Geneva                             | N.Y.R.      | E.I.F.<br>30 SEP 62 |
| 48. | INTERNATIONAL HEALTH REGULATIONS, 1969<br>25 JUL 69, Geneva, as Amended (1973)     | (01 JAN 71) | 01 JAN 71           |
| 49. | INTERNATIONAL TELECOMMUNICATION CONVENTION, 1973<br>25 OCT 73, Malaga-Torremolinos | 25 SEP 75   | 22 SEP 75           |

50.	RADIO REGULATIONS PRESCRIBED BY THE INTERNATIONAL TELECOMMUNICATION UNION 21 DEC 59, Geneva, as Revised (1974 - 81)	(22 SEP 75)	22 SEP 75
51.	CONVENTION ON THE INTERNATIONAL MARITIME SATELLITE ORGANIZATION, 1976 (INMARSAT C) 03 SEP 76, London	14 NOV 80	14 NOV 80
52.	OPERATING AGREEMENT (INMARSAT OA) 03 SEP 76, London	14 NOV 80	14 NOV 80
53.	AGREEMENT REGARDING FINANCIAL SUPPORT OF THE NORTH ATLANTIC ICE PATROL 04 JAN 56, Washington	23 APR 58	23 SPR 58
54.	INTERNATIONAL AGREEMENT REGARDING THE MAINTENANCE OF CERTAIN LIGHTS IN THE RED SEA 20 FEB 62, London	05 JUL 67	05 JUL 67
55.	CONVENTION ON THE PREVENTION OF MARINE POLLUTION BY DUMPING OF WASTES AND OTHER MATTER; 1972 (LDC '72) 13 NOV 72, London	N.Y.R.	E.I.F. 30 AUG 75
	1978 (Disputes) Amendments 12 OCT 78	N.Y.R.	N.Y., I.F.
	<u>Amendments to the Annex</u> 1978 (Incineration) Amendments 1980 Amendments	N.Y.R. N.Y.R.	E.I.F. 11 MAR 79 11 MAR 81
56.	CONVENTION ON THE RECOGNITION AND ENFORCEMENT OF FOREIGN ARBITRAL AWARDS, 1958 10 JUN 58, New York	N.Y.R.	E.I.F. 07 JUN 59
57.	VIENNA CONVENTION ON THE LAW OF TREATIES, 1969 23 MAY 69, Vienna	N.Y.R.	E.I.F. 27 JAN 80
58.	U.S.-LIBERIA AGREEMENT CONCERNING JURISDICTION OVER VESSELS WITHIN THE LOUISIANA OFFSHORE OIL PORT (LOOP), 1979 16 JAN 79, Washington	16 JAN 79	16 JAN 79

IMO Codes Implemented

59.	INTERNATIONAL MARITIME DANGEROUS GOODS CODE, 1965 (CDG), AS AMENDED 17 SEP 65, London (Res A.81)	(01 MAR 79)	01 MAR 79*
60.	CODE FOR THE CONSTRUCTION AND EQUIPMENT OF SHIPS CARRYING DANGEROUS CHEMICALS IN BULK, 1971 (BCH) 12 OCT 71, London (Res A.212)	(19 AUG 76)	19 AUG 76*
61.	CODE FOR THE CONSTRUCTION AND EQUIPMENT OF SHIPS CARRYING LIQUEFIED GASES IN BULK, 1975 (CGCC) 12 NOV 75, London (Res A.328)	(19 AUG 76)	19 AUG 76*
62.	CODE FOR EXISTING SHIPS CARRYING LIQUEFIED GASES IN BULK, 1975 (EGCC) 12 NOV 75, London (Res A.329)	(19 AUG 76)	19 AUG 76*
63.	CODE FOR THE CONSTRUCTION AND EQUIPMENT OF MOBILE OFFSHORE DRILLING UNITS, 1979 (MODU) 15 NOV 79, London (Res A.414)	(01 OCT 80)	01 OCT 80*
64.	CODE OF SAFE PRACTICE FOR BULK CARGOES, 1979 (BC) 15 NOV 79, London (Res A.434)	(30 JUN 81)	30 JUN 81*

Republic of Liberia  
Bureau of Maritime Affairs  
30 December 1982

2-081-1

Appendix B

Open Registry Tanker Performance

In Appendix B I note with deep interest the publication of the Tanker Advisory Centers' 1985 "Guide for the Selection of tankers" which assesses the probability that an individual vessel chosen for charter will perform satisfactorily for the characters. It also accumulates the data by flag of registry and ranks them on the basis of 5 (high) to 1 (low). Interestingly, there were few changes when one compare 1985 with 1984, and the open registries again earned a higher rating than the world average which, for 1985, is 3.17.

Country of Registry	Fleet size	1985		1984	
		Fleet average	Fleet size	Fleet average	Fleet size
Japan	192	4.5	212	4.5	
Norway	172	4.0	191	3.9	
Singapore	61	3.9	62	3.9	
France	50	3.9	58	3.8	
Panama	227	3.4	210	3.3	
Liberia	655	3.3	725	3.3	
Italy	98	3.1	96	3.0	
United Kingdom	179	3.0	199	3.1	
Brazil	69	3.0	66	3.0	
United States	265	2.7	275	2.6	
U.S.S.R.	218	2.6	218	2.6	
Greece	246	2.4	299	2.3	

Among the smaller open registries, the Bahamas rose to 3.8 from 3.7 and the Netherlands Antilles dropped to 3.3 from 3.4. As was the case last year, those countries whose delegates at UNCTAD have been most vocal in demanding that open registries be "phased out" in order to "upgrade" safety and pollution prevention standards were well behind the leading open registry nations. For instance, Sri Lanka posted a 2.3, India a 2.9, Libya a 2.5, the Philippines a 2.9 and Iraq a 2.2.

Source: FACS Forum, Biting the Bullet in Geneva, 1985 July

Tanker Advisory Centries "Guides for the Selection of Tankers, 1985.





# Lloyd's Register of Shipping

AUTHORISATIONS GRANTED BY GOVERNMENTS TO LLOYD'S REGISTER OF SHIPPING  
TO UNDERTAKE SURVEYS AND ISSUE CERTIFICATES

CARGO SHIP SAFETY CONSTRUCTION						CARGO SHIP SAFETY CONSTRUCTION						CARGO SHIP SAFETY CONSTRUCTION							
CARGO SHIP SAFETY EQUIPMENT						CARGO SHIP SAFETY EQUIPMENT						CARGO SHIP SAFETY EQUIPMENT							
PASSENGER SHIP SAFETY						PASSENGER SHIP SAFETY						PASSENGER SHIP SAFETY							
LOAD LINE						LOAD LINE						LOAD LINE							
TONNAGE						TONNAGE						TONNAGE							
MARPOL						MARPOL						MARPOL							
RADIO						RADIO						RADIO							
NATIONAL GOVERNMENT						NATIONAL GOVERNMENT						NATIONAL GOVERNMENT							
Abu Dhabi (U.A.E.)	*	*	*	*	*	Hong Kong		○	■	*	*	Philippines	○	*	○	*	○	○	○
Algeria	*	*	*	*	*	Hungary	■		○	■	*	Poland			○				
Angola	○		○	○		Iceland			■	*	Portugal			■	*			○	
Australia			*	*	*	India	*	○	*	*	■	Qatar	*	*	*	*	*	*	
Austria	*	○	*	*	*	Indonesia	○	○	*	○	*	Romania			○				
Bahamas	*	*	*	*	*	Iran	*	*	*	*	*	St. Vincent and the Grenadines	*	*	*	*	*	*	
Bahrain	*	*	*	*	*	Iraq	*	*	*	○	*	Saudi Arabia	*	*	*	*	*	*	
Bangladesh		*	*	*	*	Irish Republic		○	*	*	*	Senegal	*	*	*	*	*	*	
Barbados	*	*	*	*	*	Israel	○	○	*	■	○	Seychelles	*	*	*	*	*	*	
Belgium			*	■	*	Ivory Coast	*	*	*	*	*	Sharjah	*	*	*	*	*	*	
Benin					*	Jamaica			*	*	*	Sierra Leone	○	○	*	○	○		
Bermuda	○	*	*	*	○	Jordan	*	*	*	*	*	Singapore	*	*	*	*	*	*	
Bulgaria			○			Kenya	*	*	*	*	*	Somalia	*	*	*	*	*	*	
Burma			○	*		Korea			○	○	○	South Africa			*	*	*	*	
Burundi	*		*	*	*	Kuwait	○	*	*	*	○	Spain				○			
Cameroon				○		Lebanon	■	*	*	*	■	Switzerland	*	*	*	*	*	*	
Canada		○	■	*		Liberia	*	*	*	*	*	Sri Lanka	*	*	*	*	*	*	
Cayman Islands	*	*	○	*	*	Libya	*	*	*	*	*	Sudan		*	*	*	*	*	
Chile			○	○		Madagascar			*	*	*	Surinam	*	○	*	*	*	*	
China	○	○	○	○	○	Malaysia	*	*	○	*	■	Sweden		■	*	*	*	*	
Colombia	*	*	*	*	*	Malawi					○	Switzerland	*	*	*	*	*	*	
Costa Rica		○	○	*		Maldives	*	*	*	*	*	Syria	*	*	*	*	*	*	
Cuba	*	○	○	*	○	Malta	*	*	*	○	*	Tanzania	*	*	*	*	*	*	
Cyprus	*	*	*	*	*	Mauritius	*	○	*	*	*	Thailand		○	○	*	*	*	
Czechoslovakia	*	*	*	*	*	Mexico						Tonga	*	*	*	*	*	*	
Denmark		○	*	■	*	Monaco			*	*	*	Trinidad & Tobago	*	*	*	*	*	*	
Dominican Republic	*		*	○	*	Morocco	*	○	*	*	*	Tunisia	*	*	*	*	*	*	
Dubai	*	*	*	*	*	Mozambique	*		*	*	*	Turkey	○	*	○	*	○	○	
Ecuador	○	○	○	○	○	Nauru	*	*	*	*	*	Uganda	*	*	*	*	*	*	
Egypt		*	○	*	■	Nepal	*	*	*	*	*	United Arab Emirates	*	*	*	*	*	*	
Ethiopia	*	*	*	*	*	Netherlands	■	■	■	■	■	United Kingdom	■	■	*	*	■	■	
Finland	*	■	*	*	*	New Zealand			*	*	*	Uruguay			○	○			
Fed. Rep. Germany					○	Nicaragua	*	○	*	*	*	U.S.A.				○			
Fiji			*			Nigeria	*	*	*	*	*	U.S.S.R.	○	○	○	○	○	○	
France			*	○		Norway	*	*	*	○	■	Vanuatu	*	*	*	*	*	*	
Ghana	*	*	*	*	*	Oman	*	*	*	*	*	Venezuela	*	○	*	*	*	*	
Gibraltar	*	*	*	*	*	Pakistan		*	○	*	■	Vietnam	*	*	*	*	*	*	
Greece	*	*	*	■	*	Panama	*	*	*	*	*	Yemen Dem. Rep.			*	*	*	*	
Guinea					*	Papua New Guinea	*	*	*	*	*	Yugoslavia	○		○	○	○		
Haiti	*	○	*	*	*	Paraguay				○	*	Zaire	*	*	*	*	*	*	
Honduras	*	*	*	*	*	Peru				○	*	Zambia	*	*	*	*	*	*	

- \* Society has complete authority to survey and issue appropriate certificates.
- Society has some degree of authorisation and has acted on behalf of Government.
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- Certificates issued by National Administration