

New Government Policy for the Registration of Cyprus Ships

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To all Owners, Managers and Representatives of vessels, flying the Cyprus Flag

I wish to inform you that the Government of the Republic has decided to amend its policy on the registration of vessels in the Cyprus Register of Ships.

The new policy, which is attached herewith, will enter into force on 1.1.2000.

In drafting this policy, several factors have been taken into consideration, such as the results of the Acquis Screening with the European Commission, in the course of the accession negotiations of Cyprus with the European Union, recent amendments to our legislation as well as problems encountered during the implementation of the existing policy.

The new policy is more comprehensive and aims at the enhancement of the quality of the Cyprus Flag Fleet.

Please bear in mind that all relevant documentary evidence mentioned therein must accompany the application for registration, otherwise it will be kept in abeyance as an incomplete document.

Attention should also be drawn to the provisions of PART II where the requirements with regard to age, ownership, management and inspection are elaborated.

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Director
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CC:

- Permanent Secretary, Ministry of Communications and Works
- Permanent Secretary, Ministry of Foreign Affairs
- Maritime Offices of the Department of Merchant Shipping abroad
- Diplomatic Missions and Honorary Consular Officers of the Republic
- Cyprus Shipping Council
- Association of Cypriot Shipowners (Sea Rovers) Ltd
- Union of Cypriot Shipowners
- Cyprus Bar Association

**Government Policy on the Registration of Vessels
in the Cyprus Register of Ships**

PART I

Vessels of any size and type having an age not exceeding 15 years, except fishing vessels, may be registered in the Cyprus Register of ships as long as they comply with the provisions contained in the merchant shipping legislation and the circulars of the Department of Merchant Shipping.

Vessels over 15 years of age and fishing vessels, may be registered in the Cyprus Register of Ships under the following additional conditions, which must be fulfilled concurrently with the submission of the application for registration (except as provided in sections C and D of PART II) and must be complied with at all times while the vessel remains registered, irrespective of any subsequent transfer of ownership.

Notwithstanding the above, the owner/bareboat charterer of a vessel registered under the Cyprus flag in accordance with the present policy, automatically undertakes that whenever the Department of Merchant Shipping deems necessary to have the vessel inspected by its own surveyors as a result of identified deficiencies or an alleged serious violation of international conventions, he is required to submit the vessel for inspection, at his expense, in order for the Department to determine whether the vessel meets the applicable statutory requirements.

A. CARGO VESSELS, OCEAN GOING TUG BOATS AND MOBILE OFFSHORE DRILLING UNITS

For the purpose of this policy:

Cargo vessels include all merchant vessels of gross tonnage of 1000 and over which have been constructed or adapted for the purpose of carrying cargo in any form.

Ocean going tug boats are those with a gross tonnage over 500 which are engaged in either towing operations of ships in the open sea or in salvage operations in international waters.

Mobile Offshore Drilling Units (MODU) are those vessels capable of engaging in drilling operations for the exploration for or exploitation of resources beneath the sea-bed such as liquid or gaseous hydrocarbons sulphur or salt.

1. Vessels over 15 but not exceeding 17 years of age

A vessel in this category may be registered provided it undergoes a special inspection which is completed with satisfactory results. (See section C of PART II).

2. Vessels over 17 but not exceeding 20 years of age

A vessel in this category may be registered provided:

- (a) it undergoes a special inspection which is completed with satisfactory results, and
- (b) it is operated by a shipmanagement company certificated for compliance with the ISM Code (as stipulated in section D of PART II).

3. Vessels over 20 years of age but not exceeding 23 years of age

A vessel in this category may be registered provided:

- (a) it undergoes a special inspection which is completed with satisfactory results and is subject to subsequent annual special inspections
- (b) it is operated by a Cyprus shipmanagement company, which must be certificated for compliance with the ISM Code (as stipulated in section D of PART II).

Note:

Mobile Offshore Drilling Unites should comply and should be surveyed and certificated in accordance with the Code for the Construction and Equipment of Mobile Offshore Drilling Units (IMO Assembly Resolutions A.414(XI) and A.649(16) as amended).

B. CARGO VESSELS WITH A GROSS TONNAGE LESS THAN 1000

A cargo vessel in this category may be registered only if it does not exceed 20 years of age. It is subject to a special inspection if it is subsequently detained on account of deficiencies by flag or port State control authorities or it is reported for a violation or contravention of international conventions ratified by Cyprus.

C. PASSENGER VESSELS

For the purpose of this policy, passenger vessels are those carrying more than 12 passengers in international voyages and include also accommodation barges with or without self propulsion and any other structure used to accommodate persons at sea.

1. Passenger vessels over 15 but not exceeding 25 years of age

A vessel in this category may be registered provided:

- (a) it undergoes a special inspection which is completed with satisfactory results and is subject to subsequent annual special inspections, and
- (b) In case it is engaged in a service which includes at least two calls per month to a Cypriot port, for a period of at least six months, at least 25% of its crew are Cypriots, unless a confirmation is given by the Limassol District Labour Office that no Cypriot seamen are available and at least 1 Cypriot student or graduate of a Marine Officer's School, if available, is engaged for sea going training for a period of up to 6 months.

2. Passenger vessels over 25 years of age

A vessel in this category may be registered provided:

- (a) it undergoes a special inspection which is completed with satisfactory results and is subject to subsequent annual special inspections,
- (b) it is operated by a Cyprus shipmanagement company, which must be certificated for compliance with the ISM Code. (As stipulated in section D of Part II)
- (c) In case it is engaged in a service which includes at least two calls per month to a Cypriot port for a period of at least six months, at least 25% of its crew are Cypriots, unless a confirmation is given by the Limassol District Labour Office that no Cypriot seamen are available, and at least 1 Cypriot student or graduate of a Marine Officer's School, if available, is engaged for sea training for a period of up to 6 months.

D. FISHING AND FISH FACTORY VESSELS

For the purposes of this policy:

Fishing vessels are those vessels, which are used commercially for catching fish or other living resources of the sea.

Fish factory vessels are those vessels exclusively used for processing fish or other living resources of the sea.

1. Vessels over 24 meters in length not exceeding 20 years of age

- (a) A fishing vessel in this category may be registered in the Cyprus Register of Ships provided that at least 51 percent of the shares of the shipowning company or the bare boat charterer, as the case may be belongs beneficially to Cypriot citizens, at least 50 percent of the Directors of such company are Cypriot citizens and that the vessel's its

management and operations are directed and controlled from within Cyprus.

This requirement does not apply to fishing vessels which apply simultaneously for parallel out registration and will not be engaged in fishing operations while under the Cyprus flag and to fish factory vessels.

- (b) Notwithstanding other applicable provisions of the Cyprus merchant shipping legislation:
 - (i) Fishing vessels should comply and should be surveyed and certificated (be provided with a certificate of compliance) in accordance with the applicable provisions of the Protocol of 1993 to the International Convention for the Safety of Fishing Vessels, 1977 (Torremolinos Protocol).
Furthermore, fishing vessels of 24 meters in length and over, which are landing their catch in Cyprus or in any State Member of the European Communities should comply with the requirements of the European Communities Council Directive 97/70/EC and should be provided with a certificate issued in accordance with Article 6 of the aforesaid Directive.
Fishing vessels which fall outside the scope of application of the Torremolinos Protocol, shall comply with the requirements to be determined by the Department of Merchant Shipping on the basis of the IMO/ILO/FAO recommendations.
In all cases, fishing vessels should be provided with a Certificate of Compliance to be issued by one of the organizations recognized and authorized to act on behalf of the Cyprus Government in the framework of Regulation I/6 and XI/1 of SOLAS 74 as amended and will be subject to inspection under the terms of the Torremolinos Protocol and the aforesaid European Communities Council Directive or the requirements to be set out by the Department.
 - (ii) Fish Factory Vessels should comply and should be surveyed and certificated in accordance with the requirements of the Code of Safety of Special Purpose Ships (IMO Assembly Resolution A.534 (16) as amended);
 - (iii) Fishing and Fish Factory Vessels must comply with the requirements of the Directives 92/48/EEC and 91/493/EEC respectively, concerning structural, operational and hygienic conditions.
- (c) A Fishing or Fish Factory vessel over 15 years of age must undergo a special inspection which must be completed with satisfactory results.
- (d) Owners of fishing vessels of any size and age, must submit, as a condition for the registration of such vessels, a declaration stating that they will abide, at all times, by the prevailing government policy in

respect of fishing, particularly as regards the preservation of protected species and the prohibition of the use of certain fishing equipment and adhere strictly to the relevant International Fisheries Agreements and Conventions. In addition, they should submit a confirmation from the Department of Fisheries of the Ministry of Agriculture, Natural Resources and the Environment that they also be accepted for registration in the fishing vessel register and secure a fishing license. Engagement of a vessel flying the Cyprus flag in fishing activities without a fishing license constitutes a breach of the conditions for its registration and warrants its deletion from the Cyprus Register.

2. Vessels less than 24 meters in length of any age and vessels over 24 meters in length exceeding 20 years of age

- (a) Vessels in this category may be registered in the Cyprus Register of Ships provided that at least 75 percent of the shares of the shipowning company or the bareboat charterer, as the case may be, belongs beneficially to Cypriot citizens at least 75 percent of the Directors of such company are Cypriot citizens and its management and operations are directed and controlled from within Cyprus.
- (b) A vessel over 24 meters in length in this category, must comply with the provisions of paragraph 1(b) above.
- (c) A vessel less than 24 meters in length and over 15 years of age or over 24 meters in length, in this category, must undergo a special inspection which must be completed with satisfactory results.
- (d) Owners of fishing vessels of any size and age, must submit, as a condition for the registration of such vessels, a declaration stating that they will abide, at all times, by the prevailing government policy in respect of fishing, particularly as regards the preservation of protected species and the prohibition of the use of certain fishing equipment. and adhere strictly to the relevant International Fisheries Agreements and Conventions. In addition, they should submit a confirmation from the Department of Fisheries of the Ministry of Agriculture, Natural Resources and the Environment, that they will also be accepted for registration in the fishing vessel register and secure a fishing license. Engagement of a vessel flying the Cyprus flag in fishing activities without a fishing license constitutes a breach of the conditions for its registration and warrants its deletion from the Cyprus Register.

E. AUXILIARY VESSELS AND PLEASURE CRAFTS

For the purposes of this policy:

Auxiliary vessels are those vessels, irrespective of size, whose purpose is not the carriage of cargo or passengers but to be used in seaborne operations either in port or in other sheltered areas or to serve offshore platforms. Such vessels are floating cranes, dredgers, tugboats, barges, supply vessels, launches, support craft etc.

Pleasure craft are yachts or other types of vessels used exclusively for recreation and are not engaged in any commercial operations (other than being leased or chartered) irrespective of size.

1. Vessels not exceeding 25 years of age

A vessel in this category may be registered without any additional conditions.

2. Vessels over 25 years of age

A vessel in this category may be registered provided that at least 51 per cent of the shares of the shipowning company or the bareboat charterer, as the case may be, belongs beneficially to residents of Cyprus and its management and operations are directed and controlled from within Cyprus.

F. VESSELS CARRYING PASSENGERS ON COASTAL TRIPS

These are vessels carrying fare paying passengers on coastal trips, irrespective of size.

A vessel in this category, irrespective of age, may be registered provided:

- (a) at least 51 percent of the shares in the vessel or of the shipowning company or the bareboat charterer, as the case may be, belongs beneficially to residents of Cyprus and its management and operations are directed and controlled from within Cyprus.
- (b) it undergoes a special inspection which is completed with satisfactory results and is subject to subsequent annual inspections and
- (c) it operates within the territorial waters of the Republic of Cyprus.

G. SUPPLEMENTARY PROVISIONS

1. Dynamically Supported Craft

For the purpose of application of this policy, a dynamically supported craft carrying more than 12 passengers will be considered as a passenger vessel. In these cases paragraph C will be applied if the craft is engaged in international voyages and paragraph F will be applied if it is engaged on coastal trips.

Any vessel constructed prior to the 1 January 1996 which qualifies, irrespective of her type, to be considered as a dynamically supported craft, should comply with the requirements of the Code of Safety for Dynamically Supported Craft (IMO Assembly Resolution A.373(XI)) and if it meets the definition of the high speed craft set out in Regulation X/1.2 of SOLAS 74 as amended, should comply with the provisions of Regulation IX/2.1.1 or IX/2.1.2 of SOLAS 74 as amended.

2. Offshore Supply Vessels

Notwithstanding the provisions of the Cypriot merchant shipping legislation, in addition to the provisions of paragraphs B to F, any vessel which qualifies as an offshore supply vessel should comply with the applicable provisions of the Guidelines for the Design and Construction of Offshore Supply Vessels (IMO Assembly Resolution A.469(XII), as amended), the Guidelines for the Transportation and Handling of Limited Amounts of Hazardous and Noxious Substances in Bulk by Offshore Support vessels (IMO Assembly Resolution A.673(16)) and the Code of Safe Practice for the Carriage of Cargoes and Persons by Offshore Supply Vessels (OSV Code) (IMO Assembly Resolution A.863(20)).

An offshore supply vessel which carries more than 12 persons, other than her crew will not be considered, for the purpose of this policy as a passenger vessel. It will be considered as falling under paragraph A,B or E.

PART II

A. AGE

The age of a vessel is calculated by deducting the year when its keel was laid from the year when the application for registration of the vessel was filed with the Registrar of Cyprus Ships. For the purposes of this policy, the year of conversion or modification or major reconstruction and the year of completion or delivery of a vessel are considered irrelevant and will be ignored.

B. OWNERSHIP

Applications for registration must be accompanied by all relevant documentary evidence attesting compliance with the various conditions which need to be fulfilled at the time of the provisional registration (or the directly permanent registration, as the case may be.)

Residents of Cyprus, for the purposes of this policy, include:

1. Cypriot citizens and

2. Persons who have had their ordinary residence in Cyprus for the last twelve months, have been issued with a work permit and are liable to Cyprus tax on income.

Beneficial ownership and involvement of Cypriot citizens in the effective management of fishing vessels should be supported by evidence in the form of certificates of shareholders and directors from the Registrar of Companies as well as affidavits from the persons concerned to that effect. The Registrar reserves its right to request additional evidence.

Incomplete applications or applications which are accompanied by inadequate evidence will not be considered.

It is the obligation of the applicant to provide all needed documents and evidence in the form required by the Registrar. The form and nature of the supporting documentation remains at the discretion of the Registrar.

C. SPECIAL INSPECTION

1. The special inspection is carried out by the surveyors of the Department of Merchant Shipping at the expense of the shipowner. Further details regarding the inspection are found on the attached Information Note.
2. The inspection of a ship acquired by a person qualified to own a Cyprus ship should be carried out before the provisional or directly permanent registration of the vessel. If this is not practically feasible, it should be conducted within 3 months from the date of provisional or parallel-in registration, or within 1 month from the date of permanent registration, if effected directly.
 - 2.1 The annual inspection of passenger ships should be carried out within three months before or after the anniversary date of the registration of the vessel, unless alternative arrangements are agreed with the Department of Merchant Shipping, to take place during dry-docking or before re-activation, after winter laid up period, or during planned maintenance.
3. Owners are obliged to provide expeditiously any information which is deemed necessary by the Department of Merchant Shipping for the purposes of the inspection. Unjustified failure of the owner to provide the required information and to make the vessel available for inspection in time, is considered a breach of the relevant conditions of registration and the vessel is liable to deletion from the Cyprus Register of Ships.
4. Notification for the vessel's availability for inspection should be given to the Department of Merchant Shipping and relevant arrangements should be made in accordance with the Department of Merchant Shipping Circular No.20/98 dated 21 December 1998. If, despite this condition, the ship is found laden, either fully or partly, it will be subject to a second inspection at the expense of the shipowner.

5. In the case of bulk carriers and tankers (oil tankers, chemical tankers and gas carriers) and reefer carriers (when the removal of thermal insulation from the cargo compartments is required), unless the special inspection is conducted in dry-dock or, in the case of tankers, when all spaces are safe for entry and internal examination, without the need to use any breathing equipment, the special inspection will be carried out to the extent which is practically possible and a second visit will be required to complete the inspection. The second visit should be held at the earliest of the following alternative occasions:

- (1) not later than the date of completion of the first intermediate enhanced survey, after the date of registration; or
- (2) not later than the date of completion of the first enhanced survey carried out during a periodical survey, after the date of registration; or
- (3) not later than the date of completion of the first dry-docking, after the date of registration; or
- (4) in the case of tankers, on the first occasion that all spaces are safe for entry and internal examination, after the date of registration; or
- (5) on the first occasion the vessel enters a repair yard, after the date of registration.

The decision for the registration of the vessel will be based on the results of the first visit and the registration of the vessel will be made conditional to the completion of the inspection by a specific date to be determined by the Department of Merchant Shipping, in the light of the aforesaid. In case the second visit reveals any deficiencies these should be rectified before the vessel resumes its commercial operation, unless the Department of Merchant Shipping determines otherwise.

It is the owners' obligation to notify the Department of Merchant Shipping about the date and the place where the vessel will be made available for the second visit. In this respect, the provisions of paragraphs 3 and 4 above continue to apply.

- (6) In the case of a vessel of any type and size for which an application is also submitted for its parallel registration in a foreign registry and this parallel registration is effected within one month from the time of provisional registration, the special inspection is postponed until the expiry or termination of the parallel registration. In such case, the special inspection must take place upon or within one month from the date the Cyprus nationality of the ship is restored, at the latest.

D. MANAGEMENT AND OPERATION OF A VESSEL

1. The management and operation of a vessel is evidenced by the Joint Declaration on the Operation of a Ship (form ISM.01) (see Department of Merchant Shipping Circular No. 7/98).
2. A vessel is considered as managed and operated by a ship management company if that company holds, or is to be issued by or on behalf of the Government of the Republic of Cyprus with a valid, for the type of the vessel, Document of Compliance (DoC) or Interim DoC and the vessel is to be issued with a Safety Management Certificate (SMC) or Interim SMC by or on behalf of the Government of the Republic of Cyprus, indicating that it is operated by the company in question.
3. In addition, the operation and management of a vessel by a Cyprus ship management company is proved if it qualifies for reduction of the tonnage tax in accordance with the provisions of section 8(3)(b) of the Merchant Shipping (Fees and Taxing Provisions) Laws, 1992 to 1999 (see paragraph 5.16 of the Annex to the Department of Merchant Shipping Circular No. 7/98).
4. The management requirement is deemed to be satisfied if the company concerned has a satisfactory safety record. A company is not considered to have a satisfactory record if during the last 24 months, the Department recorded a percentage of justified detentions of the Cyprus flag ships managed by the company exceeding 30 percent. This percentage is calculated by dividing the number of justified detentions by the number of ships under Cyprus flag managed by the company, multiplied by 100. Companies operating outside Cyprus must have at least two ships under their management.

E. CONDITIONS AFTER REGISTRATION

1. The conditions under which a vessel is registered continue to be in force irrespective of any subsequent amendments of the government policy. The owner or bareboat charterer, as the case may be, however, may apply for substitution of the conditions imposed initially with those stipulated in any later policy, for vessels in the age group of the vessel at the time of its registration.
2. Whenever in this policy there is a reference to conventions, protocols, codes, IMO Resolutions and Recommendations and European Union Directives, which must be complied with by certain categories of vessels, as a condition for their registration, compliance with the relevant instruments must be verified by a recognised Classification Society on behalf of the Government of the Republic of Cyprus, both at the time of provisional registration and at regular intervals thereafter, as determined, on a case by case basis, by the Department of Merchant Shipping.