

International Labour Organisation

Report V

Preparatory Technical Maritime Conference

Geneva, October 1975

**Substandard Vessels,
Particularly those Registered
under Flags of Convenience**



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INTRODUCTION

At its 55th (Maritime) Session (Geneva, October 1970), the International Labour Conference adopted a resolution concerning flags of convenience, as follows:

The General Conference of the International Labour Organisation,

Recalling that the question of the social conditions and safety of seafarers in relation to the registration of ships has been considered by several sessions of the Joint Maritime Commission,

Recalling that these discussions led to the adoption by the 41st (Maritime) Session of the International Labour Conference of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and of the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108),

Considering that the number and tonnage of vessels registered under the flags of States with which the shipowners concerned have no national connection have continued to increase,

Considering that the International Labour Organisation has a responsibility to endeavour by all means to encourage acceptance of the provisions of the international instruments cited above;

Requests the Governing Body of the International Labour Office to ask the governments of member States, within the provisions of article 19 of the Constitution of the International Labour Organisation, to report on an urgent basis on measures that have been taken in their respective countries to implement the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108)¹, and that an analysis of the replies of governments be submitted by the International Labour Office to the next session of the Joint Maritime Commission, which should consider what further action may be necessary in the light of this information.

The Governing Body considered this resolution at its 182nd Session in March 1971 and decided (a) to ask the governments of member States to report under article 19 of the Constitution on the measures taken to implement the provisions of Recommendations Nos. 107 and 108; (b) to authorise the Director-General to communicate the resolution to the governments of member States, and through them to employers' and workers' organisations; and (c) to invite the Director-General to bear in mind the request contained in the resolution when making proposals concerning the next session of the Joint Maritime Commission.

The Governing Body further decided, at its 185th Session (February-March 1972), to include this item in the agenda of the 21st Session of the Joint Maritime Commission, held in November-December 1972.

The report on this item placed before the Commission contained a resumé of the discussions at the 55th (Maritime) Session of the International Labour Conference as well as the Study by the OECD Maritime Transport Committee on flags of convenience.²

The Commission also considered Reports III, Part 2B and Part 4C submitted to the 57th Session of the International Labour Conference, containing the Summary of Reports, submitted in conformity with article 19 of the Constitution, on Recommendations Nos. 107 and 108 and the General Survey on the Reports relating to two Recommendations concerning Social Conditions of Seafarers (Nos. 107 and 108) prepared by the Committee of Experts on the Application of Conventions and Recommendations.³

¹ The texts of these two Recommendations appear as Annexes I and II to this report.

² A copy of the report submitted to the Joint Maritime Commission, together with the OECD Study, is reproduced as Annex III to the present report.

³ The text of Report III (Part 4C) is appended to the present report as Annex IV.

After consideration of these reports, the Commission adopted a resolution¹ on substandard vessels, particularly those registered under flags of convenience, which requested the Governing Body (a) to urge member States which had not done so to take expeditious and effective action to secure the immediate application of the provisions of Recommendations Nos. 107 and 108 to seafarers within their territories and vessels flying their flags; (b) to include in the agendas of the proposed Preparatory Technical Maritime Conference and the proposed Maritime Session of the International Labour Conference the question of substandard vessels and the practices of those countries which the study of the Maritime Transport Committee of OECD on flags of convenience considered as providing flag-of-convenience facilities, and in particular, of those countries which appeared not to have applied the provisions of Recommendations Nos. 107 and 108, with a view to the adoption of an appropriate instrument or instruments designed to ensure that the objectives of Recommendations Nos. 107 and 108 were widely attained; and (c) to ask the Director-General of the International Labour Office to prepare for submission to the Conference a report on this question which took account of the information contained in the report on this subject submitted to the 21st Session of the Joint Maritime Commission, together with any other pertinent information which would assist the Conference in its consideration of this question.

The Governing Body, when considering at its 189th Session (February-March 1973) the agenda of the Preparatory Technical Maritime Conference, took into account the proposal formulated by the Joint Maritime Commission and decided that the question of substandard vessels, particularly those registered under flags of convenience, should be included in the agenda of the Conference as item 5.

The Office has accordingly prepared the present report, which is based on information available to the Office and already published in part, either in the International Labour Review² or in previous reports on this question.

The first chapter of this report contains a description of the ILO's previous action in this field. Chapter II gives a short outline of the developments which have taken place outside the ILO in recent years with respect to the problems of substandard vessels. Chapter III contains concluding considerations and proposed conclusions.

¹ The text of the resolution appears in Annex V.

² E. Argirosso: "Flags of convenience and substandard vessels. A review of the ILO's approach to the problem", International Labour Review, November 1974.

CHAPTER I

HISTORICAL REVIEW

April 1933: effect of flag transfer on the conditions of work of seafarers

It was in April 1933 that the phenomenon to which the expression "flags of convenience" subsequently came to be applied was first examined by the International Labour Organisation. Representations had been made to the ILO by the International Transport Workers' Federation (ITF), acting at the request of the International Mercantile Marine Officers' Association, that "in recent years the shipowners have been making to an increasing extent (attempts) to transfer ships to the flag of a country where conditions of employment are on a lower level than in their own country". After examining these representations, the ILO Governing Body had included in the agenda of the next session of the Joint Maritime Commission (JMC), which is composed of representatives of both shipowners and seafarers, the question of the "effect of the¹ transfer of ships from one flag to another on the conditions of work of seamen".¹

When the JMC discussed this item at its Tenth Session in April 1933, the Seafarers' group complained that ships belonging to shipowners in important maritime countries with higher labour standards and social benefits (e.g. legislation and collective agreements on manning scales, wages and social insurance) were being transferred to, and operated under, the flags of certain other countries of minor or practically no previous maritime standing and with considerably inferior standards and charges, without any effective change taking place in the actual ownership of the vessel. They maintained that such evasion of the labour regulations and standards of the shipowner's own country, besides creating unfair competition with other shipowners in the country, depressed the employment and working conditions of the national seafarers, and that, if the practice spread, it might well imperil all the ILO's work for improving the position of seafarers. They accordingly asked that the ILO should carry out an inquiry into the question of transfer of ships to foreign flags, with a view to ascertaining to what extent transactions of the kind complained of were taking place.

The Shipowners' group strongly opposed the carrying out of an inquiry on the lines proposed by the Seafarers' members. They did not dispute that such transactions might exist, but thought that their extent should not be exaggerated. It was not, moreover, in their view, the business of the ILO to set itself up as a tribunal to make an investigation into what it considered to be fictitious transfers of ships or to draw up what would be tantamount to a black list. In their view, these transfers between individuals in different countries were quite legal, and if any action were necessary in regard to them, this was a matter for the governments and not the ILO.

In summarising the discussion, the Director of the Office said that the matter was one which went to the root of the preoccupations of the ILO. He agreed with the view that any serious extension of the practice of transferring ships to registration in countries which had not ratified the maritime Conventions or had no system of collective agreements might strike at the foundation of the whole structure of international labour standards adopted by the Conference. He suggested that the Office might collect information on the transfer of ships and other changes in national tonnage with a view to forming a general idea as to how far the question of transfers really affected the total strength of the different mercantile marines.

When the Commission next met, in 1935, however, it was fully occupied with matters connected with the Preparatory Maritime Conference to be held later the same year. Then the Second World War intervened and the issue remained in abeyance until 1947, although the Office continued to collect a considerable amount of information on the subject.

¹ See Minutes of the Tenth Session of the Joint Maritime Commission (Geneva, ILO, 1934), pp. 16 and 95.

December 1947: the discussion of flag transfer is resumed

Examination of the question of flag transfer was taken up again by the Joint Maritime Commission at its 14th Session in December 1947, on the basis of a report prepared by the ILO which contained such information as could be obtained on the volume of transfers of vessels from the flag of one country to another, special reference being made to transfers to the flags of Panama, Honduras and Palestine (at that time a mandated territory). During the discussion of this item by the Commission, the Seafarers' members stated that an idea of the motives behind the transfer of vessels which was taking place could be gained from a knowledge of the volume of such transfers. They reiterated the conclusions of the Tenth Session of the JMC held in April 1933 that the transfer of vessels from traditional maritime countries to those which had not ratified international labour Conventions could strike at the very foundations of the ILO. In their view, it was astonishing that a country such as Panama (which at that time possessed some 2 million tons of shipping) should have had its shipping tonnage increased at such an unprecedented rate, in view of its previous lack of interest and experience in maritime affairs. Panama had not ratified a single international labour Convention and no machinery existed in the country for the conclusion of collective agreements between shipowners and seafarers. But the reasons for which transfers were being made were not of prime importance. It was common knowledge that a large volume of transfers was taking place and that the conditions of work of bona fide seafarers in the traditional maritime countries suffered thereby.

In reply, the spokesmen of the Shipowners' group pointed out that it was not information concerning the volume of transfers to Panamanian and Honduran flags which was of interest but rather information which would indicate the number of such transfers which were being made for the purpose of evading higher wages and conditions of work of seafarers in the country of original registration. They did not believe that transfers were at that time being made from European countries for the purpose of lowering wages and social conditions. The Shipowners did not condone laxity in the observance and enforcement of safety regulations. Since the Second World War, European shipowners had transferred to the Panamanian flag for purposes of strategic advantage, e.g. freedom of sale or lower taxes. There were also political considerations which made it difficult for some owners to operate in their own countries. The Shipowners would not defend transfers which were made for the purpose of lowering the conditions of seafarers, but they wanted to know the facts in order to deal with the problem in a practical way.

As a result of this discussion, the Commission adopted a resolution requesting the Governing Body "to urge governments and shipowners' and seafarers' organisations to give due attention to and to determine their attitude towards those cases of transfer of flags which may prove detrimental to the safety, conditions of employment and social protection of seafarers".

1949-50: inquiry into conditions on ships registered in Panama

Some months after the 14th Session of the JMC, the ITF adopted resolutions declaring that it was satisfied that the purpose of the practice of transferring ships to the registries of certain countries, including specifically those of Panama and Honduras, was "the evasion of taxation, currency regulations, safety, social and labour standards", and threatened to organise an international boycott of Panamanian and Honduran ships.¹

The threat of a boycott naturally caused concern to the Government of Panama, which in December 1948 requested the ILO Governing Body to carry out an official inquiry into the charges that were being made against that country's merchant marine. Accordingly, in March 1949 the Governing Body approved the nomination of three members of a tripartite committee which it had decided to

¹ See ILO: Conditions in ships flying the Panama flag. Report of the Committee of Enquiry of the International Labour Organisation, Studies and Reports, New Series, No. 22 (Geneva, 1950), Appendix 1, pp. 45-47.

set up to carry out the inquiry, and in June 1949 it fixed the committee's terms of reference as follows:

- (1) to determine whether or not there was any foundation for the charges made by the ITF that transfer of vessels to the Panama flag enabled shipowners to evade safety standards and/or social and labour standards;
- (2) to determine whether the legislation of Panama governing seafarers' conditions of employment was in accordance with recognised international standards and progressive national standards and whether it was being effectively implemented;
- (3) to make to the Government of Panama, through the Governing Body, any recommendations which it might wish to formulate as a result of its findings on points (1) and (2).

The Committee started its work by inviting the Government of Panama, the ITF and the International Shipping Federation to send representatives to its first meeting to give their views on the problem. The views expressed by the representatives of the latter two organisations were similar to those given by the Seafarers' and Shipowners' members of the JMC referred to above. The representative of the Government of Panama described the efforts which had been made on behalf of his Government to reach agreement with the ITF to avoid the threatened boycott and stated that as a result the boycott had been suspended. He stated further that the legislation of Panama on conditions of work was liberal and advanced, but was scattered over a number of separate texts and needed to be codified. His Government would welcome recommendations from the ITF and from the Committee of Enquiry concerning the provisions of the proposed new Seafarers' Code to be enacted in his country. He added that proposals concerning ratification of the ILO maritime Conventions adopted at Seattle in 1946¹ would be laid before the National Assembly of Panama when it met in October 1949. As regards safety at sea, he pointed out that all Panamanian ships were required to be inspected and certificated by one of the three leading classification societies and the Panamanian Consular Service was being rapidly expanded to provide greater means of control and compliance with the regulations.

In addition to examining the legislation of Panama concerning the merchant marine and the conditions of work and social security of seafarers employed in Panamanian vessels, the Committee also inspected 30 Panamanian ships of various types in the ports of six countries on three continents so as to see conditions at first hand.

The Committee finished its work in November 1949, when its report² was transmitted to the Government of Panama for any observations it might wish to make. Although the Committee had not had all the information it would have wished, it had come to the unanimous conclusion that the charges of the ITF against Panama were, at least in part, justified under three main headings: age of ships; possibility of evading safety standards; and possibility of evading social and labour standards. In view of the nature of certain of the observations of the Government of Panama on the report, a small working party composed of representatives of the three groups of the Governing Body was set up to hold discussions with a representative of the Government of Panama. As a result, it was agreed that the report would be published together with the comments of the Government of Panama.

In June 1950 the Governing Body adopted a statement in which it noted that the Government of Panama had "made an earnest endeavour to improve conditions in its merchant marine" and in which it suggested to the Government of Panama

¹ The Food and Catering (Ships' Crews) Convention (No. 68), the Certification of Ships' Cooks Convention (No. 69), the Social Security (Seafarers) Convention (No. 70), the Seafarers' Pensions Convention (No. 71), the Paid Vacations (Seafarers) Convention (No. 72), the Medical Examination (Seafarers) Convention (No. 73), the Certification of Able Seamen Convention (No. 74), the Accommodation of Crews Convention (No. 75), and the Wages, Hours of Work and Manning (Sea) Convention (No. 76).

² ILO: Conditions in ships flying the Panama flag, op. cit.

"the desirability of its giving all appropriate assistance to promote negotiations for collective agreements between shipowners and seafarers" and commended to the attention of the Government of Panama "the portions of the report which suggest improvements to be achieved by government action".

1955-56: questionnaire to traditional maritime countries on the subject of flag transfer

In October 1955, at its 18th Session, the JMC considered a report by the ITF on problems created by large-scale ship registrations in certain countries, from which it appeared that the ITF position had not changed materially since 1949 except that, instead of levelling charges mainly against inferior conditions in Panamanian ships, it now extended its criticisms to the vessels (or some of the vessels) flying the flags of other countries as well, including those of Liberia, Honduras and Costa Rica.

The Commission carried out a short discussion on this point and recommended that the question of flag transfer be included in the agenda of the Preparatory Technical Maritime Conference scheduled for 1956 and of the Maritime Session of the International Labour Conference due to be held in 1958. In order that sufficient information might be obtained to permit the drafting of a useful report, the Commission drew up a questionnaire to be sent to the governments of traditional maritime countries on this subject. It was further proposed that the Government of Panama be requested to indicate any action it might have taken to give effect to the recommendations of the Committee of Enquiry into Ships Flying the Panama Flag and that the Governments of Costa Rica, Honduras and Liberia be requested to supply information concerning the law and practice in those countries relating to the social and safety conditions on board vessels registered under their flags.

The questionnaire was designed to enable traditional maritime countries to provide information on the number and tonnage of ships transferred to the registers of Panama, Liberia, Honduras and Costa Rica, on the possibility for existing ship inspection services in the traditional maritime countries to inspect foreign-flag vessels calling at the ports of these countries, and on whether social security measures applying to seafarers of traditional maritime countries applied when such seafarers served on the vessels of other countries. The questionnaire was sent to the governments of the 32 countries which were considered to be traditional maritime nations.

The report submitted to the Preparatory Technical Maritime Conference¹, which was held in London in 1956, contained an historical review of the problem, a summary of the replies of the governments to the questionnaire mentioned above and the information furnished by the Governments of Costa Rica and Honduras regarding the law and practice governing the social conditions of seafarers employed in vessels registered under the flags of these countries and the safety regulations applying to such vessels (the Governments of Panama and Liberia did not reply to the letter requesting this information).

When this point was discussed, the Seafarers and the Shipowners reaffirmed their positions, which were not very different from those taken at previous ILO meetings.

The Seafarers' members, however, in an effort to help find a solution to the problem, submitted the following list of points which they believed should be considered in relation to any form of instrument which was eventually adopted:

(1) Notice should be taken of the declaration made by the International Law Commission of the United Nations on the subject of merchant ships having a broader link with the country of registration than merely the formality of registration.

(2) The country of registration should have greater and more intimate jurisdiction over ships flying its flag, possibly by requiring that:

¹ ILO: Flag transfer in relation to social conditions and safety, document PTMC III/1, Preparatory Technical Maritime Conference, London, 1956.

- (a) ships should be owned by companies having their principal place of business in the country of registration;
- (b) each company shall have nationals of the registering country on its board of directors;
- (c) meetings of the boards of directors shall be held within the territory of the registering country.

(3) The country of registration should make and adopt regulations designed to ensure that all ships flying its flag observe internationally accepted safety standards.

(4) It should establish and operate a government-controlled ship inspection service within its territory adequate to the requirements of the tonnage on its register and ensure that all ships flying its flag are regularly inspected within its territory to ensure conformity with regulations issued under (3) above.

(5) It should make regulations for the governance of the recruitment, engagement and discharge of seafarers serving in its ships according to internationally accepted standards and establish the requisite government-controlled agencies to give effect to such regulations.

(6) It should adopt regulations or legislation providing that not less than 25 per cent of seafarers in any one ship are nationals of the country of registration.

(7) It should make regulations or legislation, if not already provided in the country's general legislation, providing for the freedom of association of its seafarers.

(8) It should ensure by regulation that proper repatriation for its seafarers be provided.

(9) It should introduce provisions ensuring that seafarers will be covered by social security arrangements which in any case shall not be less than those provided for workers in other countries.

(10) It should ensure that proper and satisfactory arrangements are made within the country concerned for the examination of candidates for certificates of competency and for the issuing of such certificates.

1958: adoption of Recommendations Nos. 107 and 108

The Preparatory Conference discussed and adopted a text which had been submitted by the Office for further discussion and final adoption by the Maritime Session of the International Labour Conference.

The text was discussed only briefly at this session, which was held in Geneva in April-May 1958, but an important decision was taken: while the Preparatory Conference had submitted a proposed resolution, the Maritime Session decided by an overwhelming majority to adopt a Recommendation. The Social Conditions and Safety (Seafarers) Recommendation (No. 108), as finally adopted by the Conference, referred in the Preamble to the Convention on the High Seas adopted by the United Nations Conference on the Law of the Sea only a few days previously. Specifically, the provisions of this Convention referred to were those concerning:

- (a) the right of every State to sail ships under its flag;
- (b) the conditions relating to the nationality of the ship that "there must exist a genuine link between the State and the ship; in particular, the State must effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag";
- (c) the obligation that every State should take such measures for ships under its flag as are necessary to ensure safety at sea with regard, inter alia, to the manning of ships and labour conditions for crews, taking into account the applicable international labour instruments.

The operative part of the Recommendation contained the following provisions:

The country of registration should accept the full obligations implied by registration and exercise effective jurisdiction and control for the purpose of the safety and welfare of seafarers in its sea-going merchant ships and in particular should:

- (a) make and adopt regulations designed to ensure that all ships on its register observe internationally accepted safety standards;
- (b) make arrangements for a proper ship inspection service adequate to the requirements of the tonnage on its register and ensure that all ships on its register are regularly inspected to ensure conformity with regulations issued under (a) above;
- (c) establish both in its territory and abroad the requisite government-controlled agencies to supervise the signing on and signing off of seafarers;
- (d) ensure or satisfy itself that the conditions under which the seafarers serve are in accordance with the standards generally accepted by the traditional maritime countries;
- (e) by regulations or legislation if not already otherwise provided for, ensure freedom of association for the seafarers serving on board its ships;
- (f) ensure by regulations or legislation that proper repatriation for the seafarers serving on board its ships is provided in accordance with the practice followed in traditional maritime countries;
- (g) ensure that proper and satisfactory arrangements are made for the examination of candidates for certificates of competency and for the issuing of such certificates.

The 1958 Maritime Session of the Conference also adopted the Seafarers' Engagement (Foreign Vessels) Recommendation (No. 107). This Recommendation has a bearing on the problem of flags of convenience (and in fact Recommendation No. 108 referred to it in its Preamble), because of the great number of foreign seafarers engaged on board ships flying these flags. The Preamble to Recommendation No. 107 expressed concern at the tendency of nationals of certain maritime countries to serve in vessels of other countries without properly negotiated collective agreements ensuring them the protection and standards applicable to vessels of their own countries. The operative part invited member States to discourage seafarers from joining vessels registered in a foreign country unless the conditions were generally equivalent to those applicable under collective agreements and social standards accepted by bona fide organisations of shipowners and seafarers in maritime countries where such agreements and standards were traditionally observed. The Recommendation provided further that each member State should have regard to whether proper provision was made for the repatriation of a seafarer when he was put ashore for reasons for which he was not responsible, and for his medical care and maintenance when he was put ashore in a foreign port in consequence of sickness or injury.

1970: follow-up action to Recommendations Nos. 107 and 108

At the 19th Session of the Joint Maritime Commission, held in 1961, the question of flags of convenience was not raised, and it was only touched upon at the 20th Session in 1967. Meanwhile, however, the fleets sailing under these flags continued to grow, and when the next Maritime Session of the International Labour Conference was held in 1970 a discussion took place on the basis of a draft resolution concerning flags of convenience submitted by the Workers' delegate of Finland. This resolution, as adopted, is reproduced on page 1 of the present report.

During the discussion which took place in the Resolutions Committee of the Conference, the sponsor of the resolution stated that the tonnage of vessels flying flags of convenience had steadily increased, and that many of the States whose flags they flew had failed to put into effect the provisions of Recommendations Nos. 107 and 108. The Greek Workers' member indicated that some success

had been achieved by seafarers' organisations in his country in ensuring the application of the standards laid down in the two Recommendations through the medium of collective agreements covering Greek seafarers on Greek-owned ships flying flags of convenience, who now enjoyed conditions similar to those of seafarers serving on ships flying the Greek flag.

The Employers' members considered that it was unfair to discriminate between countries whose flags were used as flags of convenience and other States. All governments should be called upon to give effect to the international labour instruments in question.

When the draft resolution concerning flags of convenience was submitted to the plenary sitting for adoption, the Workers' delegate of France put forward the suggestion that, as a first effective step, a corps of shipping and maritime labour inspectors be set up and effectively supervise conditions in all ports frequented by vessels flying flags of convenience, with a view to securing respect for safety rules and standards of accommodation, health and welfare on board. He also called for measures to be taken to prevent sea pollution, which he suggested was mainly the result of lack of experience on the part of masters and officers of ships transporting polluting cargoes, principally ships under flags of convenience.

After some discussion, the resolution was adopted.

1972: discussion of the extent of application
of Recommendations Nos. 107 and 108

As requested by the Conference, a survey was undertaken, in conformity with article 19 of the ILO Constitution, in order to ascertain how the provisions of Recommendations Nos. 107 and 108 were being implemented. The response to this survey was not very encouraging. In fact, at the time of the preparation of the report for the 57th Session of the International Labour Conference in June 1972, only 62 countries had submitted the reports requested. Even considering that not all member States are interested in maritime questions, the number of replies was not fully satisfactory. What is more, among the countries offering flag-of-convenience facilities whose reports would have been really significant, only Singapore and Cyprus submitted information. The whole purpose of the survey, therefore, which was to elicit information concerning the various aspects of seafarers' administration and conditions on ships flying flags of convenience, was defeated. The Committee of Experts on the Application of Conventions and Recommendations, which took note of the information supplied and the relatively few reports submitted, concluded its examination of the question by stating:

According to the latest information available from Lloyd's Register of Shipping, the tonnage of vessels registered under the flags of countries from which reports were received represents close to two-thirds of the total world tonnage, but a number of important maritime countries have not supplied reports. It cannot therefore be considered that the present survey gives a sufficiently complete picture of the manner in which the matters covered by the two Recommendations are dealt with in a large segment of the world's shipping industry at the present time.¹

The report of the Committee of Experts, the summaries of the reports received from governments, and the report of the Conference Committee dealing with the matter were submitted to the 21st Session of the Joint Maritime Commission, which met towards the end of 1972.²

In the course of the JMC's discussion of this item, the Seafarers' members reiterated that many shipowners who registered their ships under flags of convenience did so to avoid having to conform to recognised safety standards for merchant ships and to be able to enjoy greater freedom of shipping operations,

¹ ILO: Report of the Committee of Experts on the Application of Conventions and Recommendations, Report III (Part 4C), International Labour Conference, 57th Session, Geneva, 1972, p. 6.

² ILO: Flags of convenience, document JMC/21/4, Joint Maritime Commission, 21st Session, Geneva, November-December 1972.

employ cheap labour and make excessive profits. They charged that countries which offered flag-of-convenience facilities failed to implement properly ILO standards and regulations governing the safe operation of ships and crew conditions. Responsibility also lay with governments that permitted transfer of national ships to foreign flags.

The Seafarers' members also insisted that sometimes crews in flag-of-convenience vessels were exploited, receiving low wages, working long hours, having arduous conditions of life and work on board, experiencing long absences from their home countries, being refused repatriation expenses, not obtaining social security or pension benefits and generally being denied the fruits of higher productivity resulting from technological advances. They said that flag-of-convenience vessels were prone to serious accidents involving the safety of life and property at sea and causing ocean pollution, owing to the poor physical condition of such ships, inadequate manning standards, the use of crews comprising different nationalities and the lack of properly trained and properly certificated seafarers in such vessels.

The Seafarers' members suggested certain measures which could help to remedy the situation, such as greater co-operation on the part of governments and shipowners with organised labour; this had been forthcoming in some countries where agreements had been reached to apply to seafarers and to vessels sailing under foreign flags the same conditions of employment and inspection as those applicable to national ships. The question of flags of convenience should be discussed at the international level between governments, shipowners and seafarers. This offered the only real possibility of an acceptable and lasting solution.

The Shipowners' members agreed that the question of flags of convenience was of great importance. Although they recognised that some, but certainly by no means all, flag-of-convenience vessels operated under standards lower than those generally accepted in respect of technical reliability, conditions of employment of crews and other matters, so too did a number of ships registered under their true national flag. They emphasised, however, that a great number of flag-of-convenience vessels met standards of safety and crew amenities which were far superior to the accepted minima.

The Shipowners' members explained that there were many valid reasons which compelled shipowners to have recourse to flags of convenience, such as the question of flag discrimination, and the conditions for financing the purchase or operation of vessels. They said that flags of convenience responded to an economic need and contributed to the benefits received by society from ocean transport. Many vessels registered under foreign flags represented a considerable asset, and it was in the owner's interest to operate and maintain them well. The requirements of marine insurance also had the effect of preventing any great departure from international standards in the seaworthiness and manning of such ships. The average age of vessels registered under flags of convenience was only about nine years.

The Shipowners' members agreed that all substandard ships, whether registered nationally or under a foreign flag, benefited neither shipowners nor seafarers. They considered it vital for the shipping industry to agree on legal and orderly measures that would oblige governments to ensure that such ships satisfied acceptable standards. These standards should be clearly defined and conformity thereto should be ensured through the ILO. The Shipowners' members suggested that neither side should attack all ships classified as flag-of-convenience ships. Steps should be taken, through the ILO, to ensure the full application to all ships, irrespective of their flag, of the minimum standards outlined in Recommendations Nos. 107 and 108.

At the end of this discussion, a resolution on substandard vessels, particularly those registered under flags of convenience, was unanimously adopted. It is referred to in the introduction to this report and is reproduced in Annex III.

CHAPTER II

RECENT DEVELOPMENTS

Recent information concerning Liberia, which has the largest fleet, and discussions at the international level, are summarised in this chapter.

The Government of Liberia has established vessel safety inspection. According to a document submitted by that Government to the Maritime Safety Committee of the Inter-Governmental Maritime Consultative Organisation¹, every Liberian ship is subject to inspection once a year, or more often in cases of uncorrected deficiencies. These inspections are carried out over and above the surveys of the approved classification societies required under the Convention on Safety of Life at Sea. In virtually all major ports, Liberian nautical inspectors, who are instructed and closely supervised, implement enforcement procedures. These inspectors are experienced masters or otherwise qualified experts. Additional professional aid in technical fields is acquired whenever necessary.

If material deficiencies are found, immediate action is taken in the form of one or more of the following measures, as appropriate to the character of the deficiencies:

- Detention (depending upon the seriousness of the deficiencies, the ship may be detained either directly after the first inspection or upon any non-compliance following re-inspection);
- Re-inspection before the ship leaves port;
- Re-inspection in the next port, if that port is within 24 hours range;
- Re-inspection within three months.

All inspections are followed up by a report to the shipowner. This report contains:

- a copy of the Inspection Form;
- a list specifying the requirements for compliance with Liberian Maritime Law and Regulations and with the international agreements to which Liberia is a signatory;
- apart from the requirements of law, a list of recommendations based upon safe practice and good seamanship;
- an order to the owner to acknowledge receipt of the document and report concerning compliance.

Corrective actions in the field of safety deficiencies are carried out irrespective of the validity of certificates issued by the approved classification societies.

After each inspection, the report is compared with the previous report and a further follow-up ensures that compliance is being effected. Additionally, data from each report is extracted and collated by the Safety Analysis Division for continued track of the fleet safety positions and to reveal areas of particular concern.

The Liberian Government, in the document mentioned above, states that a definite improvement has been evidenced in the safety norms and that this situation is consistently being improved upon.

¹ Document MSC XXXI/WP.1, 31st Session, 3 October 1974.

A copy of Marine Notice No. 117 which contains instructions concerning the annual and special inspections of Liberian ships with its enclosures, and a copy of the standard form used for inspection of all ships, are appended to the present report as Annex VI.

Licensing of officers in the Liberian merchant marine

Some criticism has been voiced concerning the systems of licensing of officers to be engaged on board Liberian vessels. Taking into account that Liberia has ratified the Convention concerning the Minimum Requirements of Professional Capacity for Masters and Officers on Board Merchant Ships, 1936 (No. 53), some excerpts on this subject taken from an article published in the 1968 issue of Lloyd's List Annual Review¹, may be of interest:

There are two methods of licensing. The first is based on the principle of reciprocity practised in a number of major maritime nations where officers licensed by one country may serve on board the ships of another. For instance, a candidate who holds a British mate's or engineer's certificate may be entitled to the issuance of a Liberian licence in the same grade without further examinations. However, this principle of equivalency is conditional on the standards of the country which issued the candidate's non-Liberian licence being at least equal to Liberian standards. If the standards are not equal or greater, the candidate is required to take a written examination under supervision.

Under the second method, an eligible candidate may apply for examination to obtain an original licence - or one higher to the one he holds. To qualify under this method, a candidate must establish proof of required minimum experience and must meet the necessary physical requirements. Finally, he must successfully complete a comprehensive written examination under supervision. This written and practical examination may take from four to six days, depending on the grade of the licence.

In both the above methods, however, the candidate must qualify in terms of his physical requirements, experience at sea, professional competence and character.

Deck licences are issued in grades of master, first, second and third mates. Engineers receive licences as chief, first, second and third engineer. Radio officers are granted first, second and special class licences.

Applicants for deck officer licences are examined as to their knowledge of navigation, international regulations for preventing collisions at sea, handling and storage, instruments and accessories, seamanship, chart navigation, sea terms and definitions, ocean winds, weather and currents, rules and regulations, fire-fighting, life-saving, radar navigation, communications, aids to navigation and ship's business.

Examinations for engineering officers' licences cover knowledge of marine boilers, turbines, electricity, refrigeration, diesel engines, engineering mathematics, rules and regulations, fire-fighting and propulsion machinery.

Applicants for radio officers' licences are examined on international regulations, taxation of telegrams, "Q" code, frequency allocations, international publications, basic operators procedures, basic electricity, radio direction finders, practical operation of equipment including starting, stopping, tuning, transmitting and receiving.

¹ "Liberian fleet the largest - but among the world's youngest", by Fred T. Lininger, Senior Deputy Commissioner of Maritime Affairs, Republic of Liberia.

The Liberian Bureau of Maritime Affairs maintains arrangements whereby closely supervised examinations can be taken at 50 major sea ports throughout the world.

The latest statistics available to the Office show that the number of licences issued to merchant marine personnel on Liberian registered vessels from September 1971 to September 1972 were as follows:

(1) Licences granted on the basis of
equivalent foreign licences Total 14,791

Deck department

Master	2 532
Chief mate	1 402
Second mate	1 771
Third mate	825

Engine department

Chief engineer	2 146
First engineer	1 629
Second engineer	1 748
Third engineer	1 228

Radio department

Radio telegraph operator:

First class	460
Second class	970
Special class	80

(2) Licences granted on the basis of
examinations Total 207

Deck department

Master	32
Chief mate	11
Second mate	20
Third mate	22

Engine department

Chief engineer	35
First engineer	14
Second engineer	19
Third engineer	26

Radio department

Radio telegraph operator:

First class	4
Second class	21
Third class	3

In Chapter I of the present report, mention is made of the direct action taken by the International Transport Workers' Federation against flags of convenience. This strong attitude towards the problem was resumed as a result of a resolution adopted by the ITF Congress in Vienna in 1971 which confirmed the ITF view that industrial action was a "fundamental means of international trade union policy; as a necessary weapon of international solidarity and as a useful policy to be applied to the solution of specific ITF problems."

Following the adoption of this resolution, the ITF Fair Practices Committee meeting in London in 1972, decided that a procedure should be established whereby a closer surveillance could be kept on conditions of employment and compliance with maritime safety requirements on board vessels flying flags of convenience. National trade unions were called upon to take all possible action suited to their

local problems. It was decided that affiliated unions in a number of key areas should be requested to allow a union official to carry out this work on a part-time basis. A financial contribution towards the cost of the official's work would be paid by the Seafarers' International Assistance, Welfare and Protection Fund.

The inspections carried out by these union officials are mainly aimed at ascertaining whether the safety standards and conditions of employment of crews of flag of convenience vessels and of other substandard vessels conform to the requirements of international legislation and the collective agreements of the country of the flag or of traditional maritime countries. The ITF has also found that in certain cases it was necessary to have an international standard collective agreement approved by the ITF and this was done.

In this connection it should be noted that ILO Recommendation No. 109 concerning Wages, Hours of Work on Board Ship and Manning, which has been widely accepted throughout the world, provides for a minimum monthly wage of an able seaman of 48 Pounds sterling or US\$115¹.

The question of flags of convenience was discussed in 1974 at the 31st Session of the Maritime Safety Committee of the Inter-Governmental Maritime Consultative Organisation (IMCO) on the basis of a statement submitted by the International Confederation of Free Trade Unions (ICFTU). This statement criticised the conditions of employment of crews of vessels flying the Liberian flag and other flags of convenience and the lack of qualifications of the officers on board these ships. The document submitted by ICFTU indicated that the employment of inadequately qualified officers and ill-trained, inexperienced crews was the only explanation for the high incidence of casualties among flag of convenience fleets.

The representative of Liberia at the Maritime Safety Committee, in reply to this document, described the safety measures taken by the Liberian authorities and referred to a paper submitted to the Maritime Safety Committee of IMCO which is partly reproduced as Annex IV to the present report. A discussion followed, in which several delegates participated. The representative of the United Kingdom said that a more profitable approach would be to deal with the problem of substandard ships, irrespective of the flag under which they sailed. He suggested that IMCO should promote a form of intelligence service according to which a ship could be detained if found in substandard conditions.

When the question was discussed again at the 32nd Session of the Maritime Safety Committee in March 1975, the United Kingdom Government submitted a document in which more details were given concerning its suggestion of establishing a form of intelligence service. This document indicated that, according to Regulation 19 of Chapter I of the Safety of Life at Sea Convention, 1960, and Article 21 of the Load Line Convention of 1966, the administration of the port where a ship was lying was empowered to detain this ship until it could proceed to sea without danger to the passengers or crew. The United Kingdom Government considered that much could be done to reduce the number of substandard ships if these procedures were fully and effectively operated.

The document suggested that the arrangement outlined in the document ought to operate on the basis of well understood and accepted international criteria, such as the Safety of Life at Sea and Load Line Conventions and perhaps the Marine Pollution Convention. Officer certification and manning set problems in view of the lack of internationally accepted standards, and any developments as regards these matters should take fully into account the current work of the ILO in these fields and the Maritime Conferences in 1975 and 1976 when the question of substandard ships was to be discussed. Consideration should also be given to the results of the projected 1977 IMCO Conference on Training and Watchkeeping which would determine a number of standards in the field of qualifications and training.

¹ Figures adopted at the 21st Session of the Joint Maritime Commission (November-December 1972), in conformity with a resolution adopted at the 55th (Maritime) Session of the International Labour Conference in 1970.

Several other papers were submitted to the Maritime Safety Committee at its 32nd Session including statements from the International Shipping Federation (ISF) and the International Transport Workers' Federation (ITF). The former indicated that it relied upon the two ILO Maritime Conferences to give guidance as to how to define a substandard ship. The latter agreed on the difficulty of defining a substandard ship and expressed certain reservations on the intelligence service proposed by the Government of the United Kingdom.

After discussing the question on the basis of the documents mentioned above, the Committee decided to establish an Ad Hoc Working Group on substandard ships to consider the matter in detail and report back. The following terms of reference of the Group were agreed:

To consider within the purposes of the Organisation proposals for making more effective and strengthening existing arrangements for identifying ships which are substandard in relation to international conventions in force and for taking appropriate action including making deficiency reports to IMCO, with a view to implementing any improvements in the system considered necessary as soon as possible and progressively extending it as new standards are adopted. The Ad Hoc Group should take account of proposals contained in document MSC/XXXII/15¹ and any other relevant material submitted to it and should prepare a report on the subject for consideration by the Maritime Safety Committee at its 33rd Session.

It was decided that the Group should meet from 28 to 30 July, 1975. The Preparatory Conference will be informed of the results of this meeting by a special document which will be submitted to it.

¹ The note by the United Kingdom Government to which reference is made previously.

CHAPTER III

FINAL CONSIDERATIONS AND PROPOSED CONCLUSIONS

1. Final considerations

As mentioned earlier in this report, the OECD Study on Flags of Convenience stated that Liberia, Panama, Cyprus, Somalia, Singapore and Lebanon were countries which at that time offered flag of convenience facilities. In the past, other countries have offered similar facilities and some were able to attract a sizeable amount of tonnage under their flags. This was the case, for example, for Honduras and Costa Rica. While other countries offered similar facilities, no significant amount of foreign tonnage was registered under their flags. This has been the situation in, for instance, Morocco, San Marino, Haiti, Malta and Sierra Leone.

This would seem to indicate that the countries known in the shipping world to offer flag of convenience facilities change from time to time. It is also to be noted that a ship flying a flag of convenience is not necessarily also a "substandard vessel". A shift of emphasis has recently taken place from discussion of the specific, yet somewhat elusive question of "flags of convenience" to consideration of the more general and socially relevant question of "substandard vessels" wherever they may be registered.

Since the delegates to the Preparatory Technical Maritime Conference are chiefly interested in the conditions of employment of seafarers, the safety of crews and certificates of competency, the fundamental question would appear to be to determine when a ship should be considered, from these three points of view, as a standard or substandard vessel. Some guidance can be provided by the provisions of Recommendation No. 108, which up to the present time is the relevant ILO text on which such an evaluation might be based.

It will be recalled that the operative part of this Recommendation refers to such questions as safety, an adequate inspection service, supervision of signing on and off of seafarers, conditions of service, freedom of association, repatriation and certificates of competency. It appears, however, from the replies received to the survey made in conformity with article 19 of the Constitution¹, that these provisions are not sufficient to give clear-cut guidance to those concerned, and that consideration might be given to the adoption of further and more detailed provisions if the conditions of life and work on board ship are to be properly assessed.

It is therefore suggested that a new international instrument might be adopted in the form of a Convention, which would spell out more clearly the obligations of member governments as regards ships which fly their flags, as well as the obligations of shipowners, agents and masters of these vessels. It should then be possible, on the basis of this new instrument to determine whether a ship conforms to standards applied in the traditional maritime countries. If it does conform, some sort of recognition could be given to these ships.

No attempt has been made to include, in the proposed conclusions, a provision concerning the method of recognition. The Preparatory Conference may, if it so wishes suggest the inclusion of a provision aimed at determining how this recognition should be granted.

The proposed conclusions submitted to the Preparatory Conference for its consideration are divided into two parts.

First, there are proposals for an international instrument designed to give compact expression to the body of obligations which could be regarded as representing an acceptable minimum standard for vessels engaged in maritime transport.

Second, there are proposals for a programme - to be adopted by the General Conference, and transmitted to and acted upon by the Governing Body, Governments, Shipowners and Seafarers - of approaches and procedures designed to obtain the effective application of such an acceptable minimum standard.

¹ See p. 21.

2. Proposed conclusions concerning substandard vessels, particularly those registered under flags of convenience

A. Proposed instrument

1. There should be an international instrument on the maintenance of minimum standards on ships engaged in maritime transport.
2. The instrument should take the form of a Convention.
3. The instrument should recall in its Preamble the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958, and of the Social Conditions and Safety (Seafarers) Recommendation, 1958.
4. Each State ratifying the Convention would undertake:
 - (a) to exercise effective jurisdiction and control over safety standards, standards of competency and conditions of employment on ships registered in its territory;
 - (b) in so far as it is not otherwise bound to give effect to the international instruments listed in the Appendix, to have laws or regulations or satisfy itself that there exist collective agreements laying down for the ships registered in its territory standards regarding safety, competency and conditions of employment which are at least equivalent to the basic standards referred to in the Appendix;
 - (c) to supervise the engagement of seafarers in its territory on vessels of any nationality and, in this connection and in so far as it is not otherwise bound to give effect to the Placing of Seamen Convention, 1920 and the Articles of Agreement Convention, 1926, to take account of the provisions of these instruments as well as of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958;
 - (d) to ensure that seafarers employed on ships registered in its territory are properly trained for the duties for which they are engaged, due regard being had to the Vocational Training (Seafarers) Recommendation, 1970;
 - (e) to ensure that all ships registered in its territory are regularly inspected to verify compliance with ratified Conventions, with laws and regulations adopted in pursuance of (b) above and, as appropriate, with applicable collective agreements.

APPENDIX

IMCO Conventions

International Convention for the Safety of Life at Sea, 1960, with amendments at any time in force; or

International Convention for the Safety of Life at Sea, 1974, when it enters into force;

International Convention on Load Lines, 1966;

International Regulations for Preventing Collisions at Sea, 1960; or

Convention on the International Regulations for Preventing Collisions at Sea, 1972, when it enters into force;

International Convention for the Prevention of Pollution of the Sea by Oil, 1954 (as amended in 1962) with amendments at any time in force; or

International Convention for the Prevention of Pollution from Ships, 1973, when it enters into force.

ILO instruments

Minimum Age Convention, 1973; or
Minimum Age (Sea) Convention (Revised), 1936; or
Minimum Age (Sea) Convention, 1920;
Medical Examination (Seafarers) Convention, 1946;
Officers Competency Certificates Convention, 1936;
Certification of Able Seamen Convention, 1946;
Seamen's Articles of Agreement Convention, 1926 (Articles 3, 4, 5, 6 and 9);
Repatriation of Seamen Convention, 1926;
Shipowners' Liability (Sick and Injured Seamen) Convention, 1936; or
Sickness Insurance (Sea) Convention, 1936; or
Medical Care and Sickness Benefits Convention, 1969;
Wages, Hours of Work and Manning (Sea) Recommendation, 1958;
Annual Leave (Seafarers) Convention, 1976; or
Paid Vacations (Seafarers) Convention (Revised), 1949;
Accommodation of Crews Convention (Revised), 1949 (Articles 6(1), 7(1), 8(1), 9(1), 10(1), 11(1), 12(1), 13(1) and 14(1));
Food and Catering (Ships' Crews) Convention, 1946 (Article 5(2)(a) and (b));
Prevention of Accidents (Seafarers) Convention, 1970 (Articles 4 and 7);
Freedom of Association and Protection of the Right to Organise Convention, 1948;
Right to Organise and Collective Bargaining Convention, 1949;
Workers' Representatives Convention, 1971.

B. Programme for the effective attainment of standards

The General Conference of the International Labour Organisation,
Representing the Governments, Shipowners and Seafarers of the maritime world,
Concerned to ensure the maintenance of minimum standards of safety,
competency and conditions of employment on all ships,

Having adopted the ...

Adopts the following programme of action:

1. The provisions of the proposed instrument are recognised to constitute an acceptable minimum standard for the employment of seafarers on vessels engaged in maritime transport.

2. Where that Convention or the international instruments referred to therein have been ratified by the country of registry, the effective application of the obligations so assumed will be controlled by the procedures based on the Constitution of the International Labour Organisation or, as the case may be, of the Inter-Governmental Maritime Consultative Organisation.

3. In so far as the provisions of the proposed instrument are not made binding by virtue of ratification, it will be open to shipowners to advise the Director-General of the International Labour Office that the standards required in clauses (b) and (d) of point 4 of the proposed conclusions with a view to an instrument are, to the extent that they do not specifically call for government action, satisfied on their ships, and to accept that any allegations that this is not so will be examined by a procedure to be determined by the Governing Body of the International Labour Office¹; the Director-General would inform member States of the receipt of such statements.

4. Where there is no evidence, in the form of ratification or of a statement from the shipowner, that the provisions of the proposed instrument are substantially satisfied, governments of other countries may require evidence that minimum standards are met on particular vessels as a condition for not applying to them the provisions of paragraph 1 of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958.

5. Evidence concerning the application of standards obtained in pursuing this programme would be taken into account by port authorities in connection with their right to control, in conformity with Regulation 19 of Chapter I of the International Convention for the Safety of Life at Sea, 1960.

6. Consideration will be given from time to time to the question whether the standards of the proposed instrument continue to constitute an acceptable minimum, or whether they need to be revised in the light of developing practices in maritime countries.

¹ Which could, for instance, be patterned on the procedure of articles 24 and 25 of the Constitution of the International Labour Organisation.

ANNEX I

RECOMMENDATION CONCERNING THE ENGAGEMENT OF
SEAFARERS FOR SERVICE IN VESSELS REGISTERED IN A
FOREIGN COUNTRY

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 41st Session on 29 April 1958, and

Expressing its serious concern at the tendency of nationals of certain maritime countries to serve in vessels of other countries without properly negotiated collective agreements ensuring them the protection and standards applicable to vessels of their own countries, and

Having decided upon the adoption of certain proposals concerning the engagement of seafarers, which is the third item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation,

Adopts this thirteenth day of May of the year one thousand nine hundred and fifty-eight the following Recommendation, which may be cited as the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958:

1. Each Member should do everything in its power to discourage seafarers within its territory from joining or agreeing to join vessels registered in a foreign country unless the conditions under which such seafarers are to be engaged are generally equivalent to those applicable under collective agreements and social standards accepted by bona fide organisations of shipowners and seafarers of maritime countries where such agreements and standards are traditionally observed.

2. In particular, each Member should have regard to whether proper provision is made:

- (a) for the return of a seafarer employed on a vessel registered in a foreign country who is put ashore in a foreign port for reasons for which he is not responsible to:
 - (i) the port at which he was engaged; or
 - (ii) a port in his own country or the country to which he belongs; or
 - (iii) another port agreed upon between the seafarer concerned and the master or shipowner, with the approval of the competent authority or under other appropriate safeguards;
 - (b) for medical care and maintenance of a seafarer employed on a vessel registered in a foreign country who is put ashore in a foreign port in consequence of sickness or injury incurred in the service of the vessel and not due to his own wilful misconduct.
-

ANNEX II

RECOMMENDATION CONCERNING SOCIAL CONDITIONS AND
SAFETY OF SEAFARERS IN RELATION TO REGISTRATION
OF SHIPS

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 41st Session on 29 April 1958, and

Having decided upon the adoption of certain proposals concerning flag transfer in relation to social conditions and safety, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation,

Adopts this fourteenth day of May of the year one thousand nine hundred and fifty-eight the following Recommendation, which may be cited as the Social Conditions and Safety (Seafarers) Recommendation, 1958:

Considering that labour conditions have a substantial bearing on safety of life at sea,

Considering that the problems involved have been brought into special prominence by the large volume of tonnage registered in countries not hitherto regarded as being traditionally maritime,

Considering that the Convention on the High Seas adopted by the United Nations Conference on the Law of the Sea and opened for signature on 29 April 1958 contains a set of provisions regarding:

- (i) the right of every State to sail ships under its flag;
- (ii) the condition relating to the nationality of the ship that "there must exist a genuine link between the State and the ship; in particular, the State must effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag";
- (iii) the obligation that every State shall take such measures for ships under its flag as are necessary to ensure safety at sea with regard, inter alia, to the manning of ships and labour conditions for crews taking into account the applicable international labour instruments,

Considering the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958, and

Considering the provisions of the Social Security (Seafarers) Convention, 1946;

The Conference recommends that the following provisions should be applied:

The country of registration should accept the full obligations implied by registration and exercise effective jurisdiction and control for the purpose of the safety and welfare of seafarers in its sea-going merchant ships and in particular should:

- (a) make and adopt regulations designed to ensure that all ships on its register observe internationally accepted safety standards;
- (b) make arrangements for a proper ship-inspection service adequate to the requirements of the tonnage on its register and ensure that all ships on its register are regularly inspected to ensure conformity with regulations issued under (a) above;

- (c) establish both in its territory and abroad the requisite government-controlled agencies to supervise the signing on and signing off of seafarers;
 - (d) ensure or satisfy itself that the conditions under which the seafarers serve are in accordance with the standards generally accepted by the traditional maritime countries;
 - (e) by regulations or legislation if not already otherwise provided for, ensure freedom of association for the seafarers serving on board its ships;
 - (f) ensure by regulations or legislation that proper repatriation for the seafarers serving on board its ships is provided in accordance with the practice followed in traditional maritime countries;
 - (g) ensure that proper and satisfactory arrangements are made for the examination of candidates for certificates of competency and for the issuing of such certificates.
-

ANNEX III

INTERNATIONAL LABOUR ORGANISATION

JOINT MARITIME COMMISSION
21st Session
Geneva
November-December 1972

FLAGS OF CONVENIENCE

Fourth Item on the Agenda

Geneva
International Labour Office
1972

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Note: As Report III (Part 2B): Summary of Reports on Two Recommendations - Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108), and Report III (Part 4C): Report of the Committee of Experts on the Application of Conventions and Recommendations, Volume C, General Survey on the Reports relating to Two Recommendations concerning Social Conditions of Seafarers (Nos. 107 and 108), were published separately for submission in the first instance to the 57th Session of the International Labour Conference (Geneva, 1972), copies of these reports accompany this report and should be considered an integral part of it.

INTRODUCTION

At its 55th (Maritime) Session (Geneva, October 1970), the International Labour Conference adopted a resolution concerning flags of convenience, as follows:

The General Conference of the International Labour Organisation,

Recalling that the question of the social conditions and safety of seafarers in relation to the registration of ships has been considered by several sessions of the Joint Maritime Commission,

Recalling that these discussions led to the adoption by the 41st (Maritime) Session of the International Labour Conference of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and of the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108),

Considering that the number and tonnage of vessels registered under the flags of States with which the shipowners concerned have no national connection have continued to increase,

Considering that the International Labour Organisation has a responsibility to endeavour by all means to encourage acceptance of the provisions of the international instruments cited above;

Requests the Governing Body of the International Labour Office to ask the governments of member States, within the provisions of article 19 of the Constitution of the International Labour Organisation, to report on an urgent basis on measures that have been taken in their respective countries to implement the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108), and that an analysis of the replies of governments be submitted by the International Labour Office to the next session of the Joint Maritime Commission, which should consider what further action may be necessary in the light of this information.

At its 182nd Session (March 1971) the Governing Body considered the resolution concerning flags of convenience and decided (a) to ask the governments of member States to report under article 19 of the Constitution on the measures taken to implement the provisions of Recommendations Nos. 107 and 108; (b) to authorise the Director-General to communicate the resolution to the governments of member States, and through them to employers' and workers' organisations; and (c) to invite the Director-General to bear in mind the request contained in the resolution when making proposals concerning the next session of the Joint Maritime Commission.

At its 185th Session (February-March 1972), the Governing Body decided that the question of flags of convenience should be included in the agenda of the 21st Session of the Joint Maritime Commission, and the present report is submitted for consideration of the item by the Commission.

Chapter I outlines previous ILO action in this field, while Chapter II contains brief observations concerning the reports of governments under article 19 of the Constitution concerning the implementation in their countries of the provisions of Recommendations Nos. 107 and 108, as well as concerning the report of the Committee of Experts on the Application of Conventions and Recommendations in respect of this question, and of the appropriate committee of the 57th Session of the International Labour Conference which considered these reports.¹

In the Annex is reproduced the study by the Maritime Transport Committee of the Organisation for Economic Co-operation and Development on Flags of Convenience.

¹ As noted in the table of contents, the summary of government reports and the report of the Committee of Experts accompany the present report, and should be considered an integral part of it.

CHAPTER I

PREVIOUS ILO ACTION CONCERNING FLAGS OF CONVENIENCE

In the post-war period the question of flag transfer in relation to the social conditions and safety of seafarers, in particular the transfer of vessels to flags of countries not among traditional maritime countries, came into considerable prominence and engaged the attention of the ILO.

It may be recalled that in 1946 the International Transport Workers' Federation asked the ILO to carry out an investigation on this subject and to place the question before the Joint Maritime Commission. The Governing Body acceded to this request, and a report was prepared by the Office and discussed by the Commission at its 14th Session in 1947. The Commission agreed that in certain circumstances the transfer of vessels from one flag to another might have detrimental effects on seafarers' conditions. It adopted a resolution, which was communicated to governments, drawing attention to this potential danger. The resolution also requested the ILO to keep this question under continuing study.

When in 1948 the International Transport Workers' Federation threatened to boycott ships it considered to be substandard under the Panama and Honduras flags, the Government of Panama asked the ILO to appoint an independent committee to examine and report on these charges. In 1949 the Governing Body agreed to this request and a committee consisting of three members, one nominated by each group of the Governing Body, was constituted. The conclusions of the report prepared by this committee after it had studied the various laws and regulations applying to seafarers, visited some thirty Panamanian vessels and considered the question in depth, were accepted by the Governing Body in agreement with the Government of Panama. It was noted that the Government of Panama was giving serious consideration to steps to improve the conditions of the seafarers concerned. The Governing Body suggested certain measures in this respect, such as encouragement of collective negotiations and positive government action to provide better protection for seafarers sailing under the Panama flag.

Shortly after the publication of the report of the committee, some progress was noted in Panama, and a number of collective agreements were signed. However, many problems connected with flags of convenience remained to be solved, and new problems appeared, which engaged the attention of all concerned. In 1954 the International Transport Workers' Federation again asked the ILO to take action on the question of conditions of seafarers in relation to flags of convenience, including flag transfers. By agreement with the Governing Body, the Joint Maritime Commission again examined the entire question at its 18th Session in 1955, and it was placed on the agenda of the 41st (Maritime) Session of the International Labour Conference in 1958, after consideration by the Preparatory Technical Maritime Conference in 1956.

The Workers' group of the maritime session proposed that, in view of the importance of the question, the Conference should adopt a Recommendation which would place certain obligations on the member States. The proposal was agreed to, and the Conference adopted the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108). The Recommendation noted that labour conditions had a substantial bearing on safety of life at sea, and took into consideration the fact that a large volume of tonnage was being registered in countries not traditionally regarded as maritime countries. Drawing particular attention to the Convention on the High Seas, the Recommendation urged that the country of registration should accept the full obligations implied by registration, and exercise effective jurisdiction and control for the purpose of the safety and welfare of seafarers. It further provided guidelines as to the fields and directions in which this jurisdiction and control should be effectively exercised.

Despite the efforts of some of the governments concerned, and notwithstanding the increasing number of national and international agreements governing the conditions of a substantial number of seafarers employed in vessels registered in countries other than the traditional maritime nations, organisations of seafarers and shipowners have, in the recent past, expressed their concern at

the rate of growth of these fleets and at the social and safety problems that result. In particular, problems of safety of life at sea appear to have created the widest concern.

National and international organisations of seafarers suggest that recourse is had to the registration of ships in countries not traditionally regarded as maritime in order to take advantage of less stringent tax, manning and ship survey regulations, to employ less expensive labour and to be able to use profits in building ships abroad where wages and labour conditions are lower than elsewhere. The shipowners concerned, however, refute these allegations and maintain that their actions are in the interest of efficient world trade and are directed towards economical distribution of such major raw materials as crude oil and ores.

The interest of the ILO in this most controversial question is twofold. Firstly, the ILO aims not only at ensuring that the terms of international competition in the shipping industry do not adversely affect the employment conditions of seafarers but also at the establishment of minimum standards for these conditions. There is a not inconsiderable body of standards in the maritime field which have been widely ratified, and the ILO is concerned that these should not be evaded by recourse to flags of convenience. Secondly, the ILO considers that countries which have become important maritime nations through the registration of merchant vessels not their own should exercise effective authority over the ships under their registry and thus ensure the observance of appropriate social and safety standards in conformity with the provisions of Recommendation No. 108 adopted in 1958.

When the 55th (Maritime) Session of the International Labour Conference met in October 1970, it had before it a draft resolution on this subject submitted by Mr. Keitele, Workers' delegate, Finland, in accordance with article 17 of the Standing Orders of the Conference, in the following terms:

The General Conference of the International Labour Organisation,

Recalling that the question of the social conditions and safety of seafarers in relation to the registration of ships has been considered by several sessions of the Joint Maritime Commission,

Recalling that these discussions led to the adoption by the 41st (Maritime) Session of the International Labour Conference of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and of the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108),

Considering that the number and tonnage of vessels registered under the flags of States not hitherto regarded as being traditionally maritime have continued to increase,

Considering that the International Labour Organisation has a responsibility to ensure that the conditions of seafarers serving on such vessels are fully protected by the provisions of the international instruments cited above;

Requests the Governing Body of the International Labour Office to ask the governments of member States, within the provisions of article 19 of the Constitution of the International Labour Organisation, to report on an urgent basis on measures that have been taken in each country to implement the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108), and that an analysis of the replies of governments be submitted by the International Labour Office to the next session of the Joint Maritime Commission, which should consider what further action may be necessary in the light of this information.

The following is an extract of the report of the Resolutions Committee concerning its consideration of the draft resolution on flags of convenience, which it placed ninth in order of priority:

"65. The Workers' member of Finland, who sponsored this resolution, pointed out, in introducing it, that the tonnage of vessels flying flags of convenience had steadily increased, and that many of the States whose flags they flew had

failed to put into effect the provisions of Recommendations Nos. 107 and 108, dealing respectively with seafarers' engagement on foreign vessels and the social conditions and safety of seafarers. In order to ensure that the conditions of seafarers serving on such vessels were fully protected, it was highly desirable for the ILO to obtain full information on the measures taken in each country to implement those instruments, and to submit the information to the Joint Maritime Commission so that it could consider what further action might be necessary.

"66. The Workers' members drew attention to the appalling conditions suffered by seamen on many ships flying flags of convenience; at best, such flags were used as a refuge from taxation but frequently they served to conceal the maltreatment of underpaid labour. Seafarers serving on such ships were denied the most elementary social protection in many cases and often underwent severe hardship. The Workers' member of Greece indicated that some success had been achieved by the seafarers' organisation in his country in ensuring the application of the standards laid down in Recommendations Nos. 107 and 108 through the medium of collective agreements covering Greek seafarers on Greek-owned ships flying flags of convenience, who now enjoyed conditions similar to those of seafarers serving on ships flying the Greek flag. The very least that the ILO should do would be to make the preliminary investigation of the situation which was called for in the resolution.

"67. Some objections were raised by the Employers' members regarding the terms of the resolution; they thought that it was unfair to discriminate between countries whose flags were used as flags of convenience and other States; they believed that all governments should be called upon to give effect to the international labour instruments in question. They therefore had no quarrel with the operative part of the resolution, but presented an amendment to the fifth preambular paragraph proposing to replace the present wording by the following: 'considering that the International Labour Organisation has a responsibility to urge that all the provisions of the international instruments cited above should be accepted as widely as possible'. This, they felt, was closer to reality since the ILO could not itself ensure the application of the said provisions. On the proposal of the Workers' members, the words 'urge that all' were replaced by 'endeavour by all means to encourage acceptance of', and the amendment as thus subamended was adopted.

"68. An amendment to the fourth preambular paragraph, submitted by the Government member of the United Kingdom, to replace the phrase 'flags of States not hitherto regarded as being traditionally maritime' by the words 'flags of States with which the shipowners concerned have no national connection', was adopted by the Committee without opposition. A proposal by the Employers' members to delete the words 'on an urgent basis', in the fifth line of the operative part, met with opposition by the Workers' members and was withdrawn; an amendment by the Employers' members to replace the words 'in each country' by the words 'in their respective countries' was adopted by the Committee.

"69. The resolution, as thus amended, was unanimously adopted by the Committee;"

When the report of the Resolutions Committee came before the plenary sitting of the Conference, the following statements were made in respect of the draft resolution concerning flags of convenience:

Mr. Reynolds (Employers' delegate, United States; Vice-Chairman of the Resolutions Committee) said -

"Take the extremely sensitive question of the flags of convenience; we of the Employers' group faced up to that problem, and again we agree with our colleagues amongst the Workers' and Government members that it would be useful to request the Governing Body to seek, under the provisions of its authority under article 19, information as to measures which are being taken and have been taken by member States to implement the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108)."

Mr. Gruénais (Workers' delegate, France) had the following to say on this point:

"Finally, I hope that vigorous action will be taken in the light of the resolution put forward by Mr. Keitele, Workers' delegate, Finland.

"For the last twenty-five years the shipowners, and now financial groups, have made fools of us by exploiting us and thus disrupting national and world shipping trade, whereas national fleets should co-operate within a world framework and form a universal maritime public service.

"As a first effective step, we have asked that a corps of shipping and maritime labour inspectors should be set up and should effectively supervise conditions in all ports frequented by vessels flying flags of convenience, with a view to securing respect for safety rules and standards of accommodation, health and welfare on board. An end must be put to the harmful activity of ships flying flags of convenience for there is also the matter of pollution of the sea.

"Scientists are now appealing for action to reduce pollution. Captain Cousteau in our country has recently stated, after a study of conditions, that many kinds of fish have already disappeared and that if things go on like this we shall have many other species disappearing altogether. The sea has become a dump into which the rivers and vessels deposit all sorts of filth and we must be aware of the danger which this represents. We are responsible towards future generations. We should not forget that the human race may have doubled in a few years' time.

"With shipping increasing at a very rapid rate, as has been mentioned several times at this Conference, and likely to reach 2,000 million tons in thirty years, are we going to permit ships which do not meet navigation requirements to be kept in service and allow real catastrophes to occur? Remember the Torrey Canyon, which caused disaster to maritime fauna and to conditions on the French and English coasts. There have since been many other shipwrecks causing pollution of the sea, and at this very moment the Pacific Glory, after a collision with another tanker, the Alleagro, off the Isle of Wight, is stranded off the English coast. Five lives were lost, others have been reported missing and now the Pacific Glory is in a disastrous condition and a great deal of its cargo of 70,000 tons of oil is already floating on the sea.

"In these circumstances, we cannot merely formulate a resolution; we must act. And since the shipowners operating vessels under flags of convenience very often cannot be pinned down, we have to act against the oil companies which permit their oil to be carried by such vessels, so that in future they use properly registered vessels under the right national flags. We must by so doing put an end to disasters at sea and ensure that seafarers have the life to which they are entitled. We must act on these lines. It is a matter of social health and of maritime health."

When the portion of the Resolutions Committee report (paragraphs 65 to 69) and the resolution itself dealing with flags of convenience was placed before the Conference for consideration, Mr. Cox (Government delegate, Liberia) made the following statement:

"I rise only to make a brief comment upon the resolution now before us. The delegation of Liberia has deliberately refrained from participating in the formulation of this resolution and we have not sought to bring any influence to bear upon the work of the Committee in the hope that a reasonable report and resolution would be presented to this Conference. Unfortunately, the report which has emerged contains wording which we view as constituting, in part, a biased and somewhat less than accurate picture of the present situation in regard to the matter which is the subject of the resolution.

"As to Liberia, we reject such adverse implications as are contained in certain portions of the report as well as some of the comments thereon which we have heard. However, my delegation assumes that the basic purpose underlying the resolution is a legitimate one, namely the ascertainment of current standards of seafaring labour; and on this basis we shall undertake a co-operative response to the request for information in regard to the relevant application of Recommendations Nos. 107 and 108."

Note was taken of this statement, and the report and resolutions (including that concerning flags of convenience as reproduced in the introduction to this report) were adopted unanimously.

In accordance with the request contained in this resolution, the Governing Body decided at its 182nd Session to ask the governments of member States to report by 15 September 1971, under article 19 of the Constitution, on the measures taken to implement the provisions of Recommendations Nos. 107 and 108. A summary of the reports of governments received up to 15 October 1971 is to be found in Report III (Part 2B) to the 57th Session of the Conference, which accompanies this report. This information, and any other relevant reports submitted up to 1 March 1972, was submitted to the Committee of Experts on the Application of Conventions and Recommendations at its meeting in March 1972. The report of the Committee on this subject is to be found in Report III (Part 4C) to the 57th Session of the Conference, which accompanies this report.

In accordance with the usual practice, both of these reports were brought before the International Labour Conference at its 57th Session (June 1972), the latter with a note that "in accordance with the terms of the ... resolution [adopted by the 55th (Maritime) Session] the findings set out in the present survey will no doubt be submitted to the Joint Maritime Commission at its next session".

An extract of the report of the Conference Committee on the Application of Conventions and Recommendations at the 57th Session concerning its consideration of these reports is reproduced below.

"General Survey on the Reports Relating to Two Recommendations
on Social Conditions of Seafarers (Nos. 107 and 108)"

"91. The Committee noted that at its 55th (Maritime) Session, in October 1970, the Conference had adopted a resolution on flags of convenience inviting the Governing Body of the International Labour Office to ask member States to supply reports under article 19 on two maritime Recommendations, and asking that the Office should submit an analysis of the governments' replies to the next session of the Joint Maritime Commission. The Governing Body had decided to request such reports from governments, and at its last session the Committee of Experts had made a general survey of these reports. This survey was based on an analysis of the reports received from 62 countries, representing nearly two-thirds of world tonnage. The Committee of Experts' survey and the new information received since it had met would be communicated to the next session of the Joint Maritime Commission, which would be held in November 1972.

"92. The Workers' members suggested that the Committee should express its concern at the many important nations with large fleets which had failed to provide reports on these Recommendations. They had, moreover, been struck by the small number of reporting countries which had referred to provisions guaranteeing freedom of association to seafarers. The Employers' members agreed that the information made available by governments on the two maritime Recommendations was inadequate.

"93. The Committee expressed the hope that all the governments which had not yet reported on the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108), would supply the necessary information at an early date, so as to assist in the preparation of the next session of the Joint Maritime Commission."

In accordance with the hope expressed in this report, the Office has sent a reminder to the governments of maritime countries from which no reports were received under article 19 on the measures taken to apply the provisions of Recommendations Nos. 107 and 108, and will submit any further replies received up to 15 October 1972 to the 21st Session of the Joint Maritime Commission for its information.

CHAPTER II

CONCLUDING REMARKS

It will be seen from the information contained in the Report of the Committee of Experts (Report III, Part 4C) that the Office received reports under article 19 of the Constitution from 62 governments concerning the application in their countries of the provisions of Recommendations Nos. 107 and 108. However, it will also be noted that no reports were received from a number of member States which are important maritime countries, including Liberia, USSR, Panama, Denmark and Yugoslavia, which together possess some 66 million gross tons of shipping, or approximately 25 per cent of the world total. The Committee of Experts concluded that it could not therefore be considered that the survey gave a sufficiently complete picture of the manner in which the matters covered by the two Recommendations are dealt with in a large segment of the world's shipping industry at the present time.

It did find, however, that the survey tended to show that in a sizeable proportion of the reporting countries legislative, administrative or practical provisions exist in regard to all or some of the matters dealt with in both Recommendations. The Committee concluded its report by noting that:

"Several of the States which are generally regarded as major flag-of-convenience countries, as well as those which, although not so considered, also possess large merchant fleets, did not supply reports. In order to provide the Joint Maritime Commission with the type of analysis envisaged in the Conference resolution concerning flags of convenience, the range of reporting countries should be broader than that currently covered and it is hoped that the data required will become available in due course."

As was noted in Chapter I above, the 57th Session of the Conference also expressed the hope that further replies would be received from governments so that the Joint Maritime Commission would have a clearer picture of the global situation concerning this question, and that the Office had sent a reminder to the governments of maritime countries from which no replies had so far been received.

With the agreement of the Organisation for Economic Co-operation and Development, the study of its Maritime Transport Committee on Flags of Convenience is reproduced in the Annex to the present report for information.

It is hoped that the information provided in the present report and those that accompany it, together with any additional replies which are received from governments under article 19 on the application in their countries of the provisions of Recommendations Nos. 107 and 108, which will be submitted to the Commission when it meets, will enable the Commission to consider "what further action may be necessary" concerning this question, as called for in the resolution on this subject adopted by the 55th (Maritime) Session of the Conference in 1970.

ANNEX

FLAGS OF CONVENIENCE (STUDY BY THE MARITIME
TRANSPORT COMMITTEE OF OECD)

Introduction

At the beginning of 1958, the OEEC produced a "Study on the expansion of the flags of convenience fleets and on various aspects thereof". In its conclusion it stated that:

The Maritime Transport Committee will continue to keep this question actively under consideration and proposes to draw attention, as it has done already, to international aspects of the situation as they develop and to the possibilities of future action.

Over the 13 years that have elapsed since that study, the fleets of the flag of convenience countries have changed almost out of recognition. The list of countries involved has lost and gained members, and the largest flag of convenience fleet which was at that time only fourth among maritime nations is now the largest in the world, 30 per cent ahead of its nearest rival.

During the early 1960s, flag of convenience registrations actually declined, reaching a low point in 1962. Their resurgence from 1964 onwards seems to have passed largely unremarked for a number of years. It appears that shipowners in the traditional maritime countries, during a period of relative stability of shipping cost elements and enjoying in many countries considerable fiscal benefits or direct financial aid, were little inclined to register under flags of convenience.

During the last few years, however, it has become apparent that the flag of convenience fleets have regularly grown at rates more than twice those of the world fleet as a whole and with almost 20 per cent of the world fleet now registered under flags of convenience, the problems they create seem to have taken on a new dimension. Moreover, in 1971, as the boom conditions of the previous year ended, and the impact of cost increases in almost every sphere of operating costs was felt, shipowners in Germany began to give serious consideration to transferring ships from their national flag while Netherlands shipowners contemplated the registration of new buildings under foreign flags. In Japan, a very limited number of companies have been set up abroad by Japanese shipowners for the purpose of raising funds for ship construction and some of the ships operated by these companies may be flying flags of convenience.

With these new developments in mind, it seems desirable to look again at the way flag of convenience fleets have grown, at the advantages and disadvantages both to the individual shipowner and the world as a whole of their use, and at the measures that have been or may be taken to counter their continued development.

Definition

To start with, how should a flag of convenience be defined? In their Inquiry into Shipping, the United Kingdom Committee under Lord Rochdale (May 1970) identified six features common to flag of convenience countries. They were as follows:

- (i) The country of registry allows ownership and/or control of its merchant vessels by non-citizens.
- (ii) Access to the registry is easy. A ship may usually be registered at a consul's office abroad. Equally important, 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 registry fee and an annual fee, based on tonnage, are normally the only charges made. A guarantee or acceptable understanding regarding future freedom from taxation may also be given.

- (iv) The country of registry is a small power with no national requirement under any foreseeable circumstances for all the shipping registered (but receipts from very small charges on a large tonnage may produce a substantial effect on its national income and balance of payments).
- (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.¹

Under these criteria and for the purpose of this study, the following countries are offering or have at some time offered flag of convenience facilities: Liberia, Panama, Honduras, Costa Rica, Lebanon, Cyprus, Somalia, Morocco, Singapore, San Marino, Haiti, Malta and Sierra Leone. It is important to distinguish between flag of convenience territories and territories offering "tax haven" facilities only. Examples of the latter are Bermuda, the Bahamas, Gibraltar and the Netherlands Antilles.² The important difference is that ships registered in such territories and owned by companies resident there, while enjoying considerable tax privileges, are nevertheless subject to British or Dutch regulations of manning, safety and certification.

For the countries of the British Commonwealth, the Commonwealth Shipping Agreement of 1931 provides that legislation relating to registry of vessels shall be substantially the same in each country. Under the United Kingdom's Merchant Shipping Act 1894, any ship owned in the Commonwealth is deemed to be a British ship and can be registered anywhere within the Commonwealth. An owner may choose to reside in the country best suited to his purposes and, if its fiscal regulations are attractive, it may be a "tax haven". However, certain Commonwealth countries have passed legislation different from the original Merchant Shipping Act 1894, and of these countries only those that conform to the criteria in paragraph 162 should be considered as flag of convenience countries.

The growth of flag of convenience fleets

Although the first flag of convenience ships were registered under the Panamanian flag in 1922, the phenomenon was of little practical significance until after the Second World War. However, in the late forties and early fifties registrations under flags of convenience increased rapidly until, in 1959, they made up 13.6 per cent of world tonnage (in g.r.t.). This share then decreased for several years until, in 1962, it made up only 10.9 per cent. Thereafter, the advance was resumed steadily until at the end of June 1971, ships flying the flags of Liberia, Panama, Lebanon, Somalia, Cyprus and Singapore, with a total of 47.6 million g.r.t., made up 19.3 per cent of the total world fleet. Indeed this somewhat underestimates the significance of the flags of convenience, since, if the United States reserve fleet, fishing vessels and miscellaneous craft are excluded, flag of convenience fleets account for 21.0 per cent of the world total. The growth of flag of convenience fleets is described in detail in the table on page 88.

Of the four flag of convenience fleets in existence in 1958, only Panama and Liberia remain significant. Costa Rica, after finding that only a fraction of the ships under her flag had paid even the low registration fees that she required and that certain were being used for illegal activities, changed her law³ to such an extent that the present fleet is of less than 5,000 g.r.t. Honduras progressively eliminated the fiscal attractions of registering under her flag and the only significant non-Honduran elements in her fleet are the 50,000 g.r.t. owned by subsidiaries of the United Fruit Company, which can be regarded as possessing a "genuine link" (see paragraph 214) with the Honduran economy. Honduras, however, still appears attractive to certain German shipowners.

¹ "Committee of Inquiry into Shipping - Report - Chairman, Lord Rochdale", London, May 1970, p. 51.

² Cf. "Maritime subsidies", United States Department of Commerce, 1969.

³ "Flags of convenience", B.A. Boczek, Harvard 1962, pp. 46-48.

FLAG OF CONVENIENCE FLEETS
(VESSELS OF 100 G. R. T. AND OVER)
(AS AT MID-YEAR)

YEAR	LIBERIA		PANAMA		HONDURAS		COSTA RICA		LEBANON		CYPRUS		SOMALIA		SINGAPORE		F. OF C. TOTAL		WORLD TOTAL		F. OF C. % OF WORLD TONNAGE
	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	SHIPS	ML. G. R. T.	
1939 ..	-	-	159	0.72	32	0.08											0.80	31,186	69.44	1.2	
1947 ..	-	-	372	1.71	78	0.28											1.99			..	
1948 ..	-	-	518	2.72	93	0.32											3.04	29,340	80.29	3.8	
1949 ..	5	0.05	536	3.02	123	0.41											3.47	30,248	82.57	4.2	
1950 ..	22	0.24	573	3.36	142	0.52											4.12	30,852	84.58	4.9	
1951 ..	69	0.59	607	3.61	152	0.51											4.71	31,226	87.24	5.4	
1952 ..	105	0.90	606	3.74	145	0.47											5.11	31,461	90.18	5.7	
1953 ..	158	1.43	593	3.91	146	0.47											5.96	31,797	93.35	6.4	
1954 ..	245	2.38	595	4.09	130	0.44	50	0.15									7.11	32,358	97.42	7.3	
1955 ..	436	4.00	555	3.92	117	0.43	114	0.34									8.69	32,492	100.57	8.6	
1956 ..	582	5.58	556	3.92	106	0.39	152	0.51									10.40	33,052	105.20	9.9	
1957 ..	743	7.47	580	4.13	94	0.37	152	0.52									12.49	33,804	110.27	11.3	
1958 ..	975	10.08	602	4.36	89	0.34	144	0.51									15.27	35,202	118.03	12.9	
1959 ..	1,085	11.94	639	4.58	78	0.20	91	0.29									17.01	36,221	124.94	13.6	
1960 ..	977	11.28	607	4.23	59	0.15	44	0.09	74	0.26							16.01	36,311	129.77	12.4	
1961 ..	903	10.93	601	4.05	58	0.12			131	0.55							15.63	37,792	135.96	11.5	
1962 ..	853	10.57	592	3.85	54	0.11			164	0.75							15.28	38,661	139.98	10.9	
1963 ..	893	11.39	619	3.89	49	0.10			190	0.91							16.29	39,571	145.86	11.2	
1964 ..	1,117	14.55	691	4.27	46	0.09			174	0.85							19.76	40,859	153.00	12.9	
1965 ..	1,287	17.54	892	4.46	47	0.08			157	0.78							22.86	41,865	160.39	14.3	
1966 ..	1,436	20.60	702	4.54	43	0.07			149	0.74	35	0.18					28.13	43,014	171.13	15.3	
1967 ..	1,513	22.60	757	4.76	45	0.07			139	0.60	60	0.36					28.39	44,375	182.10	15.6	
1968 ..	1,613	25.72	798	5.10	45	0.07			122	0.44	109	0.65	15	0.06	73	0.13	32.17	47,444	194.15	16.5	
1969 ..	1,731	29.22	823	5.37	51	0.07			95	0.30	134	0.77	58	0.20	112	0.23	36.25	50,276	211.66	17.1	
1970 ..	1,869	33.30	886	5.64	52	0.06			79	0.18	207	1.14	79	0.37	153	0.42	41.11	52,444	227.49	18.1	
1971 ..	2,060	38.55	1,031	6.26	54	0.07			65	0.13	277	1.50	109	0.59	185	0.58	47.68	55,041	247.20	19.3	

SOURCE: Lloyd's Register Statistical Tables.

The initiatives of San Marino and Sierra Leone did not materialise, and although Morocco has offered flag of convenience facilities since 1957, the fleet does not seem to have grown significantly (with only 18 ships over 300 g.r.t.). Haiti passed a Shipping Law on 20 August 1964 to set up the organisation for establishing a flag of convenience fleet. However, at the end of 1966, its fleet amounted to only 34,000 g.r.t. and by the middle of 1968 it had fallen to one ship with 3,226 g.r.t. It now has no ships under its flag.

The Lebanese fleet grew fairly rapidly in the middle sixties but was unable to attract any of the more stable shipping companies. Lebanon did not place any stipulation on the maximum age of vessels and its bad record for total losses and high break-up (see paragraph 178) contributed to the decline of this flag. This was also affected by the Cuban crisis during which a Lebanese ship tried to run the blockade and was seized by the United States Navy. As a result the Lebanese Government stopped further foreign-owned registration, and tightened up "routeing" regulations, which led to transfers out of Lebanese registry. Recently the Lebanese Government has attempted to expand the fleet once more but under stricter control than formerly.¹

Cyprus, Somalia and Singapore are the most recent additions to the flags of convenience. Cyprus particularly has benefited by its linguistic associations with Greece and its fleet is almost wholly beneficially Greek-owned. The Somali fleet is of varied provenance and the State has not been able to control the routeing of ships under its flag (as Panama and Liberia have done). Because of this, United States aid has been cut off from Somalia as a result of ships under its flag continuing to trade with North Viet-Nam.² Singapore is unusual in that it possessed already a fleet of about 150,000 g.r.t. before it introduced flag of convenience facilities, early in 1969, offering low registration fees and tonnage taxes and income tax exemption on profits of ships joining its register. Since then, its fleet has expanded rapidly and, by the middle of 1971, 580,000 g.r.t. of shipping flew its flag.

By comparison with Costa Rica and the Lebanon, both the Panamanian and the Liberian fleets increased strongly after the setback in 1959-62. However, new owners have mainly tended to use the Liberian flag, Panamanian growth being largely limited to additions to company fleets already flying the Panamanian flag. Panama seems to have suffered somewhat from its political developments in the mid 1960s. The bulk of all flag of convenience registrations has gone to Liberia which accounts for approximately 80 per cent of the total. The particular success of Panama and Liberia in attracting foreign registrations seems to be due in part to the special relationship between these countries and the United States and the resulting preference of United States owners for registration under these flags. The Panamanian regulations are especially attractive for older ships.

Shipping registered in "tax havens" is, so far, much more limited. In mid-1971, there were 204 ships (1,200,000 g.r.t.) registered in Bermuda, the Bahamas and Gibraltar and 100 ships (1,100,000 g.r.t.) registered in the Netherlands Antilles. The total tonnage registered in "tax havens" is, however, growing rapidly.

The characteristics of the flag of convenience fleets

Vessel types

At 1 July 1971, the six largest flag of convenience fleets were constituted as indicated in the table on page 90. The importance of tankers in the Liberian and Panamanian fleets is noticeable, but the large bulk carriers and combination carriers are virtually restricted to the Liberian fleet. Even at its maximum in 1964, the Lebanese fleet contained no tankers.

¹ Arab World Weekly, 26 July 1969.

² Congressional Record, 8 July 1970.

VESSEL TYPES UNDER FLAGS OF CONVENIENCE
(AT 1.7.1971)

VESSEL TYPES	LIBERIA		PANAMA		LEBANON		CYPRUS		SOMALIA		SINGAPORE	
	SHIPS	MILLION G.R.T.	SHIPS	MILLION G.R.T.	SHIPS	MILLION G.R.T.	SHIPS	MILLION G.R.T.	SHIPS	MILLION G.R.T.	SHIPS	MILLION G.R.T.
Tankers	763	22.31	183	3.24	-	-	10	0.11	10	0.12	26	0.09
Ore and Bulk Carriers	526	8.63	49	0.61	-	-	5	0.06	-	-	5	0.05
Combined Carriers .	87	3.52	1	0.04	-	-	-	-	-	-	-	-
General Cargo	599	3.59	641	1.95	61	0.13	246	1.28	99	0.47	127	0.43
Container Ships	11	0.08	-	-	-	-	-	-	-	-	-	-
Passenger Liners ..	5	0.09	7	0.14	-	-	-	-	-	-	-	-
Liquefied Gas Carriers	16	0.20	11	0.15	-	-	-	-	-	-	-	-
Chemical Carriers .	2	0.01	-	-	-	-	-	-	-	-	-	-
Fishing Vessels	3	0.00	39	0.02	4	0.00	1	0.00	-	-	3	0.00
Research Vessels ..	2	0.00	4	0.00	-	-	-	-	-	-	1	0.00
Miscellaneous	46	0.12	96	0.11	-	-	15	0.05	-	-	23	0.01
Total	2,060	38.55	1,031	6.26	65	0.13	277	1.50	109	0.59	185	0.58

SOURCE: Lloyd's Statistical Tables, 1971.

Average age and size

The average age and size of the main flag of convenience fleets are set out in the table on page 92.

Ships built prior to 1 January 1947 are not eligible for registration in Liberia and the Liberian Government is planning to exclude from registration all ships of more than 20 years of age. Panama, however, accepts for registration ships which, on account of their age, have lost the right to registration in other countries, provided they meet Panamanian safety regulations.

Vessels under construction

At 31 December 1971, Lloyd's Register reported 1,924 ships with a total of 22,622,829 g.r.t. under construction. Of these, 91 (3.61 million g.r.t.) were for registry in Liberia, 20 (0.60 million g.r.t.) for registry in Panama, 14 (0.03 million g.r.t.) for registry in Singapore and 2 (0.02 million g.r.t.) for registry in Somalia, making up 18.8 per cent of the world total, rather more than the 18.6 per cent that these countries contribute to the existing world fleet. No ships were under construction for Cypriot registration. Naturally, flag of convenience fleets, like other countries', change not only through new construction but also through transfers from other flags.

Beneficial ownership

At the end of 1969 the distribution of ships belonging to owners of Italian nationality, Greek nationality or origin and to companies controlled from the United States, flying flags of convenience, was estimated as follows:

	Greece		United States		Italy
	Ships	Million g.r.t.	Ships	Million g.r.t.	Million g.r.t.
Liberia	812	14.35	268	7.12	1.15
Panama	122	0.89	117	2.31	0.69
Honduras ...	-	-	9	0.05	-
Lebanon	29	0.10	-	-	0.10
Cyprus	169	0.97	-	-	-
Somalia	8	0.03	-	-	0.04
Total	1 140	16.34	394	9.48	1.98

Source: Greece: Journal de la Marine Marchande, 5 February 1970
Italy and United States: National delegations to the OECD.

The United States figures include only those vessels which are considered under "effective" United States control, e.g. in the event of hostilities. Greek, United States and Italian ownership thus accounts for at least 70 per cent of all tonnage under flags of convenience. The ownership of the remaining 30 per cent seems to be widely distributed. Hong Kong based owners, for instance, control about 2 million g.r.t., Formosan owners, some 650,000 g.r.t. and Danish beneficial ownership accounts for some ten ships with 100,000 d.w.t. Swiss owners operate nine cargo ships with a total deadweight of almost 200,000 tons mainly under Liberian flag. Among other member countries of the OECD, Portugal, Finland and the Netherlands have no beneficial ownership of ships under flags of convenience and in Japan, Germany and the United Kingdom, although no records are kept, the tonnage, if any, is not substantial, Swedish and Norwegian owners have interests in a very small number of ships under flags of convenience.

	Mid-1965		Mid-1971	
	Average size, g.r.t.	Average age ¹ , years	Average size, g.r.t.	Average age ¹ , years
Liberia ...	13 600	10.3	18 700	9.0
Panama	6 500	14.8	6 100	16.0
Lebanon ...	5 000	24.7	2 000	..
Cyprus .....	..	..	5 400	20.9
Somalia ...	..	..	5 400	18.5
Singapore .	..	..	3 100	18.7
World	3 900	12.1	4 500	10.1

¹ Average age of tonnage calculated on a weighted average of Lloyd's Statistical Tables analysis by five year age groups, on the assumption that all vessels within a particular group had the age of the mid-point of that group.

Source: Lloyd's Register Statistical Tables.

Reliability

It is frequently stated that flags of convenience include a large proportion of low quality vessels operating under minimum maritime safety conditions. While this is almost impossible to document statistically, it can be assumed that this would be reflected by the record of total losses and of vessels broken up. The table on page 95 give these figures for four of the largest flag of convenience fleets with, for comparison, the over-all averages for OECD member countries and the world as a whole. The Liberian total loss figures are twice as high as those for the OECD member countries. Panama is three times as high while the records of the Lebanese and Cypriot fleets are very much worse (for Cyprus only a five-year period could be covered). Loss figures are closely related to age. It is, therefore, all the more striking that the Liberian average losses are twice as high as for the OECD member countries as a whole, when the average age over the period for Liberia was 8.7 years compared with 12.0 years for the OECD. Furthermore, a large part of Liberian shipping, particularly tankers and bulk carriers, is employed permanently on long hauls and spends relatively little time in congested waters, by comparison with considerable sections of the fleets of OECD member countries which are employed in their domestic trades.

The contribution of the flag of convenience fleets to their state of registry

The financial contribution which the fleets under their flag make to the countries of registry should not be overestimated. Using the rates for first registration and annual registration, the direct income to Panama and Liberia for four selected years has been estimated as follows:

	Liberia	Panama
1958 ...	\$2 600 000	\$450 000
1960 ...	\$ 750 000	\$280 000
1964 ...	\$3 450 000	\$600 000
1969 ...	\$5 140 000	\$850 000

These are minima since it is not possible to determine the extent of vessels leaving registry by change of flag and hence leaving space for first registrations, which are 10 to 12 times more profitable, beyond the annual net addition to the fleet. The Liberian revenue in 1960, a year when the total tonnage had fallen and hence no allowance for new registry could be made, was actually \$1,150,000.¹ The revenue from the smaller fleets is, of course, even less significant; Cyprus for example announced that her income² from ship registration was £43,000 in 1966, £85,000 in 1967 and £115,000 in 1968.

Besides registration fees, there are other fees, for certification, etc., but the figures above can be taken as an indication of the financial advantages to the countries concerned and it seems interesting to relate them to the flag of convenience countries' GNP and total exports:

	Liberia				Panama			
	Exports million \$	Dues income as percentage of exports	GNP million \$	Dues income as percentage of GNP	Exports million \$	Dues income as percentage of exports	GNP million \$	Dues incomes as percentage of GNP
1958	54	4.8	140	1.9	33	1.4	356	0.1
1960	83	1.4	-	-	28	1.0	-	-
1964	126	2.7	245 ²	1.4	70	0.9	514 ²	0.1
1969	168 ¹	3.1	330 ³	1.6	117	0.7	803 ¹	0.1

¹ 1968.

² 1963.

³ 1967.

Source: Trade data for exports and GNP: UNCTAD. Handbook of international trade and development statistics, 1969 and supplement, 1970.

In the definition of features characterising flag of convenience countries on page 86, item (iv) refers to the lack of national requirement for the shipping registered under its flag. However, the growth of iron ore exports from Liberia over recent years (to a total of over 22 million tons in 1970, nearly 10 per cent of world iron ore exports) has led to some modification of Liberia's position as a "pure" flag of convenience State, since there are now ore and combined carriers owned by Liberian companies and employed in this trade.

The advantages to the shipowner of operating under flags of convenience

Taxation

All flag of convenience nations offer extremely low taxation levels. Normally the only payments are an initial registration fee and an annual renewal fee with certain dues for official certifications, no income or corporation taxes being levied on maritime operations.

¹ "Les pavillons de complaisance", J.M. Roux, Paris, 1961, p. 118.

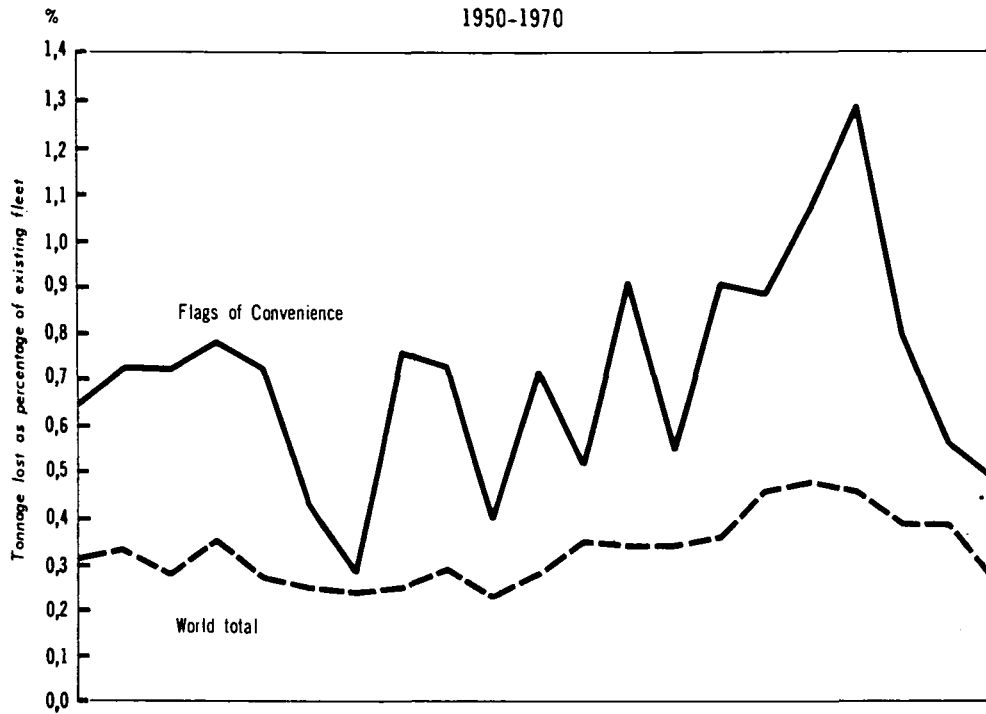
² Fairplay, 16 July 1970.

BREAK-UP AND TOTAL LOSS RECORDS 1951-1970
Annual Averages in '000 g. r. t. and per cent of total fleet

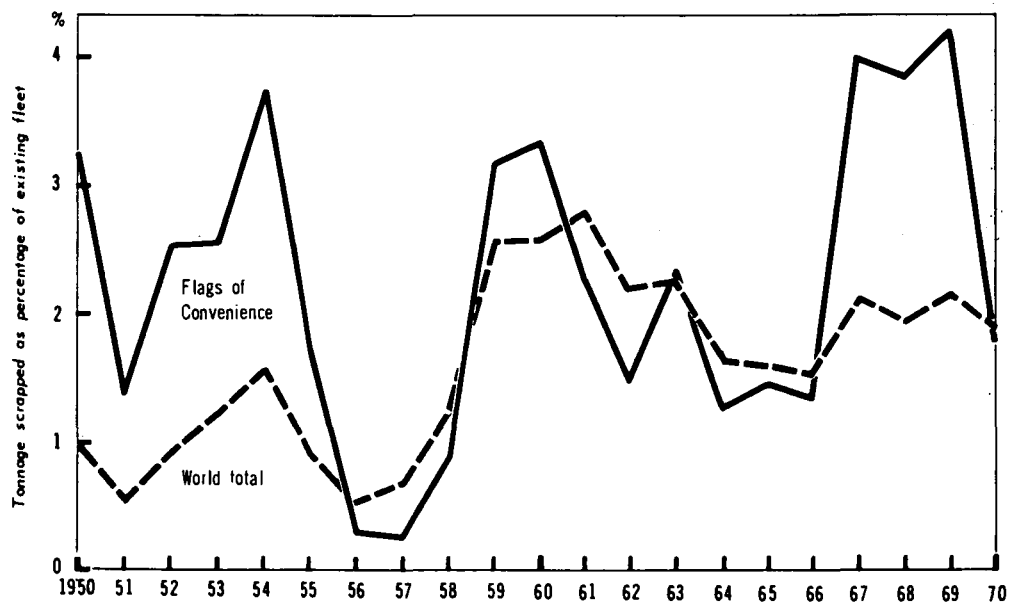
	LIBERIA		PANAMA		LEBANON		CYPRUS		OECD MEMBER COUNTRIES ³		WORLD	
	'000 G.R.T.	%	'000 G.R.T.	%	'000 G.R.T.	%	'000 G.R.T.	%	'000 G.R.T.	%	'000 G.R.T.	%
1951-1955												
Loss	12	0.66	26	0.66	-	-	-	-	193	0.26	276	0.30
Break-up	20	1.11	118	3.07	-	-	-	-	710	0.96	972	1.04
1956-1960												
Loss	39	0.41	39	0.91	-	-	-	-	172	0.20	301	0.27
Break-up	86	0.89	153	3.59	-	-	-	-	1,361	1.55	1,824	1.62
1961-1965												
Loss	73	0.53	39	0.94	27	3.94	-	-	324	0.31	549	0.37
Break-up	136	0.99	128	3.11	38	5.62	-	-	2,463	2.32	3,012	2.03
1966-1970												
Loss	154	0.62	66	1.31	20	3.84	16	4.42	394	0.31	771	0.40
Break-up	452	1.74	351	6.84	83	20.94	83	12.58	2,313	1.81	3,809	1.92
1951-1970												
Loss	71	0.55	43	0.95	24 ¹	3.98 ¹	16 ²	4.42 ²	271	0.27	474	0.34
Break-up	173	1.18	188	4.15	61 ¹	13.28 ¹	83 ²	12.58 ²	1,712	1.66	2,404	1.65

1. 1961-1970 only; 2. 1966-1970 only; 3. Present Members of the OECD excluding Australia and Canada from 1951-1960.
SOURCE: Lloyd's Register of Shipping.

LOSS RECORDS OF THE WORLD AND FLAG OF CONVENIENCE FLEETS. 1950-1970



BREAK UP RECORDS OF THE WORLD AND FLAG OF CONVENIENCE FLEETS, 1950-1970



Note : Flag of convenience fleets considered: Cyprus, Lebanon, Liberia, Panama, Somalia

Source: Lloyd's Register of Shipping; Casualty Returns

The scales of payments at the present time for the major flags of convenience are as follows:

Country	Initial registration	Annual fee
Liberia ...	\$1.20 per n.r.t.	\$0.10 per n.r.t. ¹
Panama	1 Balboa (\$1.00) per n.r.t. Provisional permit \$20.00 Permanent permit \$25.00	10 centesimos (\$0.10) per n.r.t.
Honduras ..	50 ctvos (\$0.25) per n.r.t. N.B. Honduras imposes certain taxes on income from maritime affairs	10 ctvos (\$0.05) per n.r.t., provided the ship has touched at a Honduran port during the year; if not, the fee is 1 Lempira (\$0.50) per n.r.t.
Lebanon ...	LL4 (\$1.22) per n.r.t. for vessels under 5 years old; LL3 (\$0.92) for vessels over 5 years old.	50 piastres (\$0.15) per n.r.t.
Cyprus	£3 (\$7.84) per 100 g.r.t. Transfer of ownership £1.5 (\$3.92) per 100 g.r.t. (Profits exempt from tax up to 1975)	1st 2 000 g.r.t. 75 mls (\$0.20) Next 2 000 g.r.t. 100 mls (\$0.26) Next 3 000 g.r.t. 125 mls (\$0.33) Next 3 000 g.r.t. 150 mls (\$0.39) Additional g.r.t. 200 mls (\$0.52) (all per g.r.t.) £1 per month per non-Cypriot crew member
Singapore .	S\$2.50 (\$0.70) per n.r.t.	S\$0.20 (\$0.06) per n.r.t. ¹

¹ These charges will not be increased during the 20 years following initial registration.

These fees are of very little significance to the shipowner (one of the largest ships afloat, the Universe Iran and her sister ships under the Liberian flag, pay about \$10,000 per annum). However, a company operating ships under flags of convenience "... may not be entirely free from tax. Shipping companies, wherever their place of residence, are often liable to tax in a foreign country or on any profits they derive from international traffic originating in that country. A flag of convenience company is liable for any such tax without means of relief, because the countries offering these facilities cannot have double taxation agreements. It is not, therefore, true to say that flags of convenience operators are necessarily free of all taxation".¹ From the point of view of taxation there is little to choose between flag of convenience countries and "tax havens". The establishment by United Kingdom owners of subsidiaries resident in Bermuda and similarly by Dutch owners in the Netherlands Antilles are cases in point, with the further advantages that their ships fly the British or Dutch flag respectively.

In many traditional maritime countries shipping enjoys considerable tax facilities and/or direct financial assistance up to a point where the tax advantages offered by flags of convenience may be of only secondary importance. For United Kingdom shipowners, for instance, there is no strong fiscal inducement to operate under flags of convenience since, for some time to come, most national

¹ Committee of Inquiry into Shipping, op. cit., para. 1 373.

shipowners are unlikely to pay corporation tax, as a result of relatively low profitability in the past and allowances on heavy capital expenditure on ships. It was decided in October 1970 that investment grants were to be discontinued. However, United Kingdom shipowners now have the facility of free depreciation on 100 per cent of the capital cost of the ship rather than 80 per cent as previously. So long as United Kingdom shipowners are in the position of not paying corporation tax, they are in this respect in a similar fiscal position as the operator of ships under a flag of convenience and there will continue to be no strong inducement for them to operate under such a flag.

However, this does not take account of the different position of some flag of convenience operators as regards distributed profits. Many flag of convenience owners are resident in "tax havens". Freedom from the need to account for tax on distributed profits gives these operators an advantage over all those whose personal profits suffer tax in one form or another. In this respect, companies resident in flag of convenience States and which have no need to remit distributed profits to countries where these are liable to tax clearly have an advantage over companies with public equity shareholding in traditional maritime countries. An essential point to bear in mind is that not only do flag of convenience countries not impose heavy taxes but that they do not even require the submission of tax returns.

Other financial advantages

A principal advantage for owners using flags of convenience lies in the field of crew costs. This is particularly so for the ships beneficially owned by United States companies or individuals. Ships flying the United States flag must as a rule be manned by United States citizens paid United States agreed wage rates. In many cases too, they must be built in United States yards and, except in emergencies, carry out repairs and dry dockings in United States ports. These regulations would seem to price many United States flag ships out of the international market. As an example¹, a 47,000 ton tanker on a ten-year time charter might be expected to give an annual revenue of about \$1,050,000. Estimated operating cost together with depreciation (at 1 January 1968) for this vessel would be \$1,664,000, and even on bare operating costs the owner would only just break even. Labour costs for a United States manned ship are more than two and a half times the costs of an Italian manned ship, in themselves 30 to 50 per cent higher than certain other countries' crew costs.

Thus, particularly from the point of view of crew costs, the use of flags of convenience by Americans is indeed a necessity in many cases if they are to compete internationally without subsidies. The crew cost element, however, may also be significant for owners of other nationalities since, even when the crew of a flag of convenience ship are paid direct wages comparable to, or even higher than those of traditional maritime nations, there may be a significant saving on social security contributions, pension benefits and other indirect wage elements. In Italy, for example, sickness insurance alone is considered as adding 25 per cent to the direct wage, of which half could be saved by access to the international insurance market.

Furthermore, the use of flags of convenience enables the owner to operate his ships on lower manning scales than those imposed by many governments or established by agreement with unions. This has been another handicap to operation under the United States flag and has recently received growing attention in Europe. The Deutsche Afrika-Linien, for instance, have estimated that they would be able to operate one of their ships with 27 men, compared to the 38 required for operation under the German flag, with a daily saving of some DM 1,000. The manning scales imposed by the traditional maritime nations do not necessarily constitute minima required for the safe operation of ships. The manning practices of flag of convenience operators, however, have led in several

¹ "Active and available merchant ships are growing in importance in the Navy's emergency sea lift planning", R. Adm. Walter C. Ford, United States Naval Academy, Alumni Journal, May 1970.

instances during the last few years to circumstances which threatened the safety of the personnel on board and even of the ship herself.

As far as other operating costs are concerned, there seems in general no reason why a Liberian or Panamanian ship should have lower operating costs than a similar ship under the flag of a traditional maritime nation provided that nation does not impose regulations which insist on the use of particular national facilities. This certainly applies to repairs, bunkers, port charges and, for similar manning scales, victualling. Insurance, however, can be a special case. Where a particular flag of convenience has a bad loss record the premia paid may well be higher than they would be under a national flag, although the assessment of premia will take into account the personal standing and record of the owner perhaps more than the flag of registry. This may be counteracted by the fact that certain nations which have significant insurance industries, such as France, require that their ships must be insured on the national market, which, regardless of the owner's record, may be more expensive than on the international market.

The fact that profits made by flag of convenience ships can be retained without any formality for further investment without taxation may make finance houses more willing to provide credit facilities, particularly against the security of firm period charters, since the threat of changes in tax levels is removed. Furthermore, in the view of many finance houses, the stability of the government and the currency, particularly of Liberia, combined with, until recently, its unwillingness to interfere in the internal operation of the ship, significantly reduce the financing risks. In at least one instance, it was a condition of obtaining funds on the American market to finance demise charters to a major oil company that the ships should be under the Liberian flag.

Non-economic advantages

Flag of convenience registration can be useful if owners are reluctant to be identified with a particular country. For this reason, both Israel and South Africa have made extensive use of flags of convenience. In a similar way, the major Greek independants preferred in the 1950s to register their ships abroad. Special efforts by the Greek authorities, coupled with liberal tax policies and revised maritime regulations, have induced a large amount of Greek-owned tonnage to return to the Greek flag.

It is important not to underestimate the aspect of independence from state intervention in the decision of many owners to use flags of convenience. Various allowances and grants may often make operation under "traditional" flags as economical as under flags of convenience. However, a strong tradition of secrecy, self-reliance and opposition to government regulation makes certain owners prefer the flags of certain socialist ports.

A particular aspect is the way many countries limit, by import restrictions or other means, the shipowner's choice of shipyards on the international market, and his opportunities to purchase second-hand tonnage. Swiss maritime law, for example, imposes severe requirements on domicile and nationality of owners as well as on the source of financial investment in their ships.

A further advantage to the owner of ships operating under flags of convenience is that, in the event of war or other emergency, his ships would be less liable to control by the government of beneficial ownership. The United States have attempted to combat this by establishing formal contracts with owners, either by surety bonds or by arrangements to be associated with the war risk insurance; other ships are covered by letters of commitment. The United States Maritime Administration considered¹ that in 1968 some 45 per cent of the tonnage under the Panamanian and Liberian flags, as well as a further 44,000 g.r.t. flying the Honduran flag were "under effective United States control".

¹ "Effective United States control of merchant ships - A statistical analysis 1970", US Department of Commerce, Maritime Administration, Washington, 1970.

The disadvantages to the shipowner of
operating under flags of convenience

Financial disadvantages

It is obvious that an owner under a flag of convenience cannot take advantage of fiscal and financial benefits which particular governments grant to vessels flying their flag. Fiscal benefits such as accelerated depreciation, investment allowances, etc., cannot generally put national owners in a better position than a flag of convenience owner except where the annual registration fee charged by the flag of convenience country is appreciable, but positive grants or the provision of loans at lower than market rates (unless similarly favourable rates are obtainable elsewhere) can offer actual incentives to the operator to remain under the respective flag.

Other disadvantages

Compared with the major maritime nations, the flag of convenience countries are extremely limited in their provision of world-wide diplomatic and particularly consular facilities. As a result, it can be difficult for an owner using flags of convenience to have governmental support where it may be needed. Partly as a result of this, it is normal for the charter parties for Liberian and Panamanian ships to exclude, for example, certain socialist ports.

Flag of convenience ships will also, of course, be excluded from cabotage trades where these are reserved to ships of particular flags. There has been very little participation by flag of convenience ships in liner shipping or in liner conferences, which have traditionally been dominated by lines with direct national trade interests or by traditional cross-traders.

The consequences for world shipping of the
existence of large fleets sailing under
flags of convenience

Economic aspects

The flexibility of investment which flag of convenience owners enjoy through their tax status and the other advantages mentioned have resulted in rates of development and modernisation of some of these fleets considerably above those of traditional maritime countries. This has been particularly noticeable since the middle 1960s; between 1963 and 1971 Liberian tonnage increased by 238 per cent compared with 45 per cent for the European members of the OECD and faster even than Japan and the USSR.

Flag of convenience owners have been in the forefront of the tanker and large bulk carrier development, with the first 100,000 and 300,000 tonners both under Liberian flag. The same is true for combination carriers, though not for more specialised fields such as gas transportation or container ships. Of the 209 container ships on order on 1 February 1972, only five were for Liberian and none were for Panamanian registry.

Of the total world tanker tonnage of vessels over 10,000 d.w.t., however, 29 per cent were registered under flags of convenience at the beginning of 1972, thus forming together with the cross-trading tanker tonnage of the traditional maritime nations a world pattern with a relatively weak correlation between oil trading countries and the flags flown by tankers. It may be noted in passing, that at the time of the Suez crisis and the boycott of several western nations' flags by the Arab States, the presence of a block of tanker tonnage of politically uncommitted nationalities contributed greatly to the oil companies' freedom of action.

From a national point of view, registration under flags of convenience may mean the withdrawal of a productive element and source of employment and of income and tax revenue from the national economy. It may also affect the balance of payments through additional freight and charter payments in foreign currency. It may furthermore lead to unfairly low cost competition for the national shipowners and thus limit their productive capacity. In addition the safety and labour aspects mentioned below will be of concern to governments of the traditional maritime countries.

From the point of view of the owners operating under traditional flags, the financial and other advantages enjoyed by shipowners operating flag of convenience vessels can also be regarded as constituting a handicap in competition. This seems to be particularly relevant for owners in those maritime countries which offer no subsidies or other incentives which might counter-balance the competitive advantage of the flag of convenience fleets.

Safety aspects

One of the problems of flag of convenience registrations is that the host countries are normally unable or unwilling to provide enforcement mechanisms for safety and social regulations. Generally speaking this does not apply to hull and machinery certification, since the major flag of convenience countries have transferred responsibility by requiring certification by international classification societies.

In other respects, international safety certificates are required by ships flying the flag of any State which is a signatory to the appropriate Conventions, including the flag of convenience countries. Liberia, Panama, Lebanon, Cyprus, Somalia and Singapore have all accepted the International Convention for the Safety of Life at Sea 1960 and the International Convention on Load Lines 1966, and Liberia also requires that ships under its flag should conform with, inter alia, the stipulations of the International Telecommunications Conference 1966, the ILO Conventions Nos. 53, 55 and 58, the International Regulations for Preventing Collisions at Sea 1960¹ and the International Convention for the Prevention of Pollution of the Sea by Oil 1962.² Liberia also lays down requirements in detail for the certification of officers. These are, however, formal requirements which can only have sense if the administration retains direct or indirect control of their fulfilment. This is sometimes lacking in the case of flag of convenience countries (as well as for certain other flags) and under such circumstances the ships involved may threaten the safety both of other ships and of the countries whose shores they pass.

A particularly blatant case of neglect of control over the required rules occurred in October 1970, when the Allegro (95,445 d.w.t.) and the Pacific Glory (77,648 d.w.t.), both laden tankers flying the Liberian flag, collided with the loss of 14 lives. In the subsequent Liberian inquiry, it transpired that three officers on the Pacific Glory and four on the Allegro did not possess the required Liberian certification and that the third officer of the Allegro, who was on watch at the time of the collision, held no certificate whatever. It appears that partly as a result of the public reaction to this accident, Liberia announced in April 1971, that it was to establish an inspection and enforcement system, by positioning qualified inspectors at major ports. A comprehensive evaluation of the licensing regulations and procedures is also envisaged.

According to information recently received from the International Transport Workers Federation a report compiled for Liberian Services, Inc., in October 1971, revealed that almost half of the 1,600 officers serving in Liberian ships in 1971 did not hold Liberian licences and referred to cases where forged licences had been accepted and Liberian licences issued on the strength of them.

¹ Also accepted by Lebanon, Cyprus and Singapore.

² Also accepted by Panama and Lebanon.

In the case of the larger and more reputable owners it may be a matter of enlightened self-interest to ensure that international regulations are observed, but it is certainly true that, particularly under Lebanese flag, smaller and less reliable owners have often offended against international maritime regulations. The Rochdale Committee refers to the case of a certificate of competence as engineer issued by the consul of a flag of convenience country to a man with no previous engineering experience whatever. It remains true in every case that compliance with the safety Conventions is far better assured under the control and responsibility of governmental administration than left to the conscience or self-interest of owners.

Labour aspects

The personnel of flag of convenience vessels have in various instances been given lower than average standards, especially during periods of shipping depression and abundant labour supply. The Greek Government, assisted by the Panhellenic Maritime Federation, has organised a considerable number of foreign flag Greek-owned ships, and their effect can be gauged by the fact that the personnel on 1,242¹ such ships were included in Greek Seaman's Pension Fund coverage. The development of unionisation on flag of convenience ships has contributed considerably to the reduction of pressure by the International Trade Union movement since the 1958 boycott.

The seafarers on flag of convenience ships may also suffer from the fact that legal disputes, e.g. in the case of breach of a seaman's contract, will normally have to be pursued in the country of registration.

International measures to counter registration under flags of convenience

Up to the present time, the boycott of December 1958, organised by the International Transport Workers Federation, has been the only significant collective action against flag of convenience ships. Its incidence was extremely patchy. No support was given by shipowners and governments and the International Shipping Federation dissociated itself from the boycott, because it involved a breach of national collective agreements and, in some cases, a breach of national law. Nevertheless, the impact of the boycott, combined with a liberalisation of Greek maritime law, led to the only temporary decline of flag of convenience tonnage so far registered.

Intergovernmental action seems to have been limited to such relatively ineffectual measures as the attempt to deny Liberia its seat on the Maritime Safety Committee in IMCO in January 1959, which was rejected by the International Court of Justice in the Hague in June 1960. Liberia was on the MSC from that time until the autumn of 1969, when she failed to secure re-election, and actively participated in its work, as well as contributing an eighth of IMCO's budget.

The other major attempt to control flags of convenience by international action was a group of proposals put forward by the International Law Commission, aimed at establishing the principle of "genuine link" between the State of Registry and the ship. These proposals were taken up at the United Nations Conference on the Law of the Sea, 24 February to 27 April 1958. The subject occasioned extensive debate² and the concept was incorporated in the Convention on the High Seas, Articles Nos. 4 and 5 of which read:

Article 4:

Every State, whether coastal or not, has the right to sail ships under its flag on the high seas.

¹ As at 1.5.1971.

² Boczek, op. cit., pp. 243-286.

Article 5:

1. Each State shall fix the conditions for the grant of its nationality to ships, for the registration of ships in its territory, and for the right to fly its flag. Ships have the nationality of the State whose flag they are entitled to fly. There must exist a genuine link between the State and the ship; in particular, the State must effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag.
2. Each State shall issue to ships to which it has granted the right to fly its flag, documents to that effect.

However, the proposal by the ILC that a clause of the form - "Nevertheless, for the purposes of recognition of the national character of a ship by other States, there must exist a genuine link between the State and the ship" was rejected by the Conference in plenary session, as offending against the principle of national sovereignty. As a result, the Convention did not formally establish the right of a State to challenge a ship's registration on the grounds of lack of a "genuine link".

The Articles in the Convention on the High Seas remain the definitive framework for judging a ship's nationality. The Convention came into force in 1962 when it had been ratified or acceded to by 22 nations, but although 50 countries had ratified or acceded to the Convention by the middle of 1971, neither Liberia, Panama nor Cyprus were among them (although Norway, Greece, Germany and France had not ratified either).

National measures by the traditional maritime countries to counter registration under flags of convenience

If it has not been possible to discourage flag of convenience registration by enforcing international standards, those traditional maritime countries which desire to discourage their nationals from owning flag of convenience tonnage will have to act on the national level, either individually or collectively. Individual countries have made limited attempts to deter operations under flags of convenience by their nationals.

The Italian Government is preparing a draft law to require Italian Government authorisation for any immatriculation of Italian ships under a foreign flag under pain of severe penalties. At the same time, fiscal and other advantages are envisaged in order to encourage the repatriation of flag of convenience ships to Italian registry. Denmark has taken no measures to discourage flag of convenience transfers but a licence from the Danish authorities may be needed for carrying out the capital investment abroad connected with shipping operations under flags of convenience.

The United Kingdom has taken no measures specifically affecting transfer to or from flags of convenience, but transfer of business without authority, from the sterling area is not permitted and this has in the past had an effect on the possible transfer of ships. Belgian ships cannot be transferred to any other flag unless specially authorised by the Ministry of Communications, and this only if at least 50 per cent of the ownership is sold to a national of the country concerned. (Thus flag and registry are strictly associated with at least 50 per cent ownership.)

In Norway the transfer of capital to foreign countries is in general subject to government licensing and this applies also when a shipowner registered in Norway wants to transfer a Norwegian ship to a foreign flag while remaining owner of the ship or part of it. For the establishment of a subsidiary company in a foreign country or for participation in a foreign shipping company, an application has to be filed with the Norwegian Government. The Government pursues the general policy of rejecting applications for establishment under flags of convenience or other flags whenever the motive of the application is to benefit from advantages offered by other governments. However, participation in vessels operating under flags of convenience has been granted exceptionally when such registration has been claimed by the foreign partner.

Under the national "Flag Law" German owners residing or having their business seat in the Federal Republic of Germany cannot legally operate their vessels under flags of convenience. Several other States also do not allow individuals or companies to operate ships under other than their national flags, although in practice there is no way to effectively prevent the establishment, via intermediaries, of subsidiary companies in flag of convenience countries to hold the legal ownership of the vessel, while overseas subsidiaries for other purposes are permitted. Although Liberian law does not require the ownership of a vessel to be vested in a Liberian national or a local company, some 60 per cent are in fact owned by companies legally located in Liberia.

Conclusion

At a meeting of 30 September 1971, the Maritime Transport Committee of the OECD considered a report which formed the basis for this chapter and recommended that it should be communicated to ILO and IMCO for information. The Committee felt that the subject was of sufficient importance to merit continued close study. During the discussions the view was expressed that flags of convenience posed two major problems; firstly, the danger of unfair competition resulting from special economic advantages and, secondly, the threat to the maritime community as a whole which might result from inadequate safety standards and their ineffective enforcement. The latter aspect, with its associated danger of pollution of the environment seemed to require particular attention in the future.

ANNEX IV

GENERAL SURVEY ON THE REPORTS RELATING TO THE SEAFARERS'
ENGAGEMENT (FOREIGN VESSELS) RECOMMENDATION,
1958 (No. 107) AND THE SOCIAL CONDITIONS AND SAFETY (SEAFARERS)
RECOMMENDATION, 1958 (No. 108)

Introduction

1. At its 55th (Maritime) Session (October 1970), the International Labour Conference adopted a resolution concerning flags of convenience, in which it requested the Governing Body of the International Labour Office to ask the governments of member States to report, in pursuance of article 19 of the Constitution of the International Labour Organisation, on measures taken in their countries to implement the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108). The Conference further requested that an analysis of the replies of governments be submitted by the International Labour Office to the next session of the Joint Maritime Commission.

2. At its 182nd Session (February-March 1971), the Governing Body decided to ask the governments of member States to report under article 19 of the Constitution on the measures taken to implement the provisions of Recommendations Nos. 107 and 108.

3. In keeping with the usual practice, the present survey reviews the information contained in the governments' reports. In accordance with the terms of the above-mentioned resolution the findings set out in the present survey will no doubt be submitted to the Joint Maritime Commission at its next session.

Supply of reports

4. Reports have been received from sixty-two countries. The governments of ten of these countries state that the Recommendations have no application in their countries, either because they have no seafarers, they are land-locked, or for other reasons.

5. If reference is made to a list of the principal merchant fleets of the world as of 1 July 1971, as published on 3 November 1971 by Lloyd's Register of Shipping, it will be noted that no reports have so far been received from a number of member States which are important maritime countries. These include (in order of tonnage) Liberia, USSR, Panama, Denmark and Yugoslavia, which together possess some 66 million gross tons of shipping, or approximately 25 per cent of the world total.

Indications given in the reports on the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107)

6. This Recommendation is mainly addressed to countries from which seafarers are recruited for employment on flag-of-convenience vessels. It contains two operative Paragraphs. The first recommends that each Member should do everything in its power to discourage seafarers within its territory from joining or agreeing to join vessels registered in a foreign country unless the conditions under which such seafarers are to be engaged are generally equivalent to those applicable under collective agreements and social standards accepted by bona fide organisations of shipowners and seafarers of maritime countries where such agreements and standards are traditionally observed.

7. The second Paragraph recommends that each Member should have regard to whether proper provision is made for the return of a seafarer employed on a vessel registered in a foreign country who is put ashore in a foreign port for reasons for which he is not responsible to the port at which he was engaged, or to a port in his own country or the country to which he belongs, or to another port agreed upon between the seafarer concerned and the master or shipowner, with the approval of the competent authority or under other appropriate safeguards. Regard should also be had to whether proper provision is made for medical care and maintenance of a seafarer employed on a vessel registered in a foreign country who is put ashore in a foreign port in consequence of sickness or injury incurred in the service of the vessel and not due to his own wilful misconduct.

8. Thirty-four governments¹ state in their reports that legislative, administrative or practical provisions exist in their countries in regard to all or some of the matters dealt with in the Recommendation. Most of these governments indicate that the articles of agreement signed by national seafarers for service on foreign-flag vessels must be identical to or conform with the provisions governing such agreements for service on national vessels as laid down in the legislation, collective agreements or instructions to or by the port authorities. In some cases, the port shipping master or employment exchanges concerned are instructed to discourage or even prevent national seafarers from accepting employment on foreign-flag vessels, particularly if the conditions of employment are found to be inferior to those on national-flag vessels or to those generally accepted internationally. In others, the appropriate authority is requested to take account of the contents of Paragraph 1 of the Recommendation at the time of such recruitment. Most of the governments which indicate that provisions exist in their countries for applying the Recommendation, also provide information concerning the authority designated in each country to implement such measures. However, many of these governments indicate that the number of national seafarers engaged in their countries for service on foreign-flag vessels is very small.

9. Fifteen governments² state that there are no legislative, administrative or practical provisions in their countries in regard to all or some of the matters dealt with in the Recommendation, due in many cases to the fact that few if any national seafarers were engaged on foreign-flag vessels. However, a number of these governments qualify their replies by mentioning the existence of bilateral agreements covering the employment of national seafarers on the vessels of neighbouring States, by indicating that the trade unions or port authorities or shipping masters draw to the attention of national seafarers any discrepancies in conditions of employment on foreign-flag vessels as compared to those on national vessels, or by publishing a warning concerning the possible existence of such discrepancies.

10. With few exceptions, the countries referred to above indicate that provision is made for the repatriation of national seafarers employed on foreign-flag vessels who are put ashore in a foreign port for reasons for which they are not responsible, or because of sickness or injury, and for payment of medical care and maintenance. The manner of meeting the expenses involved varies from country to country. In some³ they are paid by the State, in others⁴ by the shipowners (or by a bond posted by the shipowner in the case of some foreign-flag vessels).

¹ Algeria, Australia, Brazil, Bulgaria, Burma, Ceylon, Cuba, Cyprus, Finland, Federal Republic of Germany, Ghana, Greece, Guatemala, Hungary, India, Iran, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Norway, Peru, Romania, Singapore, Spain, Sweden, Syrian Arab Republic, Tunisia, Turkey, Venezuela.

² Argentina, Belgium, Canada, Czechoslovakia, El Salvador, France, Iraq, Malta, Morocco, Poland, Senegal, Switzerland, United Kingdom, United States, Republic of Viet-Nam.

³ For example: Australia, Cyprus, Federal Republic of Germany, Netherlands, Sweden, United States.

⁴ For example: Algeria, Argentina, Brazil, Burma, Ceylon, Finland, Guatemala, India, Japan, Malaysia, Malta, Mexico, Morocco, New Zealand, Nigeria, Peru, Romania, Senegal, Sierra Leone, Spain, Venezuela.

11. Twenty-four governments reply that they do not propose to adopt legislation or amendments to existing legislation to give effect to the provisions of the Recommendation, either because all provisions of the Recommendation are applied under existing arrangements¹, or because there are few or no national seafarers engaged for service on foreign-flag vessels², or because they consider the present situation satisfactory in this regard.³ One government⁴ indicates that a new Shipping Act was adopted in 1971; it is not yet in force, and it is not clear whether the regulations to be issued under the Act will involve changes with regard to the Recommendation. On the other hand, five governments⁵ indicate that changes to their legislation are being considered.

12. When referring to the question of what modifications, if any, of the Recommendation have been, or may be, found necessary to make in adopting or applying it, one government⁶ states that the international standards dealing with seafarers, which have existed for more than fifty years, appear to be insufficient in the light of the special activities of certain countries with little maritime tradition and of ships under flags of convenience. It therefore considers that, while the spirit underlying the Recommendation under review is to be commended, the instrument lacks guarantees for the enforcement of articles of agreement and for payment of the seafarers' remuneration and benefits. In the Government's opinion, efficient procedures and jurisdiction are desirable for the protection of the rights of seafarers engaged on board foreign-flag vessels, and, to this effect, the ILO might include in this Recommendation that part of the Brussels International Convention of 10 May 1952 which concerns wages and other payments of crews engaged on foreign vessels.

Indications given in the reports on the Social Conditions and Safety
(Seafarers) Recommendation, 1958 (No. 108)

13. This Recommendation which is mainly addressed to flag-of-convenience countries⁷ recommends in its operative part that the country of registration should accept the full obligation implied by registration and exercise effective jurisdiction and control for the purpose of the safety and welfare of seafarers in its sea-going merchant ships, and in particular should adopt legislative, administrative or practical provisions to ensure that:

- (a) all ships on its register observe internationally accepted safety standards;
- (b) a proper ship-inspection service is set up and that all vessels on its register are regularly inspected to ensure conformity with regulations issued under (a) above;

¹ For example: Australia, Greece, Mexico, Turkey, Venezuela.

² For example: Hungary, Iran, Poland.

³ For example: Belgium, Canada, Cuba, Federal Republic of Germany, Guatemala, India, Israel, Malaysia, New Zealand, Syrian Arab Republic, United Kingdom.

⁴ Norway.

⁵ Ceylon, Ghana, Iraq, Malta, Morocco.

⁶ Spain.

⁷ While there is no official list of "flag-of-convenience" States, there appears to be a broad measure of agreement on the countries usually referred to in this context. Thus, for example, in a study by the Maritime Transport Committee of the Organisation for Economic Co-operation and Development entitled "Maritime Transport, 1970" (page 18), it is stated that "a number of countries are offering or have offered flag-of-convenience facilities, but the principal countries doing so during 1970 were Liberia, Panama, Cyprus, Singapore, Somalia, and Lebanon. The combined gross tonnage of the merchant fleets of these six countries on 1 July 1970 was about 40 million, representing almost one-fifth of the total gross tonnage of the world merchant fleet."

- (c) both in its territory and abroad, the requisite government agencies are established to supervise the signing-on and signing-off of seafarers;
- (d) the conditions under which seafarers serve are in accordance with the standards generally accepted by the traditional maritime countries;
- (e) there is freedom of association for the seafarers serving on board its ships;
- (f) proper repatriation is provided for seafarers serving on board its ships in accordance with the practice followed in traditional maritime countries;
- (g) proper and satisfactory arrangements are made for the examination of candidates for certificates of competency and for the issuing of such certificates.

14. Forty-six governments¹ state in their reports that legislative, administrative or practical provisions exist in their countries in regard to all or some of the matters dealt with in the Recommendation. Seventeen of these governments give detailed information on the legislation, regulations and practice existing in their countries, indicating that effect has been given to all matters (clauses (a) to (g) above) dealt with in the Recommendation. Another three state that all matters covered by the Recommendation are applied in their countries, except that in the case of clause (c), the agencies established to supervise the signing-on and signing-off of seafarers are not government controlled but established by the ship-owners' and/or the seafarers' organisations concerned, or in agreement with them.

15. The following table indicates the extent to which application is said to be given to the various clauses of the Recommendation:

¹ Algeria, Argentina, Australia, Belgium, Brazil, Bulgaria, Burma, Canada, Cuba, Cyprus, Czechoslovakia, Dominican Republic, Finland, France, Federal Republic of Germany, Ghana, Greece, Hungary, India, Iraq, Israel, Italy, Japan, Khmer Republic, Malta, Malaysia, Morocco, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Romania, Senegal, Singapore, Spain, Sweden, Switzerland, Syrian Arab Republic, Tunisia, Turkey, United Kingdom, United States, Venezuela, Republic of Viet-Nam.

<u>Clause</u>	<u>Number of countries which indicate that they give effect thereto</u>
(a) Regulations on safety of life at sea	45 ¹
(b) Ship inspection	40 ²
(c) Agencies for signing-on and off	29 ³
(d) Supervision of seafarers' conditions of service	33 ⁴
(e) Freedom of association	30 ⁵
(f) Repatriation provisions	34 ⁶
(g) Examinations for and issuing of certificates of competency	36 ⁷

¹ Algeria, Argentina, Australia, Belgium, Brazil, Bulgaria, Burma, Canada, Cuba, Cyprus, Czechoslovakia, Finland, France, Federal Republic of Germany, Ghana, Greece, Hungary, India, Iran, Iraq, Israel, Italy, Japan, Khmer Republic, Malaysia, Malta, Morocco, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Senegal, Singapore, Spain, Sweden, Switzerland, Syrian Arab Republic, Tunisia, Turkey, United Kingdom, United States, Venezuela, Republic of Viet-Nam.

² Algeria, Argentina, Australia, Belgium, Brazil, Bulgaria, Burma, Canada, Cyprus, Finland, France, Federal Republic of Germany, Greece, Hungary, India, Israel, Italy, Japan, Khmer Republic, Malaysia, Malta, Morocco, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Senegal, Singapore, Sweden, Spain, Switzerland, Syrian Arab Republic, Tunisia, Turkey, United Kingdom, United States, Venezuela, Republic of Viet-Nam.

³ Argentina, Australia, Belgium, Brazil, Canada, Cyprus, France, Federal Republic of Germany, Ghana, Greece, Hungary, India, Italy, Japan, Khmer Republic, Malaysia, Malta, Netherlands, New Zealand, Nigeria, Norway, Peru, Poland, Senegal, Singapore, Sweden, Spain, Syrian Arab Republic, Venezuela.

⁴ Algeria, Australia, Belgium, Bulgaria, Burma, Canada, France, Federal Republic of Germany, Greece, Hungary, India, Israel, Italy, Japan, Khmer Republic, Malaysia, Malta, Morocco, Netherlands, New Zealand, Poland, Senegal, Singapore, Sweden, Spain, Switzerland, Syrian Arab Republic, Tunisia, Turkey, United Kingdom, United States, Venezuela, Republic of Viet-Nam.

⁵ Argentina, Australia, Belgium, Bulgaria, Burma, Canada, Cuba, France, Federal Republic of Germany, Greece, Hungary, Israel, Italy, Japan, Khmer Republic, Malaysia, Malta, Morocco, Netherlands, New Zealand, Peru, Poland, Senegal, Singapore, Sweden, Syrian Arab Republic, Tunisia, United Kingdom, United States, Venezuela.

⁶ Argentina, Australia, Belgium, Brazil, Bulgaria, Burma, Canada, Cuba, France, Federal Republic of Germany, Ghana, Greece, Hungary, India, Iraq, Israel, Italy, Japan, Khmer Republic, Malaysia, Malta, Morocco, Netherlands, New Zealand, Nigeria, Norway, Senegal, Singapore, Sweden, Tunisia, Turkey, United Kingdom, United States, Venezuela.

⁷ Algeria, Argentina, Australia, Belgium, Brazil, Bulgaria, Burma, Canada, Cuba, France, Federal Republic of Germany, Ghana, Greece, Hungary, India, Israel, Italy, Japan, Khmer Republic, Malaysia, Morocco, Netherlands, New Zealand, Nigeria, Norway, Poland, Senegal, Singapore, Sweden, Spain, Syrian Arab Republic, Tunisia, Turkey, United Kingdom, United States, Venezuela.

16. Most of the governments which indicate that provisions exist in their countries for applying the Recommendation, also supply information concerning the authority designated in each country to implement such measures, and several indicate the manner in which organisations of workers and employers might be called upon to co-operate in this application.

17. Fifteen governments¹ state that all or most of the matters covered by the Recommendation are being applied, or that they have no intention of taking measures to give effect to the provisions of the Recommendation not yet covered by national legislation or practice.

18. On the other hand, some governments state that they are contemplating the adoption of new legislative measures. In the Federal Republic of Germany, for instance, the adoption of such measures is being studied in order to guarantee suitable accommodation and medical care to the seafarers employed on the ships of that country. In Iran, Japan, the Khmer Republic, Malaysia and Morocco, a review is being made of the existing legislation in order to determine what new legislation should be adopted in order to comply with the international labour Conventions already adopted, or to be adopted, and to apply the contents of international labour Recommendations. Ceylon, Iraq and Israel report that legislation to be adopted in the near future will implement the terms of this Recommendation. The Government of Sierra Leone indicates that as and when that country becomes a maritime State or registers ships under its flag, consideration will be given to the adoption of measures to apply the contents of the Recommendation.

19. None of the governments considers that any modifications to the Recommendation are necessary in order for it to be adopted or applied. However, the Government of Finland reports that the workers' organisations have pointed out that Finnish legislation and safety regulations applicable on board the ships of that country are not effective and adequate in every respect; they have also drawn attention to labour conditions on board foreign ships and ships flying flags of convenience, suggesting that such defects might be remedied by:

- (a) co-ordinating and revising the relevant legislation;
- (b) extending its application also to foreign seafarers; and
- (c) organising the control of safety and labour inspection in a modern manner.

The workers' organisations in Finland have moreover expressed the view that measures should be taken to revise the Recommendation and to give it the form of a Convention.

Conclusions

20. As indicated above, reports are available from sixty-two governments, ten of which indicate that the Recommendations have no application in their countries. According to the latest information available from Lloyd's Register of Shipping, the tonnage of vessels registered under the flags of countries from which reports were received represents close to two-thirds of the total world tonnage but a number of important maritime countries have not supplied reports. It cannot therefore be considered that the present survey gives a sufficiently complete picture of the manner in which the matters covered by the two Recommendations are dealt with in a large segment of the world's shipping industry at the present time.

21. In calling for reports under article 19 of the ILO Constitution on these two Recommendations, the Governing Body sought to obtain information on measures taken in the various countries to implement the provisions of the two instruments, so as to carry out the analysis called for in the resolution concerning flags of convenience, adopted by the International Labour Conference at its 55th (Maritime) Session.

¹ Australia, Brazil, Canada, Cyprus, Greece, Guatemala, India, New Zealand, Nigeria, Romania, Senegal, Singapore, Turkey, United Kingdom, Venezuela.

22. The present survey tends to show that in a sizeable proportion of the reporting countries, legislative, administrative or practical provisions exist in regard to all or some of the matters dealt with in both Recommendations. In some other countries, the adoption of new legislative measures is contemplated. On the other hand, a number of governments indicate that there exist no legislative, administrative or practical provisions in their countries in respect of all or some of the matters dealt with in the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), in many cases due to the fact that only few, if any, national seafarers are engaged on foreign-flag vessels.

23. As regards the effect given to the various paragraphs of the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108) it appears that in most reporting countries legislative, administrative or practical measures exist to ensure the observance of internationally accepted safety standards and to provide for a proper ship-inspection service. In more than half of the reporting countries legislative or other measures provide for the establishment of agencies for signing-on and signing-off of seafarers; ensure that the conditions of seafarers' service correspond to the standards generally accepted by the traditional maritime countries; provide for proper repatriation of seafarers and for the examination of candidates for certificates of competency, as well as for the issuing of such certificates. On the other hand, only about half of the reporting countries refer to provisions ensuring freedom of association for the seafarers serving on board their ships.

24. The Committee is aware, from the terms of the resolution concerning flags of convenience, that it had its origin mainly in the continued increase of the number and tonnage of vessels registered under the flags of States with which the shipowners concerned "have no national connection" and that the resolution's main purpose was "to encourage acceptance of the provisions" of the two Recommendations dealing with the social conditions and safety of seafarers in relation to the registration of ships. Two of the six States mainly concerned have so far submitted reports on Recommendation No. 108 and the Committee has noted with interest that, according to the information supplied by these countries (Cyprus, Singapore), the provisions of this instrument appear to be substantially given effect to as regards the vessels registered there. On the other hand, several of the States which are generally regarded as major flag-of-convenience countries, as well as those which, although not so considered, also possess large merchant fleets, did not supply reports. In order to provide the Joint Maritime Commission with the type of analysis envisaged in the Conference resolution concerning flags of convenience, the range of reporting countries should be broader than that currently covered and it is to be hoped that the data required will become available in due course.

ANNEX V

RESOLUTION ON SUBSTANDARD VESSELS PARTICULARLY
THOSE REGISTERED UNDER FLAGS OF CONVENIENCE

(Adopted by the Joint Maritime
Commission at its 21st Session)

The 21st Session of the Joint Maritime Commission, held in Geneva from 20 November to 1 December 1972,

HAVING RECEIVED the report of the ILO on flags of convenience;

NOTING that the 55th (Maritime) Session of the International Labour Conference adopted a resolution requesting the Governing Body to ask the governments of member States within the provisions of article 19 of the Constitution of the International Labour Organisation, to report on an urgent basis on measures that have been taken in their respective countries to implement the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108), and that an analysis of the replies of governments be submitted by the International Labour Office to the next session of the Joint Maritime Commission, which should consider what further action may be necessary in the light of this information,

NOTING ALSO that while the ILO received reports from 62 governments, concerning the application in their countries of the provisions of Recommendations Nos. 107 and 108, no reports were received from a number of member States which are important maritime countries, including most of those considered as flags of convenience countries by the Maritime Transport Committee of OECD,

NOTING FURTHER that the Committee of Experts on the Application of Conventions and Recommendations at its last session had made a general survey of the reports of governments and concluded that it could not be considered that the survey gave a sufficiently complete picture of the manner in which the matters covered by the two Recommendations are dealt with in a large segment of the world's shipping industry at the present time,

NOTING FURTHER that the appropriate committee of the 57th Session of the International Labour Conference, which reviewed the survey drawn up by the Committee of Experts, expressed the hope that all governments which had not yet reported on the application of Recommendations Nos. 107 and 108 would supply the necessary information at an early date, so as to assist in the preparation of the next session of the Joint Maritime Commission,

NOTING FURTHER that the Office had sent a reminder to the governments of maritime countries from which no reports had been received, but that only seven replies had been received before the 21st Session of the Joint Maritime Commission,

NOTING FURTHER that the study of the Maritime Transport Committee of OECD on flags of convenience pointed out differences in various conditions prevailing on some vessels registered in certain countries offering foreign registry as compared with those obtaining in vessels of traditional maritime countries,

NOTING NEVERTHELESS that on a material proportion of the vessels referred to in the above study the seafarers enjoy the benefits of Recommendations Nos. 107 and 108;

REQUESTS the Governing Body of the International Labour Office:

- (1) to urge member States which have not done so to take expeditious and effective action to secure the immediate application of the provisions of the Seafarers' Engagement (Foreign Vessels) Recommendation, 1958 (No. 107), and the Social Conditions and Safety (Seafarers) Recommendation, 1958 (No. 108), to seafarers within their territories and vessels flying their flags;
- (2) to include in the agendas of the proposed Preparatory Technical Maritime Conference in 1974 and the proposed Maritime Session of the International Labour Conference in 1975 the question of substandard vessels and the

practices of those countries which the study of the Maritime Transport Committee of OECD on flags of convenience considered as providing flag of convenience facilities, and in particular of those countries which appear not to have applied Recommendations Nos. 107 and 108, with a view to the adoption of an appropriate instrument or instruments designed to ensure that the objectives of Recommendations Nos. 107 and 108 are widely attained;

- (3) to ask the Director-General of the International Labour Office to prepare a report on this question for submission to the conferences which takes account of the information contained in the report on this subject submitted to the 21st Session of the Joint Maritime Commission, together with any other pertinent information which would assist the Conference in its consideration of this question.

ANNEX VI

INSTRUCTIONS CONCERNING THE ANNUAL INSPECTIONS
OF LIBERIAN SHIPS

BUREAU OF MARITIME AFFAIRS

MARINE NOTICE
NO. 117

TO: SHIPOWNERS, MASTERS AND OFFICERS OF MERCHANT SHIPS

Subject: Annual and Special Inspections of Liberian Ships

References: (a) Maritime Regulation 7.191

Enclosures: (1) Copy of Reference (a)
(2) Specimen copy of Report of Safety Inspection form

1. Pursuant to the requirements of Reference (a), all Liberian vessels are required to undergo a periodic safety inspection once in every twelve months, excepting the following:

- (1) Cargo ships of less than 500 gross tons
- (2) Ships not propelled by mechanical means
- (3) Pleasure yachts not engaged in the carriage of passengers for hire
- (4) Fishing vessels.

2. Vessels subject to periodic inspections may also be required to undergo special inspections at any time whenever the Commissioner of Maritime Affairs, a Deputy Commissioner or person duly authorised by one of them, has reason to believe that a vessel subject to the provisions of Reference (a) is about to proceed to sea and be navigated as a consequence of which the safety of the ship, its officers, crew and passengers, if any, and its cargo may be placed in jeopardy in the course of the intended voyage.

3. Inspections are carried out under the aegis of the Marine Inspection Division of the Office of Deputy Commissioner through its duly appointed nautical inspectors at major ports.

4. The owner or master of a vessel may request an annual inspection of his vessel on prior arrangement with a nautical inspector in the port whereat the vessel will be available for such purpose. Such requests may be made at any time for the initial inspection and thereafter may be made within three months prior or subsequent to the due date of the vessel's next annual inspection. Normally, the Marine Inspection Division will ensure that the required inspections are carried out within the time limits set; however, owners and masters of ships due or overdue for inspection are obliged to advise the Division for the purpose of scheduling such inspection at the first available date and port thereafter.

5. The enclosures hereto are provided as information for owners and masters to facilitate the conduct of inspections.

Republic of Liberia
Bureau of Maritime Affairs
7 August 1972

EXCERPT FROM LIBERIAN MARITIME REGULATIONS

Section 7.191 Marine Inspections -

1. Nautical Inspectors. The Commissioner or Senior Deputy Commissioner may, at such times and places as required, appoint Nautical Inspectors to board and examine vessels registered under the Liberian Flag. Nautical Inspectors shall render a report of safety inspection on each occasion to the Commissioner or to the Deputy Commissioner in charge of Marine Inspection.

2. Duties of Owners of Liberian Vessels. It is the duty of all owners of Liberian vessels to co-operate in marine inspections with the Commissioner, Deputy Commissioner and/or Nautical Inspectors and to permit them to board and examine vessels for the purpose of carrying out marine inspections.

3. Duties of Licensed or Certificated Personnel. It is the duty of all holders of licenses of competence or other certification issued to mariners to co-operate in marine inspections with the Commissioner, Deputy Commissioner and/or Nautical Inspectors and to permit them to board and examine vessels for the purpose of carrying out marine inspections.

4. Costs of Inspections. Effective 1 October 1971, in order to defray the costs of marine inspection and matters related thereto, the owner of each vessel of 500 net registered tons and over, and registered under the Maritime Law of the Republic of Liberia, shall pay annually a fee of \$250. All fees chargeable under the provisions of this Regulation shall be collected by the Deputy Commissioner of Maritime Affairs.

(1 September 1971)

SAFETY INSPECTION OF SHIPS
GUIDANCE TO MASTERS

1. Documents, certificates and publications referred to in Parts B and C of the Inspection Form should be readily available, preferably in a central location, for examination and verification by the Nautical Inspector.

2. Publications referred to in Part C are obtainable from the sources listed in Marine Notice No. 109. Publications obviously not applicable to a vessel need not be procured; e.g., dry cargo vessels need not obtain tanker safety publications, but OBO type ships should obtain same.

3. The particulars of licenses of competency, both Liberian and foreign, for each officer serving on board should be readily available as such data will be required by the Nautical Inspector to complete Section D. The original documents or other acceptable evidence should be produced on request of the Nautical Inspector. In the case of passenger ships the aforementioned remarks refer also to lifeboatmen. In all cases the Inspector should be given a copy of the current crew list and, if possible, the ship's emergency station bill.

4. Navigation records, publications, charts, log books and Oil Record Book should be available, preferably in one location, such as the chart room, for inspection.

5. Nautical Inspectors have the authority, and have been instructed accordingly, to make a spot check of lifesaving, fire fighting and general safety conditions covered by the Safety Convention SOLAS (1960) for the purpose of noting the degree of maintenance of conditions, and not in lieu of surveys by the Classification Society. If spot checks disclose deficiencies or non-compliance that may affect the continued validity of any SOLAS (1960) Convention Certificate, the Master will be instructed to call in the Classification Society for examination and/or verification as may be necessary to properly establish the conditions as they exist.

6. The Master should have lifeboats uncovered and the vessel's fire fighting equipment and appliances as maintained in their normal stowed positions ready for

the Nautical Inspector's examination. Sufficient crew should be on board and be prepared to conduct such emergency drills as circumstances may dictate and permit.

7. The pilot ladder and associated gear such as gunwhale steps, lights, man ropes, etc. should be accessible and in conformance with Reg. 17 Chap. V of SOLAS (1960).

8. To facilitate the efficient conduct of safety inspections, one of the ship's deck officers should be available to accompany the Nautical Inspector.

Enclosure 2 to Marine Notice No. 117

Office of Deputy Commissioner

THE REPUBLIC OF LIBERIA

TREASURY DEPARTMENT

BUREAU OF MARITIME AFFAIRS

Inspection Port	
Date(s) of Inspection	
Annual Inspection	
Special Inspection	
Date Last Inspected	

MARINE INSPECTION
DIVISION

REPORT OF SAFETY INSPECTION

Vessels subject to inspection

All vessels registered under the provisions of Title 22 of the Liberian Code of Laws of 1956 (The Liberian Maritime Law), as amended, shall be subject to a periodic inspection once in every twelve months, excepting the following:

- (1) cargo ships of less than 500 tons gross tonnage;
- (2) ships not propelled by mechanical means;
- (3) pleasure yachts not engaged in the carriage of passengers for hire;
- (4) fishing vessels.

Vessels subject to periodic inspections may also be subject to special inspections at any time where a previous inspection discloses deficiencies of such nature as to warrant a follow-up inspection.

Inspection reports

This form is to be completed in triplicate by the Nautical Inspector on the occasion of each inspection. The original and all copies are to be signed both by the Nautical Inspector and the vessel's Master (or his authorised representative in his absence).

One signed copy shall be delivered by the Nautical Inspector to the Master and retained on board by the latter as part of the vessel's official documents. The Master shall produce the vessel's copy of the last report on request to the Nautical Inspector on the occasion of any subsequent inspection.

PART A GENERAL

1. Name of Vessel	GRT	H.P.	2. Official No.	3. Type of Vessel/ Engine	4. Year Built
5. Last Port of Call	6. Date Sailed		7. Next Port of Call		8. Sailing Date
9. Vessel classed by	10. Name, Address, Telephone, Telex, Local Agent.			11. Name, Address, Telephone, Telex, Principal Managing Operator or Agent.	
ABS LRS					
BV GL					
DNV					

PART B SHIPS DOCUMENTS

Cargo Ships		Passenger Ships	
Name of Certificate	Expiry Date	Name of Certificate	Expiry Date
a. Safety Equipment		f. Safety	
b. Mid-Term Examination		g. Loadline	
c. Safety Radio Telegraphy		h.	
d. Safety Construction		i.	
e. Loadline		j.	
Date Last Annual Load Line Inspection			

PART C PUBLICATIONS

Name of Publication	Y	N		Y	N
a. Liberian Maritime Law Date			m. IMCO Int.Convention on Loadlines 1966		
b. Liberian Maritime Regulations Date			n. IMCO Solas 1960		
c. Liberian Rules for Licensing			o. IMCO Solas 1960 Supplement to		
d. Liberian Articles of Agreement			p. IMCO Chart of Prohibited Zones		
e. Liberian Certificates of Service			q. IMCO Int'Maritime Dangerous Goods Code		
f. Liberian Marine Notices Date of Last Notice			r. IMCO Code of Safe Practice Bulk Cargoes		
g. Liberian Official Log Book			s. IMCO Int. Convention on Oil Pollution 1962		
h. Medical Guide Language Date			t.		
i. Medical Log Book			u.		
j. I.C.S. Tanker Safety Guide or Equivalent			v.		
k. Int.Oil Tanker Terminal Safety Guide			w.		
l. ITU.Radio Regulations Date			x		

Form RLM-252A Report of Inspection of Liberian Vessel (1 Aug 71)

PART D LICENSING AND MANNING

A. DECK OFFICER

(a) Name of Officer

(b) Date Engaged

(c) Capacity in which serving:

Master

Chief Mate

2nd Mate

3rd Mate

(d) Liberian License

Grade (M, 1M, 2M, 3M, NN)

Serial Number

Date Issued

Sighted (Original License - copy of license posted)

(e) Foreign License

Grade (M, 1M, 2M, 3M, NN)

Country of Issue

Date Issued

Serial Number

Sighted (Original license - copy of license posted)

(f) Radar Observer Certificate

Country of Issue

Nil

PART D LICENSING AND MANNING Continued

B. ENGINEERING OFFICERS

(a) Name of Officer

(b) Date Engaged

(c) Capacity in which serving:

Chief Engr.

1st Asst.

2nd Asst.

3rd Asst.

(d) Liberian License

Grade (CE, 1A, 2A, 3A, S, M, S/M, NN)

Serial Number

Date Issued

Sighted (Original License - copy of license posted)

(e) Foreign License

Grade (CE, 1A, 2A, 3A, S, M, S/M, NN)

Country of Issue

Date Issued

Serial Number

Sighted (Original license - copy of license posted)

PART D LICENSING AND MANNING Continued

C. RADIO OFFICERS

(a) Name of Officer

(b) Date Engaged

(c) Capacity in which serving:

RTO-1

RTO-2

RTO-S

(d) Liberian License

Grade (R1, R2, RS, NN)

Serial Number

Date Issued

Sighted (Original license - copy of license posted)

(e) Foreign License

Grade (R1, R2, RS, NN)

Country of Issue

Date Issued

Serial Number

Sighted (Original license - copy of license posted)

D. CERTIFIED LIFEBOATMAN

Department - Deck, Engine, Catering Total:

E. ENGLISH LANGUAGE ABILITY

	Speaking			Read/Write		
	Good	Poor	Nil	Good	Poor	Nil
Master						
Chief Mate						
2nd Mate						
3rd Mate						
Radio Officer						

F. CREW (UNLICENSED)

Department	No.	
Deck		
Engine		
Catering		
Total	Y	N
Crew List Attached		

PART E NAVIGATIONAL AIDS

Equipment	Fitted Op.				Remarks			
	Y	N	Y	N				
a. Radar No. 1					True Motion	Relative Motion		
b. Radar No. 2					True Motion	Relative Motion		
c. Decca Navigator								
d. Loran								
e. Depth Finder					Graph	Visual		
f. Radio Direction Finder					Date of Last Calibration			
g. Radiotelephone -MF					Wheel-house	Chart Rm	Radio Rm	
h. Radiotelephone - UHF					Wheel-house	Chart Rm	Radio Rm	
i. Radiotelephone - VHF					Wheel-house	Chart Rm	Radio Rm	
j. Gyro Compass Repeaters					Steering	RDF	Radar	Port Stbd. W. W.
k. Gyro Compass Master								
l. Magnetic Compass					Standard	Steering	Emergency	Last Adjusted
m. Rudder Indicator								
n. Speed Indicator					Type(s)			
o. Course Recorder								
p. Course Recorder Paper					Spare Rolls on Board		Yes	No
q. Auto Pilot								
r. Radar Plotting Facilities					Describe		State if used	
s. Signal Light(s)					Fixed	Yes	No	Portable
t. Signal Flags					Yes	No	Yes	No
u. On-board Communication System					Describe			
v.								
w.								

Vessel _____ Official No. _____

PART F NAVIGATIONAL CHARTS PUBLICATION RECORDS

Title	on Board		Date of Last Entry or Correction	Remarks		
	Y	N				
a. B.A. Chart List				Year of Issue		
b. U.S. Oceanographic Off C/List				Year of Issue		
c. List of Charts on Board						
d. Nav. Charts/Corrections						
e. Pilot Charts						
f. Pilot Books/Sailing directions				Usual for trade of Vessel	Yes	No
g. Notice to Mariners				Date Latest Notice	Record Receipt Kept	Yes No
h. Light Lists				Year of Issue		
i. Tide Tables				Year of Issue		
j. Current Tables						
k. Nautical Almanacs						
l. Navigational Tables						
m. List Radio Aids to Nav Freq's				Year of Issue		
n. Bridge Bell Book						
o. Engine Room Bell Book						
p. Compass Error Book						
q. Chronometer Rate Book						
r. Radar Log Book						

PART F NAVIGATIONAL CHARTS PUBLICATION RECORDS Continued

Title	On Board		Date of Last Entry or Correction	Remarks
	Y	N		
s. Radar Maintenance Record				
t. Gyro Maintenance Record				
u. International Code Signals				Year of Issue
v. R.D.F. Calibration Chart				
w. Masters Standing Orders				
x. Masters Night Order Book				
y. Amver Instructions				Vessel Participates Yes No in Amver:
z. IMCO Routeing/Separation				
aa. IMCO Search and Rescue Manual				
bb. R.P.M./Speed Table Posted:				Posted: Yes No
cc. Basic Maneuvring Data				Posted: Yes No
dd.				
ee.				

Form RLM-252C Report of Inspection of Liberian Vessel (1 Aug 71)

Vessel _____

Official No. _____

<u>PART G BRIDGE LOG BOOK</u>		Inspection of Bridge LogBook To Include but not to be Restricted to the Following
1. Record of Boat and Fire Drills		
2. Note of Action taken in Poor Visibility		
3. Note of Names of Lookouts Posted		
4. Recording of Navigational Positions		
5. Daily Records of Soundings		
6. Record of Recent Casualties/ Incidents		
7. Record of Freeboard, Draft, Zone applicable		
8. Note of Magnetic, Gyro Compass Errors		
9. Language used in Look Book		

PART H POLLUTION PREVENTION

Disposition of Residues	Slops		Oil Record Book	Y	N
	Cargo	Bilge			
Oily Water Separator Fitted			On Board - Date last Entry		
Oily Water Separator Used			Properly Maintained		
Retained on Board and Discharged Ashore			Book/Pages Attached this Report		
Discharged at Sea			Pollution Avoidance/ Spill Instructions		
Load on Top			Manual - State on Board		

Remarks

PART I GENERAL - Results of Solas Items Inspected as per Instructions to Inspectors

Pilot Ladder Conditions	Satisfactory	Unsatisfactory	Date Lifeboats Last in Water	
Station Bill	Posted	Unposted	Date Last Three Drills	

Liferaft(s) - Due date of Next Survey

Lifeboats Operation/Equipment	
Firefighting Appliances/Operation	
General L.S.A. Equipment	
Additional Remarks	

IMPORTANT

Neither the Inspection nor this report constitutes a certificate warranty or other representation as to the seaworthiness of the vessel described herein nor do they relieve any person or organisation from their responsibilities and obligations to ensure that the vessel is maintained in a seaworthy condition.

Inspectors Signature	Date	Masters (or Representative) Signature	Date
Name (Printed)		Name and Title (Printed)	

NOTES

Particular attention may be called to:

Part D. Licensing and Manning

This part, inter alia, contains all the data of the officers' licences necessary to keep a check on the validity of these documents and to ensure that the vessel is manned in accordance with the regulations.

Part F. Navigational Aids

The operational condition of all navigational aids is tested by switching them on and checking their performance.

Part G. Navigational Charts, Publications and Records

If the charts and other publications are not properly corrected, the Master has to buy new ones before leaving port.

Particular attention is paid to ensure that the nautical publications such as pilot books and light lists are in a language understood by the officers.

Part H. Bilge and Ballast Treatment, Marine Pollution Prevention

These matters are thoroughly checked and full co-operation is given to local authorities where necessary.

Part I. General Safety

Apart from the material items, the ability of the crew to operate the safety equipment is tested and improved ad hoc where necessary. On the personnel side, each inspection includes:

- lowering of one or more lifeboats;
- starting the lifeboat motor and operating the reverse gear;
- starting the emergency generator of the vessel;
- starting the emergency firepump and giving water on deck;
- testing the crew's ability to handle safety equipment such as fire extinguishers, line-throwing apparatus and breathing apparatus;
- checking whether station bills are posted, whether these bills are in a language understood by the crew and whether the crew is familiar with its duties;
- English language ability of officers;
- inspection of the logbooks with particular attention to such items as:
 - fire and boat drills,
 - gear tests,
 - drafts,
 - fog procedures,
 - the posting of lookouts,
 - watchkeeping practices.

On the material side, the following items are a sample of the points involved in each inspection:

- pilot ladders;
 - lifeboats, including inventory and davits, blocks and tackle;
 - liferafts, lifebuoys, lifebuoy lights and lifejackets;
 - fire extinguishers, CO2 installations, sandboxes, ventilator fireflaps, ventilator gratings, funnel fire-dampers, firemen's outfits, breathing apparatus, firepumps, fire stations, fire hoses, hydrants and international shore connections;
 - communications systems, alarm systems, quick-closing valves control, emergency lighting and emergency steering;
 - medicine and medical logbook;
 - general impression of ship's condition.
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