



**SHIP 2 SHORE**  
MAGAZINE ON LINE DI ECONOMIA DEL MARE, DEI TRASPORTI



# *Quale bandiera per la flotta italiana?*

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# Flag of convenience



The genuine link:

**Art. 5 1958 Geneva Convention on the High Sea**

**Art. 91 United Nations Convention on the Law of the Sea,  
Montego Bay, 10 December 1982**

**Articles 7-10 1986 United Nations Conventions on  
Condition for Registration of Ships**

*[from jurisdiction and control to economic link]*

# Flag of convenience:



- Vessels built internationally
- Vessels financed internationally
- Vessels crewed internationally

From flags of convenience



To convenient, flexible flags  
supporting your business



# Criteria for the choice of flag

- Well resourced registry (people, plant and equipment) with points of contacts worldwide
- Good Port State Control records
- Vessel screening and pre-registration procedures
- Ratification of key Maritime Conventions
- Active representation at IMO
- Incident Contingency Plan / Investigation of casualties

# Criteria for the choice of flag

*[banks and financial institutions]*

- Ratification of key Maritime Conventions
- Formalities for mortgage registration
- Information about security interests in the ship
- Enforcement issue and sale procedures
- Mortgage's self-help remedies
- Ship finance by leasing



# ICS Flag Performance table

- Port State Control records
- Ratification of major Maritime Conventions
- Use of recognised organisations complying with IMO Resolution A.739 (IACS)
- No «flag hopping»
- Age of fleet
- Reporting requirements
- Attendance at IMO meetings

# Sometimes a too convenient flag



## *Amendments urged to Greek tonnage tax law*

- Limit eligible vessels to those active in the maritime transport of goods and passengers
  - Limit eligibility to dredger registered in EEA and spending more than 50% of their operating time in maritime ops
  - Limit eligibility to tugboats registered in EEA and spending more than 50% of their operating time in maritime ops
  - Exclude from TT regime fishing vessels, oil rigs, fspo, fso
  - Revenues from other activity: must be closely related activity
  - Exclude chartering out on bareboat basis
  - Exclude capital gains from sale of ships when non connected with the provision of maritime services
  - Introduce EEA flag-link requirement for vessel over 500 tons
  - Ensure the aid ceiling is not exceeded especially through «hidden tax liability»
- [to be continued.....]*




# Conclusions

- There is nothing inherently unusual in an international ship registry system in which the owner of a ship may be located in a County other than the flag State
- Distinctions between national, second and open registries unhelpful and to be avoided
- **Which costs are involved with the intended Registry?**
- **How flexible is the Registry?**
- **What are the requirements of Charterers and traders?**
- **How Financial institutions and Insurers will react?**




# THANK YOU

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