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## **Improve Ship Registry Procedure of Pakistan**

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Flag selection is a crucial decision with regards to ship operation. The modern era of the global Shipping sector has witnessed shifting trends in ship registration processes from traditional to open registries, with alternate choice of Flag of Convenience (FOC) over the business as usual practices. In May 2015, IMO Secretary-General Koji Sekimizu remarked that FOCs have become international registries with international responsibilities. It is evident that operators from traditional Maritime countries are found to flag out high-quality vessels, whereas those from open registry countries flag out low-quality ships.

As per Pakistan Merchant Marine Policy 2001 and Ship Registration Rules 2002, Pakistan has three registers i.e., Permanent, Temporary and a Second Registry. In essence, Pakistan has a closed register which has two parts, one is used for foreign going vessels and the other for Inland Ships/Boats. The owner(s) has to be a citizen of Pakistan or the corporation owning the ship has to be registered and controlled in the country.

The process of registration is manual, lengthy and cumbersome e.g., the approval of the name of the ship has to be taken from the authorities and prior to its registration, the new name has to be advertised in a reputable paper. The registration form has to be signed in front of the Ship's registrar. The requirement is to have the original bill of sale duly attested and original deletion certificate from the Flag State. The procedure for a ship outside Pakistan is to send the form to the nearest Pakistani consulate to the port of delivery, where someone from the Embassy will physically go there and check the ship. The capacity to handle the ship registry is limited especially the transfer of lien and liability of a ship in a timely manner. The Office of Registrar is responsible for various inspections for which it does not have qualified staff. In addition, there is a shortage of staff, the poor capacity of the existing personnel, lack of automation and an outdated website.

One of the major hindrances for investors is deletion from the registry. In the past, the requirement of an NOC from customs resulted in lengthy litigation due to which ship owners suffered losses and became fearful to risk their investments. Another issue is the mandatory requirement of the Pakistani crew which makes registration difficult. Therefore, Pakistan needs to revamp its ship registry and procedure can be

revised in light of best contemporary practices of FOCs and National registers and at same time address the needs to meet its international obligations.

The FOC or open registry is a specific business practice in which a trader's vessel is registered in a country other than that of the owner's own country. The most relevant term used for FOC is an open registry to define a firm that will allow ship owned by foreign nationals. After the mid of the 20th century, flags of convenience have produced a large economic footprint. The business trends under open registries have influenced the traditional registries for a convergence between the two processes. There are different arguments regarding various checks and balances to be part of open registries such as safety and labor-related regulations. The open registries have realized the importance of outstanding issues, such as Panama ratified most of the conventions including the ILO's Maritime Labour Convention 2006 and is on the white list of Paris as well as Tokyo MoUs.

The case of Cyprus and Malta in point worth mentioning; the Cyprus register was opened in 1963 while that of Malta in 1973. Both these countries joined EU in 2004; EU has the most regulated and integrated system and when these two countries with large FOCs joined, it created a dilemma. This was initially tolerated but later due to a number of lawsuits on Shipping in EU courts, FOCs were finally legitimized. Traditional registries like France and Germany have also opened international registries.

A contemporary top FOC registry provides 24/7 services. A ship can be registered or deleted in a few hours and all formalities completed. All services are web-based with a worldwide network of offices. Liberia has Ecorp; the world's premier electronic corporate registry. Access to World's Top Panama registry is very easy and a registry

fee based on tonnage is the only charge made and the manning of ships is freely permitted. It has more than 64 maritime private consulates and 9 technical offices worldwide, operating on a 24/7 basis with an automated process that takes a maximum of four hours.

In a nutshell, if the country wants to be competitive in shipping, it has to make its register in accordance with emerging trends in international shipping sector. The back-bone of shipping is the Mercantile Marine Department (MMD) in Pakistan, operating with limitations. A complete manpower audit and survey is needed urgently to identify the shortcomings and capacity of this vital department. It has to be computerized and automated to fulfill its functions. A thorough review of the ship registration, MMD and Merchant Marine Policy 2001 is the need of the hour.

