

REGISTRATION OF FISHING VESSELS IN CYPRUS

by

Gabriel P. Gabrielides

Director

**Department of Fisheries and Marine Research
CYPRUS**

Abstract

Two different Government Departments are responsible for the registration of fishing vessels. The main register for all vessels, known as the Cyprus Register of Ships (CRS), created in 1963, is kept by the Department of Marine Shipping. All fishing vessels greater than 15 GT are registered in the CRS. Smaller fishing vessels are registered in the Register for Small Fishing Vessels kept by the Department of Fisheries and Marine Research. This register includes about 600 local fishing boats. The CRS is an open register and attracts a great number of foreign vessels making it the sixth biggest in the world with a merchant fleet exceeding 26 million GT.

During the recent years a lot of work is going on to transform the image of the Cyprus flag. New and tougher legislation has been enacted and new international conventions have been ratified. The policy for the registration of fishing vessels has been modified after a close cooperation of the two relevant Departments. It has been decided not to register and allow fishing vessels not belonging to Cypriot nationals to fly the Cyprus flag and that the ones already in the CRS should be encouraged to change flag. Fisheries legislation has been streamlined to allow monitoring, control and surveillance of fishing vessels irrespective of where, in the world, they fish. However, the CRS still includes foreign fishing vessels but they are registered “parallel-out” i.e. they fly another flag, not the Cyprus one. This issue is now being debated.

1. INTRODUCTION

Cyprus, widely known as the birthplace of Aphrodite, Goddess of Love and Beauty, has an area of 9,250 square kilometres and is situated in the eastern basin of the Mediterranean Sea.

Its history is long and turbulent as suggest the numerous archaeological findings. The strategic location of Cyprus at the crossroads of Europe and Middle East attracted to the island a number of foreign invasions. Egyptians, Assyrians, Phoenicians, Persians, Ptolemies, Romans all left their imprint on the island. In this respect, Cyprus has received and, subsequently, absorbed external cultural influences while preserving the essence of Greek culture as is reflected in the language, religion, language, traditions and customs

In 1571 Cyprus was conquered by the Ottoman Turks who ruled the island until 1878, when Britain declared Cyprus a British colony. British colonization lasted until 1960 when Cyprus gained its independence. In 1974 Turkey invaded the island and since then occupies 37% of the land. Despite this, the free part of

the Republic of Cyprus has enjoyed economic growth, high standards of literacy and the highest per capita income in the Eastern Mediterranean attracting a large number of offshore companies and a great number of tourists year after year.

The Cyprus Registry created in 1963 has shown phenomenal growth. In 1981 Cyprus ranked thirty-second on the list of leading maritime nations. It now ranks sixth with a merchant fleet exceeding 26 million gross tons. The growth of the register was not proportional to the expansion of the Department of Merchant Shipping which is responsible for the development of maritime activities which include: Registration of ships, administration of the Merchant Shipping Laws, control of shipping and enforcement of international conventions, investigation of casualties, resolving labour disputes on board Cypriot ships and training and certification of seafarers. As a consequence proper control was not exercised and this was detrimental to the Cyprus flag. In recent years and especially after the initiation of negotiations with the European Union the situation is changing rapidly and drastically.

2. REGISTRATION POLICY

The policy of the Government of Cyprus in the shipping sector is the continuous improvement of the existing infrastructure and the incentives available to both residents and non-residents.

The Cyprus Register of Ships (CRS) is an open register and the Department of Merchant Shipping (DMS) of the Ministry of Communications and Works, which is responsible for it, puts forward a number of reasons why a ship should be registered in Cyprus. These are:

Advantages of the country

- **Sovereign flag**
- **Member of the United Nations**, the Commonwealth and the Council of Europe.
- **Signatory** to numerous international maritime conventions
- **Democratic country** with a free market economy.
- **Strategic location** at the crossroads of three continents.
- **Modern and efficient** legal, accounting and banking services based on English practices.
- **Extensive network** of bilateral agreements through which Cypriot ships receive either national or favoured nation treatment in the ports of other countries ([see Annex I](#))
- **Excellent telecommunications** and easy access by air and sea.
- **Highly qualified** managerial, clerical and technical staff available

Financial incentives

- **Competitive** ship registration costs and annual tonnage taxes.
- **Full protection** for financiers and mortgagees
- **Double Tax Treaties** with 26 countries ([see Annex II](#))
- **No tax on profits** from the operation of a Cypriot registered vessel or on dividends received from a ship owning company
- **No capital gains tax** on the sale or transfer of a Cypriot registered vessel or the shares of a ship owning company
- **No estate duty** on the inheritance of shares in a ship owning company
- **No income tax** on the emoluments of officers and crew
- **No stamp duty** on ship mortgage deeds or other security documents
- **Favourable tax regime** for ship management and other offshore enterprises
- **Low set up** and operating costs

There are two fishing vessel registers in Cyprus. Those vessels with a tonnage greater than 15 GT are registered in the CRS which is kept by the DMS according to the Merchant Shipping Laws. Those fishing vessels with a tonnage smaller than 15 GT are registered in the Small Fishing Vessel Register (SFVR) which is kept by the Department of Fisheries and Marine Research (DFMR) of the Ministry of Agriculture, Natural Resources and the Environment which is also the responsible agency for the granting of all fishing licenses. All vessels registered in the SFVR belong to the artisanal fisheries and operate within territorial waters. Vessels registered in the CRS operate within and outside territorial waters or exclusively outside territorial waters.

Until the year 2000, according to the Fisheries Law, only vessels fishing within the territorial waters of the Republic were required to obtain a fishing licence from DFMR. All foreign owned fishing vessels applying for registration in the CRS were fishing not only outside territorial waters but even outside the Mediterranean and therefore they were not obliged to have a fishing license and as a consequence they were unknown to DFMR.

In 1999, the DMS together with DFMR developed a policy for the registration of fishing vessels and for the granting of fishing licences. A decision was taken to modify the Fisheries Law and Regulations as well as the Government policy for the registration of fishing vessels in the CRS.

New Government registration policy

The new Government policy for the registration of vessels in the CRS came into effect on 1.1.2000. The new policy has a special section on fishing

vessels and takes into consideration the size and age of the vessel as well as its beneficial owners. More specifically,

Vessels over 24 metres in length not exceeding 20 years of age

- (a) A fishing vessel in this category may be registered provisionally, permanently, or parallel-in in the Cyprus Register of Ships provided that at least 50 percent of the shares of the ship owning company or the bare boat charterer, as the case may be belongs beneficially to Cypriot citizens, at least 50 percent of the Directors of such company are Cypriot citizens and its management and operations are directed and controlled from within Cyprus.

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

- (b) Notwithstanding other applicable provisions of the Cyprus merchant shipping legislation:
- (i) Fishing vessels should comply and should be surveyed and certificated (provided with a certificate of compliance) in accordance with the applicable provisions of the Protocol of 1993 to the International Convention for the Safety of Fishing Vessels, 1977 (Torremolinos Protocol).

Furthermore, fishing vessels of 24 meters in length and over, which are landing their catch in Cyprus or in any State Member of the European Communities should comply with the requirements of the European Communities Council Directive 97/70/EC and should be provided with a certificate issued in accordance with Article 6 of the aforesaid Directive.

In case of fishing vessels falling outside the scope of application of the Torremolinos Protocol, the Department of Merchant Shipping will determine the requirements to be complied with on the basis of the IMO/ILO/FAO recommendations.

In all cases, fishing vessels should be provided with a Certificate of Compliance to be issued by one of the organizations recognized and authorized to act on behalf of the Cyprus Government in the framework of Regulation I/6 and XI/1 of SOLAS 74 as amended and will be subject to inspection under the terms of the Torremolinos Protocol and the aforesaid

European Communities Council Directive or the requirements to be set out by the Department.

- (ii) Fish Factory Vessels should comply and should be surveyed and certificated in accordance with the requirements of the Code of Safety of Special Purpose Ships (IMO Assembly Resolution A.534 (16) as amended).
- (c) A Fishing or Fish Factory vessel over 15 years of age must pass a special inspection.
- (d) Owners of fishing vessels of any size and age must submit, as a condition for the registration of such vessels, a declaration stating that they will abide, at all times, by the prevailing government policy in respect of fishing, particularly as regards the preservation of protected species and the prohibition of the use of certain fishing equipment. Also, before engaging in any fishing activities while flying the Cyprus flag, they should secure a fishing license from the Department of Fisheries and Marine Research of the Ministry of Agriculture, Natural Resources and the Environment. Engagement of a vessel flying the Cyprus flag in fishing activities without a fishing license constitutes a breach of the conditions for its registration and warrants its deletion from the Cyprus Register.

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

- (a) Vessels in this category may be registered provisionally, permanently, or parallel-in in the Cyprus Register of Ships provided that at least 75 percent of the shares of the ship owning company or the bareboat charterer, as the case may be, belongs beneficially to Cypriot citizens and at least 75 percent of the Directors of such company are Cypriot citizens and its management and operations are directed and controlled from within Cyprus.
- (b) A vessel over 24 meters in length in this category, must comply with the provisions of paragraph 1(b) above.
- (c) A vessel less than 24 meters in length and over 15 years of age or over 24 meters in length, in this category, must pass a special inspection.
- (d) Owners of fishing vessels of any size and age, must submit, as a condition for the registration of such vessels, a declaration stating that they will abide at all times, by the prevailing government policy in respect of fishing, particularly as regards the preservation of protected species and the prohibition of the use of certain fishing equipment. Also, before engaging in any fishing activities while flying the Cyprus flag they should secure a

fishing license from the Department of Fisheries and Marine Research of the Ministry of Agriculture, Natural Resources and the Environment. Engagement of a vessel flying the Cyprus flag in fishing activities without a fishing license constitutes a breach of the conditions for its registration and warrants its deletion from the Cyprus Register.

As a consequence, since 1.1.2000 DMS will not register fishing vessels without the consent of the DFMR. DMS has entered the race for harmonization of the Cyprus legislation with that of the European Union. Greater emphasis is now given on the implementation of national legislation and of international Conventions. The administrative capacity of DMS is expanding continuously especially in the sector of inspections.

3. REGISTRATION

Responsibility for the development of maritime activities lies with the Ministry of Communications and Works. Its authority and jurisdiction are exercised through the Department of Merchant Shipping which is located in Limassol and administers the Cyprus Register of Ships established in 1963. The Department's activities include: registration of ships, administration and enforcement of the merchant shipping legislation, control of shipping and enforcement of international conventions, investigation of marine casualties, resolving labour disputes on board Cypriot ships, and training and certification of seafarers.

The administration of the Register of Cyprus Ships is governed by the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws, 1963 to 1996 which are based on the British Merchant Shipping Acts, 1894 to 1954. The Merchant Shipping (Masters and Seamen) Laws, 1963 to 1997 and the Merchant Shipping (Fees and Taxing Provisions) Laws, 1992 to 1999 are the other principal merchant shipping laws. The law governing companies is The Companies Law, Chapter 113 of the Statute Laws of Cyprus, as amended. This law is modelled on the United Kingdom Companies Act, 1948.

The Register of Small Fishing Vessels (<15 GT) established in 1971 is administered by the Department of Fisheries and Marine Research of the Ministry of Agriculture, Natural Resources and the Environment which is located in Nicosia.

A vessel may be registered in the CRS if more than one half of the shares of the ship are owned by:

- a Cypriot or
- a corporation established and operating under and in accordance with the laws of the Republic of Cyprus and having its registered office in the Republic or

- a corporation incorporated outside the Republic in which the controlling interest is vested in Cypriots (physical persons), if specially authorized by a decision of the Council of Ministers of the Republic.

In view of the above requirements, all non-Cypriot owners who wish to register their ships under the Cyprus flag they incorporate a company in Cyprus which will either acquire the ship in its name, or bareboat charter the ship.

Practice and custom have created a special type of Cyprus ship owning company which is limited by shares and has a nominal capital, usually CY£1.000 (one thousand Cyprus pounds) divided into 1.000 shares of CY£1 each.

In accordance with the Advocates Laws of Cyprus, only local lawyers are entitled to draft the necessary documents for the incorporation of Cypriot companies. Therefore, persons interested in registering a vessel under the Cyprus flag engage the services of a local lawyer who creates and represents a company.

The main types of vessel registration in Cyprus are provisional, permanent and parallel registration.

As of 1 January 2000, vessels of any size and type having an age not exceeding 15 years, except fishing vessels, may be registered in the Cyprus Register of Ships as long as they comply with the provisions contained in the merchant shipping legislation and the circulars of the Department of Merchant Shipping.

Vessels over 15 years of age, including fishing vessels, may be registered in the Cyprus Register of Ships under additional conditions, which must be fulfilled concurrently with the submission of the application for registration and must be complied with at all times while the vessel remains registered, irrespective of any subsequent transfer of ownership.

Parallel registration

Under Cypriot legislation parallel (bareboat) registration of vessels is possible. The legislation provides for the two forms of internationally accepted bareboat registration: 'Parallel-in' registration and 'Parallel-out' registration. These two options offer some very interesting opportunities for leaseback, hire purchase and finance arrangements. The administrative practice of the Department of Merchant Shipping has confirmed that the parallel (bareboat) registration of vessels under the Cyprus regime is possible with more than 20 States whose legislation is compatible with Cypriot legislation.

Under the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws, 1963-1996, Cypriot ships may be bareboat chartered to a foreign person

or company and registered 'parallel' in a foreign register for the duration of the charter party. This so called 'Parallel-out' registration allows the financing of a ship and her mortgaging under the Cyprus flag and her registration in a foreign registry through a bareboat charter arrangement.

The parallel-out registration of a Cypriot ship is possible if she is bareboat chartered to a foreign individual or corporation and the law of the country of the foreign registry allows the parallel registration of vessels of another registry, under prerequisite conditions similar to those set out for the parallel-in registration of ships in the Cyprus Register of Ships.

This type of registration is possible for Cypriot ships which are provisionally or permanently registered in the Cyprus Register of Ships. The parallel-out registration of a Cypriot ship must be approved by the Minister of Communication and Works.

The owner/bareboat charterer of a vessel registered under the Cyprus flag automatically undertakes that, whenever the Department of Merchant Shipping deems necessary, to have the vessel inspected by its own surveyors as a result of identified deficiencies or an alleged serious violation of international conventions. The owner/bareboat charterer is required to submit the vessel for inspection, at his expense, in order for the Department to determine whether the vessel meets the applicable statutory requirements. A number of classification societies are recognized to act on the Department's behalf (see [Annex III](#)).

There are detailed requirements for the registration of fishing and fish factory vessels of any age covering ownership, safety, fishing activities and hygiene (see above).

Mortgages

Once a ship has been registered under the Cyprus flag, a mortgage can be created thereby securing a loan or other financial obligations on conditions agreed to by the parties without the need for exchange control permission. The creation of a mortgage under Cypriot laws is not allowed on vessels registered parallel-in in the Cyprus Register of Ships.

A mortgage once created must be deposited with the Registrar of Cyprus Ships or with a consular officer on the instructions of the Registrar. Whether deposited with the Registrar or with a consular officer, the mortgage is recorded thereafter in the Register as from the date and hour of its deposit and remains an encumbrance on the vessel until discharged by the mortgagees. A mortgage may be created independently of whether the ship is provisionally or permanently registered.

If the ship on which a mortgage was created belongs to a Cypriot company, the mortgage will also have to be registered with the Registrar of Companies within a maximum period of 42 days after its creation. The mortgagee's security is protected in the case of liquidation of the ship owning company. Transfer of a mortgage may be affected by completing the statutory form of transfer and submitting it to the Registrar of Cyprus Ships or to a consular officer. The fees payable on transfer are the same as those for the registration of the mortgage on the ship.

In order to discharge a mortgage, a memorandum of discharge will need to be duly executed by the mortgagee. It will then have to be attested and delivered to the Registrar of Cyprus Ships or a consular officer on the instructions of the Registrar.

Fees and taxes

Although Cyprus has much to offer in terms of infrastructure and maritime administration ultimately the bottom line is costs. In terms of registration fees and taxes, Cyprus is considered to be among the most competitive shipping centres in the world. The fees listed below are lower than those of Cyprus' main competitors.

The fees are expressed in Cyprus Pounds (CY£1 = 100 cents). The average exchange rate is CY£1 = €1.7.

The **registration fees** are calculated as follows:

For vessels other than passenger ships

GROSS TONNAGE	CENTS
For each unit up to 5.000	10
For each additional unit between 5.001-10.000	8
For each additional unit over 10.000	4

The minimum fee is CY£125 and the maximum fee is CY£3.000

Corporation tax

Under Section 4 of the Merchant Shipping (Fees and Taxing Provisions) Laws 1992-2000, corporation tax on profits from the operation of a Cypriot registered vessel, or on dividends received from a ship owning company, is zero.

Tonnage tax

For vessels other than passenger ships the tonnage tax is calculated as follows:

$$\frac{(\text{BASIC CHARGE} + \text{GROSS TONNAGE INCREMENT}) \times \text{AGE MULTIPLIER}}{\text{AGE MULTIPLIER}}$$

The basic charge is CY£100 and the gross tonnage increment is calculated as follows:

GROSS TONNAGE	CENTS
For each unit up to 1.600	26
For each additional unit between 1.601-10.000	16
For each additional unit between 10.001-50.000	6
For each additional unit over 50.000	4

The age multiplier is shown below:

AGE *	SHIP RATE MULTIPLIER
Up to 10 years	0,75
11-20 years	1,00
Over 20 years	1,30

** This is calculated by taking the year in which the keel was laid and then deducting it from the year of assessment of the tonnage tax.*

Fees for the Registration, Transfers or Discharge of Mortgages

For the registration of transfer of a mortgage with the Registrar of Ships, the fees payable are calculated as follows:

GROSS TONNAGE	CENTS
For each unit up to 10.000	2
For each additional unit over 10.000	1

The minimum fee is CY£30

No specific fee is payable for the discharge of mortgages.

Fees for the Transfer of Ships

For the transfer of a ship to the ownership of another Cypriot company, the fees payable are calculated as follows:

GROSS TONNAGE	CENTS
For each unit up to 10.000	2
For each additional unit over 10.000	1

The minimum fee is CY£30

Fees for the Deletion of a Ship from the Register of Cyprus Ships

No fee is payable for deletion of ships. However, all other statutory fees and taxes due or in arrears at the time of the vessel's deletion should be paid.

Radio Station Fees

Licence to install and work a wireless telegraphy and/or telephony station on board	CY£10
Renewal of wireless telegraphy/telephony station licence	CY£10

The initial licence is valid for 1 year from the date of the provisional registration of the vessel under the Cyprus flag. The renewal fee becomes due on the date of expiry of the initial licence.

Other Fees

Examination of an application for the registration of a vessel in the Register of Cyprus Ships	CY£15
Examination of an application for change of the vessel's name	CY£15
Approval of the change of the vessel's name	CY£80
Issue of a provisional certificate of registry or a certificate of registry	CY£10
Granting of ship's carving and marking note	CY£10
Issue of transcript of registry	CY£10

For various other services or for the issue of certain certificates other minor fees are also payable.

Fees and Taxes Payable on Provisional Registration

The following fees and taxes are payable at the time of the provisional registration of a vessel:

- registration fees;
- tonnage tax for 6 months;
- fees for obtaining a licence to install and work a wireless telegraphy and/or telephony station;
- fee for the issue of the provisional certificate of Cyprus Registry.

These should be paid not later than the date on which the provisional registration of the vessel will be affected.

4. PROCEDURE FOR THE REGISTRATION OF FISHING VESSELS

Cypriot merchant shipping legislation allows for the provisional registration of a vessel (if at the time of registration the vessel is situated at a port outside the Republic and provided it was not a Cypriot ship) and most owners usually opt to have their ship provisionally registered first. This will allow them time (up to 9 months, including a 3 month extension) during which they will be able to complete the administrative formalities for permanent registration.

The application for registration of a ship under the Cyprus flag must be made by a local lawyer to the Minister of Communications and Works through the Registrar of Cyprus Ships. In practice, the Registrar will also accept the submission of applications for registration of ships on behalf of companies under formation, so that incorporation of the company and registration of the ship can progress simultaneously but the company must be duly incorporated prior to the registration of the vessel.

A ship may be provisionally registered under the Cyprus flag at any diplomatic mission or consular post of the Republic of Cyprus abroad (hereinafter referred to as 'consular officer') who will act on instructions issued by the Registrar of Cyprus Ships.

At the time of her provisional registration under the Cyprus flag a ship must be at a port outside the Republic so that she can be surveyed and certified on behalf of the Cypriot government. The presence of the ship at the port or place where the provisional registration will be affected is not necessary.

Application for Provisional Registration

In order to enable the Registrar of Cyprus Ships to initiate the procedure for the provisional registration of a ship, the following information is required:

- name of the vessel and her flag at the time of the application;
- name of the Cyprus corporation applying for the registration of the vessel;
- name of the vessel under which she will be registered;
- particulars of the vessel (type, year of built, gross and net tonnage);
- name of the classification society with which the ship is entered. If the owners of the vessel contemplate a change of the classification society on acquiring the vessel this should also be stated;
- intended trading area of the vessel;
- place where the vessel will be at the time of her provisional registration, if known. This must be communicated to the Registrar of Cyprus Ships prior to the provisional registration;
- name of the consular officer where the owners wish to effect the provisional registration of the vessel;
- name and address of the shareholders and directors of the Cypriot company in whose ownership the vessel will be registered.

Supporting Documentation/Information

The following documents/information must be forwarded to the Registrar of Cyprus Ships together with the application for the registration of the vessel, or must reach the Registrar on a later date soon thereafter but definitely prior to the dispatch of instructions for the provisional registration of the vessel under the Cyprus flag:

- memorandum and articles of association of the Cypriot company in whose ownership the vessel will be registered;
- certificate of incorporation of the company;
- certificate of shareholders of the company;
- certificate of directors and secretary of the company;
- confirmation of class (and / or a statement attesting to the class position of the vessel) from the head office of the classification society with which the ship is entered. This communication must also include a statement that the society is ready to proceed with the survey and certification of the vessel on behalf of the Cypriot government in accordance with the applicable requirements of SOLAS 74 as amended, LOADLINES 66, MARPOL 73/78 as amended, as well as in accordance with any other IMO codes or resolutions on safety or marine environment pollution prevention which may be applicable to her. It should be noted that any recommendations which may arise as a result of the said surveys must be dealt with. The societies have been instructed not to issue to Cypriot ships,

- at the time of provisional registration under the Cyprus flag, any statutory certificates which list outstanding recommendations of whatever nature;
- confirmation from the radio traffic accounting authority which will cover the vessel whilst under the Cyprus flag, that a contract has been signed between them and the owners of the vessel providing for the settlement of the ship's radio traffic accounts with the telecommunications authorities of the different countries which may serve her.

If the vessel has an age in excess of 15 years the additional requirements and/or conditions imposed by the Department of Merchant Shipping must be satisfied prior to her registration.

Instructions for Provisional Registration

The Registrar of Cyprus Ships will then proceed to instruct the consular officer to proceed with the provisional registration of the vessel, provided the following documents are deposited with him:

- resolution of directors of the Cypriot company resolving to acquire the vessel and register her in the Register of Cyprus Ships and the appointment of one or several attorneys who will appear before the consular office for matters concerning the registration of the ship;
- power of attorney empowering those concerned to attend matters concerning the registration such as the filing and signing of the bill of sale, the declaration of ownership (form MS.3), the memorandum of appointment of ship's husband (form MS.10) which must be executed pursuant to the above resolutions, under the common seal of the company. This must be signed by one or two directors (depending on the sealing provisions in the articles of association of the company) and must be either notarially attested or legalised by a Cyprus consular officer;
- declaration of ownership (form MS. 3);
- memorandum of appointment of ship's husband (form MS. 10);
- bill of sale whereby the ship is sold to the company, duly executed by her registered owners. The bill of sale must be certified by the consular authorities of the country of the previous registry;
- certificate of ownership and encumbrances from the ship's previous registry attesting that the ship is free of encumbrances and that she may be transferred to another registry;
- application for licence to install and work a wireless telegraphy and/or telephony station on board ship under the Cyprus flag (form MS.34).

Any of the documents set out above may also be deposited with the Registrar of Cyprus Ships at any time preceding the ship's provisional registration.

Completion of Provisional Registration

Provided that the appropriate fees have been paid and all the necessary documentation has been deposited either with the Registrar of Cyprus Ships or with any diplomatic mission or honorary consular officer of the Republic, the consular officer who has been instructed to carry out the ship's provisional registration will proceed to:

- issue a provisional certificate of the Cyprus Registry (form MS.5), which is valid for 6 months from the date of issue;
- issue a provisional radio licence;
- advise the vessel's classification society that it may proceed with the survey and certification of the vessel on behalf of the Cypriot government.

The ship owner must ensure that the ship does not leave the port where she is lying unless and until she has been duly surveyed and certificated by her classification society on behalf of the Cypriot government.

Extension of Provisional Registration

A 3 month extension of the ship's provisional registration may be obtained, provided the provisional certificate of Cyprus Registry has not expired and the appropriate extension fees have been paid. For this purpose an application has to be made by the local lawyer acting on behalf of the ship owning company to the Minister of Communications and Works through the Registrar of Cyprus Ships, requesting the extension of the ship's provisional registration.

In the said application, the Cyprus diplomatic mission or honorary consular officer to whom the provisional certificate of Cyprus Registry will be presented for extension should be stated. The Registrar of Cyprus Ships will consider the application and will proceed and instruct the consular officer indicated above to effect the necessary endorsement of the provisional certificate of the Cyprus Registry.

Permanent Registration

The permanent registration of a provisionally registered vessel must be affected within 9 months (if the 3 month extension has been obtained) from the date on which she was provisionally registered.

Application and Documentation

The following documents must be submitted to the Registrar of Cyprus Ships:

- application for permanent registration made by the local lawyer acting on behalf of the ship owning company to the Minister of Communications and Works through the Registrar of Cyprus Ships, requesting the permanent registration of the vessel in the Register of Cyprus Ships;
- certificate of deletion of the vessel from the previous register or certificate of cancellation of registry or closed transcript of registry, if this was not filed at the time of provisional registration;
- copy of the agreement signed with the vessel's radio traffic accounting authority;
- copies of the ship's statutory certificates, i.e.
 - cargo ship safety construction*
 - cargo ship safety equipment*
 - cargo ship safety radio*
 - international load lines certificate (1966)*
 - international oil pollution prevention*
 - international noxious substances pollution prevention*
 - passenger ship safety*
 - certificate of fitness*
 - as these apply to the ship's size and type;*
- certificate of survey (form MS.1 or MS.1A);
- Cyprus tonnage certificate (form MS.12, or MS12A or MS.12B);
- international tonnage certificate (1969) (form MS.12C);
- duly verified ship's carving and marking note (form MS.32).

If the vessel exceeds 15 years of age the applicable requirements or conditions under which her registration has been approved should be complied with.

5. FISHING AUTHORIZATIONS AND FLAG STATE CONTROL OVER FISHING VESSELS

Obligation to obtain a fishing licence

As mentioned above, in the year 2000 the fisheries law and regulations were amended. In broad terms, the amendments impose the obligation on all Cyprus flag fishing vessels to be furnished with a fishing licence, establish the criteria for the granting of licences, put the basis for the creation of a fishing vessel register and a vessel monitoring system and promote the concept of the genuine link of the fishing vessel with the flag state.

As stated above, until the year 2000, only vessels fishing within the territorial waters of the Republic of Cyprus were required to obtain a ***fishing licence*** from the Department of Fisheries and Marine Research (DFMR). With the new provisions of the Law, all vessels flying the Cyprus flag which are

engaged in fishing activities, irrespective of their length and of the fishing area they operate, are required to obtain a fishing licence issued by DFMR. Furthermore, this licence constitutes a prerequisite, in order to obtain a **fishing permit** from another State or International Organization. However, Cyprus vessels registered parallel-out in a foreign register, on the basis of a bareboat charter arrangement and flying the flag of the country of the foreign register, are exempted from the obligation to have a fishing licence issued by the Cypriot authorities, as long as they remain registered parallel-out and fly the flag of the foreign register.

According to section 3(2) of the Law as amended, a fishing licence is issued provided the Director is satisfied that the following conditions are fulfilled:

(a) (i) More than one half of the shares of the vessel are beneficially owned by a Cypriot citizen and/or by a Cypriot legal person, provided that at least 51% of the shares of such a legal person belongs beneficially to Cypriot citizens and at least 50% of its Directors are Cypriot citizens; or

(ii) In case the vessel is registered in the Register of Cyprus Ships and flies the Cyprus flag by virtue of sections 23 C and 23 D of *the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws 1963- 1996*, or it is registered under a foreign flag, its charterer is a Cypriot citizen and/or a Cypriot legal person, provided that at least 51% of the shares of such a legal person belongs beneficially to Cypriot citizens and at least 50% of its Directors are Cypriot citizens.

(b) In the case of vessels exceeding 20 years of age, the above required shareholding percentages are increased to 75%.

(c) The vessel's management and operations are directed and controlled from within the territory of the Republic of Cyprus.

The above three prerequisite conditions must be **continuously complied with**, from the date of issue, until the date of expiration of the licence. If any one of these three conditions ceases to be fulfilled, the Director must be consequently informed within 15 days, and upon that, he has the right to terminate the validity of the licence. In case the Director is not informed within the 15 days period, the licence is deemed suspended (section 3(3) of the Law as amended).

According to the new legislation, Cyprus flag vessels are entitled to carry fishing operations in areas which are under the exclusive jurisdiction of a foreign State or of an International Organization, provided that they are concurrently furnished with both a **fishing permit** issued by the foreign State or the International Organization and a fishing licence issued by the Cypriot authorities.

Furthermore, according to new section 4A of the Law as amended, the owner, or in the case of a lease (chartering), the operator (charterer) of the vessel, for which a **fishing permit** has been issued by a foreign State or by an International Organization, is required to inform in writing of this permit, the Director of DFMR within 30 days from the date of its issue (a photocopy of the fishing permit must be produced). In case the Director realizes that he was not informed in time as required above, he may refuse to renew the fishing licence of the vessel concerned.

Penalties

Any person using a vessel flying the Cyprus flag in fishing activities without a fishing licence or with a fishing licence whose prerequisite conditions are not **fulfilled at all times**, and the owner of such vessel, or in case of a lease (chartering), its operator (charterer), shall be guilty of an offence and shall on conviction be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding 10.000 Cyprus pounds or to both such imprisonment and fine .In this respect, the existence of fishing gear on board the vessel constitutes a *rebuttable presumption* that the vessel is used for the purpose of catching fish (section 3 (5) of the Law as amended).

No fishing permit may be requested and/or obtained, unless the vessel is already furnished with a fishing licence issued by DFMR. The penalties for this contravention are the same as those above.

Record of fishing vessels

With the latest modifications to the fisheries legislation and the policy for registration there is a tight control as to which vessels are registered in the CRS. The DMS continues to do the actual registration but only with DFMR's consent which is responsible for the newly created Fishing Vessel Register which is going to be run according to the EU regulations. Such consent is only given when it does not violate the EEC regulations related to the Fishing Vessel Register.

According to article 6 of the Registration Law, a vessel can be deleted from the CRS for a number of reasons especially when it violates the law and regulations concerning registration. Recently, it has been decided to modify this article and include another reason for loss of nationality which refers to violation or breach of legislation concerning the activity of the vessel. In other words, fishing vessels can be stricken off the CRS if they violate fishing regulations and especially if they fish without a fishing licence.

Recent registrations concerned only Cypriot fishing vessels. However, foreign fishing vessels (usually of Russian ownership) are seeking registration. These vessels normally possess a fishing permit from their own country but would like to be registered in the CRS in order to benefit from mortgages, loans,

etc. These foreign fishing vessels are obliged to be simultaneously registered parallel-out.

It is noted that Cypriot vessels registered parallel-out must hoist the flag of the foreign registry and cannot use the Cyprus flag. Also the port of registry marked on the stern of the vessel must be that of the foreign registry.

Transfers of ownership and any transactions affecting mortgages (i.e. creation, registration, transfer and discharge) on Cypriot ships registered parallel-out are exclusively governed by Cypriot legislation and no action in relation to these matters may be taken by the foreign registry.

Entries made in the Cyprus Register of Ships regarding transfers of ownership or mortgages on Cypriot ships registered parallel-out are only notified by the Registrar of Cyprus Ships to the foreign registry.

Ratification of international conventions

Cyprus has ratified the major international conventions on maritime safety, prevention of pollution of the sea, training, certification and watch keeping of seafarers and limitation of ship owners' civil liability in case of oil pollution damage and conventions on maritime labour. [Annex IV](#) provides a list of the treaties to which the Republic is a contracting party and for which the International Maritime Organization and the International Labour Organisation are the depositories.

Cyprus is also party to the Convention on the High Seas, 1958 and the United Nations Convention on the Law of the Sea, 1982 as well as to the following Fisheries Conventions: General Fisheries Commission for the Mediterranean, International Convention for the Conservation of Atlantic Tunas, The FAO Compliance Agreement and the UN Straddling fish stocks on high seas.

Manning

Officers and ratings serving on board Cyprus flag ships are not required to hold any license or certificate issued by the Cypriot government, permitting them to perform duties on board. They must, however, be in possession of an appropriate, recognised and valid certificate of competency for the post they hold on board. A list of states whose certificates of competency have been recognised by Cyprus is found in [Annex V](#).

Provisions in the Republic's merchant shipping legislation stipulate that 15 percent of the crew of a Cypriot ship must be Cypriot. However, due to the limited availability of Cypriot seamen, crew members may be of any nationality but must

be holders of certificates of competency issued by one of the countries whose certificates of competency Cyprus has recognised.

Recent developments

Upon the insistence of the DFMR, the issue of whether the registration of foreign fishing vessels at all should be allowed is now debated. DFMR insists that fishing vessels should not be included in the CRS irrespective of the fact of flying a Cyprus flag or not. The argument is that presence of such vessels in the CRS may eventually create problems.

The Cyprus Government is now ready to sign a contract with a private firm for the installation of a vessel monitoring system through satellite. According to new regulations being promoted to Parliament, all vessels bigger than 15 metres and all those vessels irrespective of size which fish outside territorial waters must install a blue box on board so that they can be tracked by the system.

Finally, it must also be mentioned that in the framework of the harmonization of Cypriot legislation with the European acquis, a considerable number of laws were enacted by Parliament. Some of them concern new legislation and others modify existing legislation. Some of these laws have not yet entered into force (see [Annex VI](#)).

ANNEX I**Bilateral Agreements on Merchant Shipping between the Government of the Republic of Cyprus and Governments of other States**

The aim of these agreements is to promote friendly relations between Cyprus and other countries, explore areas of cooperation related to shipping which could benefit the economic development of both countries, and facilitate seaborne trade and employment of seamen. Agreements with the following states are in force:

- Bulgaria
- India
- Lithuania
- People's Republic of China
- Philippines
- Poland
- Romania
- Russia
- Sri Lanka
- Syria

Agreements with Algeria, Cuba and Latvia have been signed and will enter into force soon. Agreements with Egypt, Iran, Estonia, Hungary and Thailand, have been initialled and their signature is pending. The existing agreements with Poland, Philippines, Romania and Sri Lanka have been amended.

Most of these agreements contain provisions for the employment of qualified seamen from these countries on Cypriot ships.

ANNEX II**Double Tax Treaties**

Cyprus has concluded a number of treaties whose main purpose is the avoidance of double taxation of income earned in any of the countries concerned. Treaties with the following states are in force:

- Austria
- Belarus
- Belgium
- Bulgaria
- Canada
- China
- CIS**
- Czech Republic
- Denmark
- Egypt
- France
- Germany
- Greece
- Hungary
- India
- Ireland
- Italy
- Kuwait
- Malta
- Mauritius
- Norway
- Poland
- Romania
- Russia
- Singapore
- Slovakia
- Slovenia
- South Africa
- Sweden
- Syria
- Thailand
- UK
- USA
- Yugoslavia
- *All the treaties refer to those which have been ratified.*
- *** Includes Armenia, Azerbaijan, Kyrgyzstan, Moldova, Tajikistan, Ukraine, Uzbekistan but excludes Belarus, Kazakhstan, Russia and Turkmenistan*

ANNEX III

Classification Societies Recognised by the Government of Cyprus

- American Bureau of Shipping (ABS)
- Bureau Veritas (BV)
- China Classification Society (CCS)
- Cyprus Bureau of Shipping (CBS)**
- Det Norske Veritas (DNV)
- Germanischer Lloyd (GL)
- Hellenic Register of Shipping (HRS)
- Korean Register of Shipping (KRS)
- Lloyd's Register of Shipping (LRS)
- Nippon Kaiji Kyokai (NKK)
- Polski Rejestr Statkow (PRS)**
- Registro Italiano Navale (RINA)
- Registrul Naval Roman (RNR)**
- Russian Maritime Register of Shipping (RS)

** will no longer be recognized. CBS only for boats up to 500 tons.

Classification Societies authorised to carry out assessment, auditing, verification and certification of safety management system, on behalf of the Government of the Republic of Cyprus

- American Bureau of Shipping (ABS)
- Bureau Veritas (BV)
- Det Norske Veritas (DNV)
- Germanischer Lloyd (GL)
- Lloyd's Register of Shipping (LRS)
- Nippon Kaiji Kyokai (NKK)
- Registro Italiano Navale (RINA)
- China Classification Society (CCS)*
- Hellenic Register of Shipping (HRS)*
- Korean Register of Shipping (KRS)*
- Russian Maritime Register of Shipping (RS)*

* *Restricted conditions*

ANNEX IV**International Conventions for which the International Maritime Organization performs Depositary Functions and to which the Republic of Cyprus is a Contracting Party**

- International Convention for the Safety of Life at Sea, 1974 as amended (SOLAS 74 as amended)
- Protocols to the International Convention for the Safety of Life at Sea, 1974, as amended (SOLAS PROT 1978 as amended SOLAS PROT 1988)
- Convention on the International Regulations for Preventing Collisions at Sea, 1972, as amended (COLREG 72 as amended)
- International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 thereto (MARPOL 73/78 as amended) (Annexes I, II and V)
- International Convention on Load Lines, 1966 (LL 1966)
- Protocol of 1988 relating to the International Convention on Load Lines, 1966 (LL PROT 1988)
- International Convention on Tonnage Measurement of Ships, 1969 (TONNAGE 1969)
- International Convention on Civil Liability for Oil Pollution Damage, 1969 (CLC 1969)
- Protocols to the International Convention on Civil Liability for Oil Pollution Damage, 1969 (CLC PROT 1976, CLC PROT 1992)
- Special Trade Passenger Ships Agreement, 1971 (STP 1971)
- Protocol on Space Requirements for Special Trade Passenger Ships, 1973 (SPACE STP 1973)
- International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971 (FUND 1971)
- Protocols to the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971 (FUND PROT 1976, FUND PROT 1992)
- International Convention on Standards of Training, Certification and Watch keeping for Seafarers, 1978 as amended (STCW 1978 as amended including 1995 amendments)
- Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matters, 1972, as amended (LDC 1972)
- Convention on the International Maritime Satellite Organization (INMARSAT) as amended (INMARSAT C)
- Operating Agreement on the International Maritime Satellite Organization (INMARSAT) as amended (INMARSAT OA)
- International Convention on Maritime Search and Rescue, 1979 (SAR 1979)
- International Convention for Safe Containers, 1972 (CSC 1972)
- Convention for the Suppression of Unlawful Act Against the Safety of Maritime Navigation and its Protocol, 1988 (SUA 1988)

International Maritime Labour Conventions for which the International Labour Organization performs Depository Functions and to which the Republic of Cyprus is a Contracting Party

- Convention Fixing the Minimum Age for Admission of Young Persons to Employment as Trimmers or Stokers, 1921 (Convention No. 15).
- Convention Concerning the Compulsory
- Medical Examination of Children and Young Persons Employed at Sea, 1992 (Convention No. 16)
- Convention Fixing the Minimum Age for the Admission of Children to Employment at Sea, Revised 1936 (Convention No. 58)
- Convention Concerning the Repatriation of Seamen, 1926 (Convention No. 23)
- Convention Concerning Crew Accommodation on Board Ships, Revised 1949 (Convention No. 92)
- Convention Concerning Minimum Standards in Merchant Ships, 1976 (Convention No. 147).

ANNEX V**Certificates of Competency Recognized by the Government of
the Republic of Cyprus**

- Argentina
- Australia
- Belgium
- Bulgaria
- Canada
- Chile
- China (Hong Kong SAR)
- Colombia
- Croatia
- Cuba
- Czech Republic
- Denmark
- Egypt
- Finland
- France
- Germany
- Greece
- Hungary
- Iceland
- India
- Indonesia
- Israel
- Italy
- Japan
- Latvia
- Liberia
- Malaysia
- Maldives
- Myanmar (Burma)
- Netherlands
- New Zealand
- Norway
- Pakistan
- Philippines
- Poland
- Portugal
- Republic of
Ireland
- Republic of
Korea
- Romania

- Russia
- Singapore
- Spain
- Sri Lanka
- Sweden
- Turkey
- Ukraine
- United Kingdom
- United States of America

NOTE: The certificates of competency issued by the former states of the USSR and Yugoslavia are also recognised.

ANNEX VI

RECENT LEGISLATION

1. The Merchant Shipping (Safe Manning, Hours of Work and Watch keeping) Law of 2000 (Law 105(I)/2000). (Gazette No. 3419, Supplement I (I), dated 14.7.2000).
2. The Merchant Shipping (Criminal and Disciplinary Liability of Seafarers, Suspension or Cancellation of Certificates) Law of 2000 (Law 106(I)/2000). (Gazette No. 3419, Supplement I(I), dated 14.7.2000).
3. The Merchant Shipping (Medical Examination of Seafarers and Issue of Certificates) Law of 2000 (Law 107(I)/2000). (Gazette No. 3419, Supplement I(I), dated 14.7.2000).
4. The Merchant Shipping (Registration of Seafarers and Seafarers' Register) Law of 2000 (Law 108(I)/2000). (Gazette No. 3419, Supplement I (I), dated 14.7.2000).
5. The Merchant Shipping (Issue and Recognition of Certificates and Marine Training) Law of 2000 (Law 109(I)/2000). (Gazette No. 3419, Supplement I (I), dated 14.7.2000).
6. The Control of State Aid Law of 2001 (Law 30(I)/2001). (Gazette No. 3481, Supplement I(I), dated 16.3.2001)*.
 - (a) The Control of State Aid (Amendment) Law of 2001 (Law 122(I)/2001).(Gazette No. 3518, Supplement I(I) , dated 27.07.2001).
 - (b) The Control of State Aid (Amendment) Law of 2002 (Law 139(I)/ 2002). (Gazette No. 3624, Supplement I (I) ,dated 19.07.2002).
 - (c) The Control of State Aid (Amendment) Law of 2003 (Law 10(I)/ 2003). (Gazette No. 3679, Supplement I (I) ,dated 31.01.2003).
7. The Merchant Shipping (Recognition and Authorization of Organizations) Law of 2001 (Law 46(I)/2001). (Gazette No. 3487, Supplement I (I), dated 6.4.2001). (*Not yet in force*)
8. The Merchant Shipping (Port State Control) Law of 2001 (Law 47(I)/2001). (Gazette No. 3487, Supplement I (I), dated 6.4.2001). (*Not yet in force*)
9. The Merchant Shipping (Marine Equipment) Law of 2002 (Law 55(I)/2002) (Gazette No.3608, Supplement I (I), dated 31.05.2002). (*Not yet in force*)
10. The Merchant Shipping (Harmonised Safety Regime for Fishing Vessels of 24 Metres in Length and Over) Law of 2002 (Law 56(I)/2002) (Gazette No. 3608, Supplement I (I), dated 31.05.2002). (*Not yet in force*)

- 11.** The Merchant Shipping (Registration of Persons Sailing on Board Passenger Ships) Law of 2002 (Law 57(I)/2002). (Gazette No.3608, Supplement I (I) ,dated 31.05.2002). *(Not yet in force)*
- 12.** The Merchant Shipping (Safety Rules and Standards for Passenger Ships) Law of 2002 (Law 58(I)/2002). (Gazette No.3608, Supplement I (II), dated 31.05.2002.) *(Not yet in force)*
- 13.** The Merchant Shipping (Mandatory Surveys for the Safe Operation of Regular Ro-Ro Ferry and High Speed Passenger Craft Services) Law of 2002 (Law 59(I)/2002).(Gazette No. 3608, Supplement I(I), dated 31.05.2002.) *(Not yet in force)*
- 14.** The Radio communications Law of 2002 (Law 146(I) / 2002). (Gazette No.3626, Supplement I (I), dated 26.07.2002)
- (a) The Radio communications (Amendment) Law of 2003 (Law 15(I) / 2003) (Gazette No.3679, Supplement I (I), dated 31.01.2003).
- (i) The Radio communications (Tendering Procedures and Negotiations) Regulations of 2002. (Gazette No.3629, Supplement III (I), dated 09.08.2002, P.I. No. 382/2002).
- (ii) The Radio communications (Individual Licenses) Regulations of 2003. (Gazette No.3679, Supplement III (I), dated 31.01.2003, P.I. No. 77/2003).
- (iii) The Radio communications (Radio equipment) Regulations of 2003. (Gazette No.3679, Supplement III (I) ,dated 31.01.2003 ,P.I. No. 78/2003).
- (iv) The Radio communications (Fees) Regulations of 2003. (Gazette No.3679, Supplement III (I) ,dated 31.01.2003 ,P.I. No. 79/2003).
- (v) The Radio communications (General Authorisations) Regulations of 2003. (Gazette No.3679, Supplement III (I) ,dated 31.01.2003 ,P.I. No. 80/2003).
- (vi) The Radio communications (Tendering Procedures and Negotiations) (Amendment) Regulations of 2003. (Gazette No.3679, Supplement III (I),dated 31.01.2003 ,P.I. No. 81/2003).
- 15.** The Merchant Shipping (Minimum Safety and Health Requirements for Work on Board Fishing Vessels) Law of 2002 (Law 160(I) 2002).(Gazette No. 3629,Supplement I(I) ,dated 09.08.2002.)
- 16.** The Merchant Shipping (Minimum Requirements of Medical Treatment on Board Ships) Law of 2002 (Law 175(I)/2002).(Gazette No.3638,Supplement I(I),dated 27.09.2002) .