

GUIDANCE NOTE 01/2023 (Rev 1)

FLAG STATE PERFORMANCE (2021 – 2022)

To: OWNERS, MANAGERS AND MASTERS OF CAYMAN ISLANDS SHIPS

1. BACKGROUND

- 1.1 As per the IMO Instruments Implementation Code (III Code) a Flag States is encouraged on a periodic basis to evaluate its performance.

2. FLAG STATE PERFORMANCE REPORT

- 2.1 The attached report reviews the following aspects of performance across the Cayman Islands Shipping Registry (CISR) fleet:
- Overall Flag State performance;
 - Overall Port State performance of the Cayman Islands ships;
 - Deficiencies from inspections of Cayman Islands merchant ships; and
 - Deficiencies from inspections of Cayman Islands yachts.
- 2.2 Additionally, the CISR's standing in the latest International Chamber of Shipping Flag State Performance Table is covered
- 2.3 Annual reports on accidents and incidents, seafarer complaints and other welfare issues reported to the Maritime Authority of the Cayman Islands (MACI) are published on our website www.cishipping.com

The Cayman Islands Shipping Registry

Flag State Performance 2021 to 2022 – Results of Inspections

1. Introduction

As per the IMO Instruments Implementation Code (III Code) a Flag State is encouraged to evaluate its performance on a periodic basis.

Annual reports on accidents and incidents, seafarer complaints and other welfare issues reported to the Maritime Authority of the Cayman Islands (MACI) are published on our website www.cishipping.com.

The purpose of this annual report is to review the following: -

- Overall Flag State performance
- Overall Port State performance of the CISR fleet
- Deficiencies from inspections of CISR merchant ships
- Deficiencies from inspections of CISR yachts

As of 31 December 2022, the CISR fleet was approximately 5 million GT and approximately 2,300 units. The fleet comprises of more than 2,000 yachts and 123 merchant ships. Out of these yachts approximately 533 large yachts are certified as compliant with the Red Ensign Group (REG) Yacht Code, on a mandatory basis for commercial use or on voluntary basis; these are hereafter referred to as 'coded yachts'.

Most statutory audits, surveys, and inspections of *merchant ships* in the CISR fleet are fully delegated to Recognized Organizations (ROs) when the vessels meet our eligibility criteria and maintain their 'low risk' status. This enhanced delegation arrangement is supplemented by dynamic risk ranking from PSC performance, periodic Flag State inspections of all the vessels, and ISM Company audits. In addition, as part of our RO monitoring programme, Classification Society records are reviewed.

CISR carry out annual Yacht Code surveys on all *coded yachts*; only in exceptional circumstances are they delegated to ROs.

2. IMO III Code Audit

In 2021 the International Maritime Organization (IMO) audited the UK and the wider Red Ensign Group (REG) against the IMO Instruments Implementation (III) Code. The audit revealed just two findings, when the average tends to be in double figures, and best practice in several areas. The REG clearly demonstrated that we take our international obligations very seriously.

3. International Chamber of Shipping (ICS) - Flag State Performance Table

As per the latest ICS [Flag State Performance 2021/2022 Report](#) CISR has ‘positive performance indicators’ in all the monitored areas: PSC, ratification of major international maritime treaties, the use of Recognised Organisations in compliance with IMO’s RO Code, age of fleet, Reporting Requirements, attendance at IMO meetings and IMO Member State Audit. As an indicator, the table positively identifies flags that are in compliance with International Labour Organisation (ILO) reporting obligations, as well as flags confirmed by the IMO to have communicated information demonstrating that full and complete effect is given to the relevant provisions of the STCW Convention.

 indicates that flag state has an ICS member national shipowners association  squares suggest positive performance indicators	Port State Control				Ratification of Conventions								A.739	Age	Reports		IMO		
	Paris MOU White List	Not on Paris MOU Black List	Tokyo MOU White List	Not on Tokyo MOU Black List	USCG Qualship 21	USCG Target List (safety)	SOLAS 74 (and 88 Protocol)	MARPOL including Annexes I - II	MARPOL Annexes III - VI	LL 66 (and 88 Protocol)	STCW 78	ILO MLC	CLC/FUND 92	Recognized Organizations	Low Average Age (Ship Numbers)	On latest STCW 95 'White list'	Completed full ILO Reports	IMO Meetings Attendance	IMO Audit Scheme
-Cayman Islands *																			

4. Port State Control (PSC) Performance - General

With the support and shared quality values of our shipowners, ship managers and crew, CISR has achieved ‘Whitelist’ and ‘Low Risk’ status in all the major MoUs on Port State Control, including the USCG Qualship 21 programme. Over the years CISR flag-in procedures and criteria have been developed, and will be further amended as necessary, to mitigate the risk of registering ships which might negatively impact on our PSC ranking. But more importantly to safeguard against unfair treatment of seafarers, and non-compliance with the highest environmental and safety standards.

It should be remembered that detentions not only increase the MoU’s risk ranking of the Flag State it increases the MoU’s risk ranking of the ISM Company such that other vessels in their fleet will be at a higher risk of a PSC inspection.

Whenever a vessel is detained, or a single PSC inspection raises more than 5 deficiencies, or when more than 8 deficiencies are raised from all PSC inspections in a 12-month period, the Company is required to undertake a detailed root cause analysis and present a corrective action plan (CAP) for acceptance. Should the CAP prove not to be effective in eliminating deficiencies (raised by PSC, Flag State or the RO) the vessel’s risk ranking is increased and additional flag state inspections will be required until the low risk rating is restored.

CISR’s quality objectives use the same PSC regions (i.e, Paris, Tokyo and US) as the ICS Flag State Performance as an indicator.

For these key PSC regions, the detention results over the last 3-year period are as follows: -

Detentions		Paris MoU	Tokyo MoU	USCG
2020	Merchant Vessels	0	0	0
	Commercial Yachts	0	0	0
2021	Merchant Vessels	1	1	0
	Commercial Yachts	1	0	0
2022	Merchant Vessels	0	0*	0
	Commercial Yachts	3	0	0
	Pleasure Yachts	0	0	1

Paris MoU – Merchant Ships

During 2021-2022, 52% of inspection resulted in a deficiency being raised at an average of 1.2 per inspection. In 2020 the figures were 34% and 1.2, respectively.

The detention in 2021 was related to SEA/CBA extension (required due to repatriation challenges during the Covid-19 pandemic) not being properly managed. Several other vessels from other flags were detained at the same port for similar reasons. This reinforced the importance of a clear Seafarer Repatriation Plan before the term of an SEA or CBA is extended. In response to the above CISR issued clear guidance to the fleet to prevent a re-occurrence.

Tokyo MoU -Merchant Ships

During 2021-2022, 50% of inspections resulted in a deficiency being raised at an average of 1.2 per inspection. In 2020 the figures were 44% and 1.2, respectively.

The detention in 2021 was largely due to Flag State instructions on sailing short-handed manning, as per reverse of MSMD, not being followed. The instructions require adjustments to Muster List and Schedule of Hours of Work.

* In 2022 one vessel was detained but it was successfully appealed.

Paris MoU – Commercial Yachts

During 2021-2022, 30% of inspections resulted in a deficiency being raised at an average of 0.8 per inspection. In 2020 the figures were 36% and 0.8, respectively.

The detention in 2021 revealed failings in the effective implementation of the safety management system such as crew familiarisation, emergency preparedness, and maintenance of equipment, following a period of lay-up. A detention due to similar circumstances (i.e. a hurried re-activated post layup) occurred on 2022 and in response CISR have provided clearer instructions to their surveyors as to when certificates can be endorsed following a survey.

The other two detentions in 2022 were the result of not being properly prepared with high level certification and documentation, which is a trigger for a PSC expanded inspection. In both cases crew documentation was not in order. It is imperative that manning is as per the MSMD unless a temporary reduced manning has been formally agreed, all officers with STCW certificates to have a CISR endorsement and originals of all certificates to be kept onboard.

In response to the increase in PSC detentions, several measures have been taken by CISR to attempt to reverse the trend; see section 4. 'Shipping Notices, Guidance Notices and Alerts'. Port Authority concerns relating to events whilst alongside side or at anchor and under their jurisdiction have also been addressed.

Tokyo MoU – Commercial Yachts

During 2021-2022, 50% of inspections resulted in a deficiency being raised at an average of 0.5 per inspection. In 2020 no inspections were held. However, the sample size is very small since during 2021-2022 only 2 yachts were inspected and in 2019 the figure was just 5.

USCG – Merchant Ships

In 2021, 14% of inspections resulted in a deficiency being raised; in 2020 the figure was 12%.

USCG -Commercial Yachts

Limited data; no foreign flagged commercial yachts can engage in coastwise trade.

The detention of a pleasure yacht (private use) was for not having a valid oil and air pollution prevention certificates onboard. It was also issued with a Code 17 deficiency (to be rectified prior to departure) for not having a Cargo Ship Safety Equipment, Cargo Ship Safety Certificate, or Yacht Code flag state certificate in accordance with [USCG CVC Policy Letter 15-04](#).

5. Shipping Notices, Guidance Notices, Safety Flyers

In 2021 guidance notices were dominated by the operational challenges during the Covid-19 pandemic, notably ship certification, crew certification and employment contract extensions.

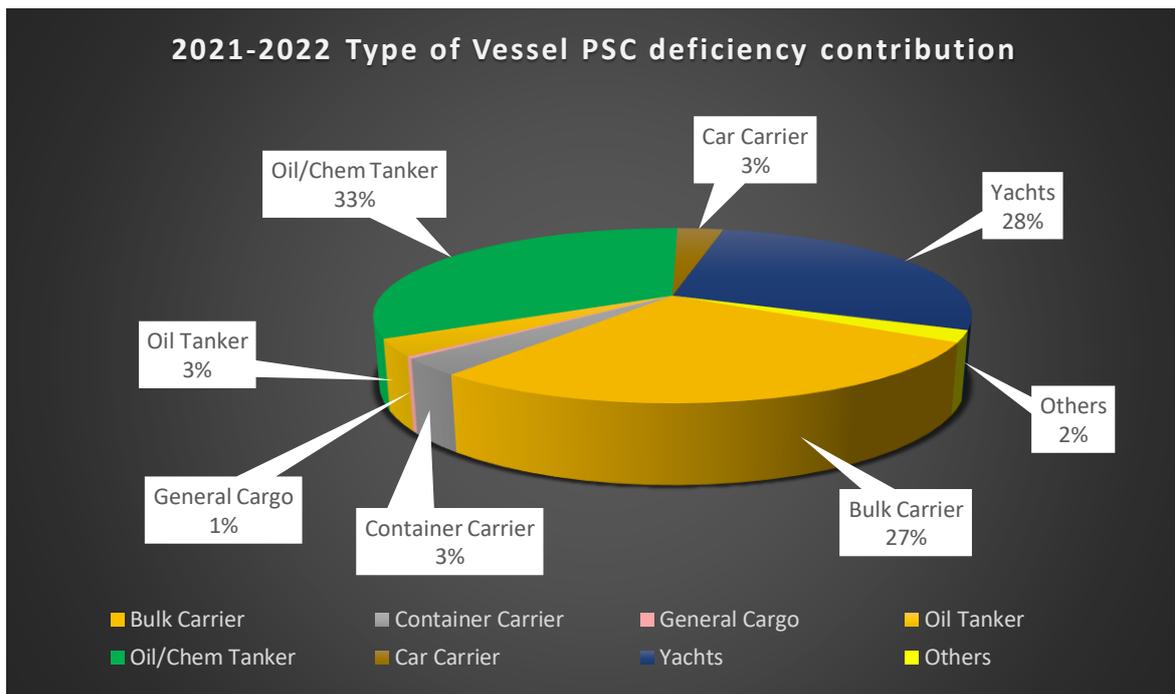
In 2022 the focus was averting further PSC interventions on yachts when issues arose during the year. This led to the following guidance notices to be issued: -

- Certification of Vessels of 300GT and above operating in US Navigable Waters and elsewhere [CIGN 08/2022 Rev 1](#)
- Television Shows on Large Yachts [CIGN 07/2022 Rev 1](#)
- Reduced Manning on Commercial Yachts in Port [CIGN 06/2022 Rev 1](#)
- The Carriage of Additional Guests on Yachts [CIGN 04/2022 Rev 1](#)
- Seafarer Rest and Fitness for Duty [CIGN 03/2022 Rev 1](#)

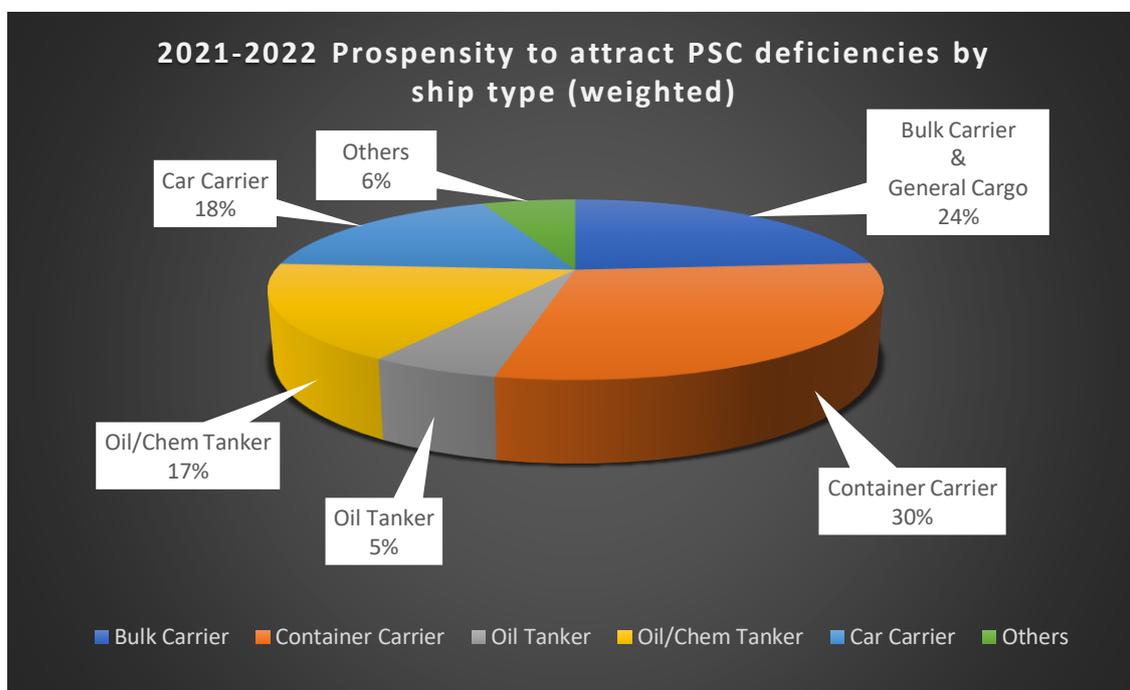
Additionally, CISR has sent out a flyer to the large yacht industry on [Port State Control and Commercial Yachts](#) with a 'pre-port Arrival PSC Checklist'. It also advises that Commercial Yachts <500GT without shoreside technical management can request a free remote video call with a CISR yacht specialist to run through the checklist and assist with compliance. CISR will also contact commercial yachts <500GT in PSC hotspots for some pre-season documentation checks moving forward.

No safety flyers, following accidents or incidents, were issued in 2021 to 2022.

In 2021 and 2022, across the CISR fleet, the most deficiencies were attributed to Oil/Chemical Tankers, Bulk Carriers and Yachts.

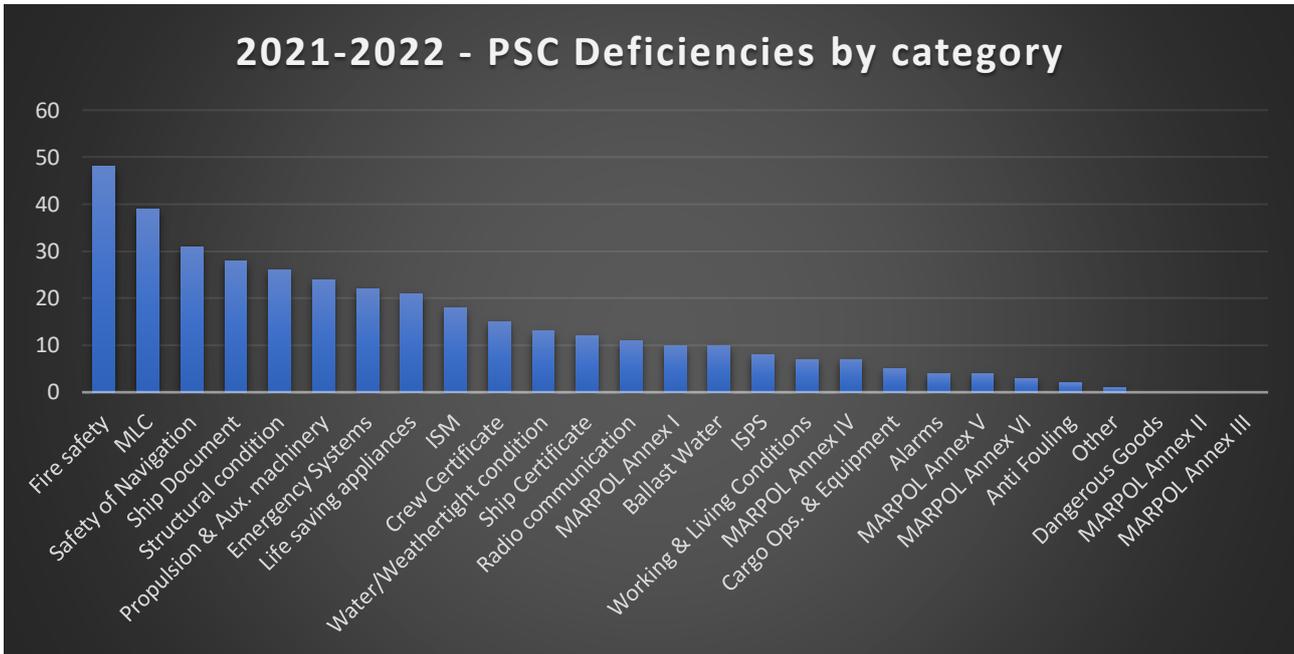


As mentioned in the introduction, CISR surveyors are normally attending yachts on an annual basis and due to their propensity to attract PSC deficiencies there are no plans to fully delegate this work to our ROs. If yachts are removed from the data, and it is 'weighted' for the number of ships in each merchant ship sector, it is evident that that Container Ships, Bulk Carriers and General Cargo ships seem the highest risk ships in terms of propensity to attract deficiencies.

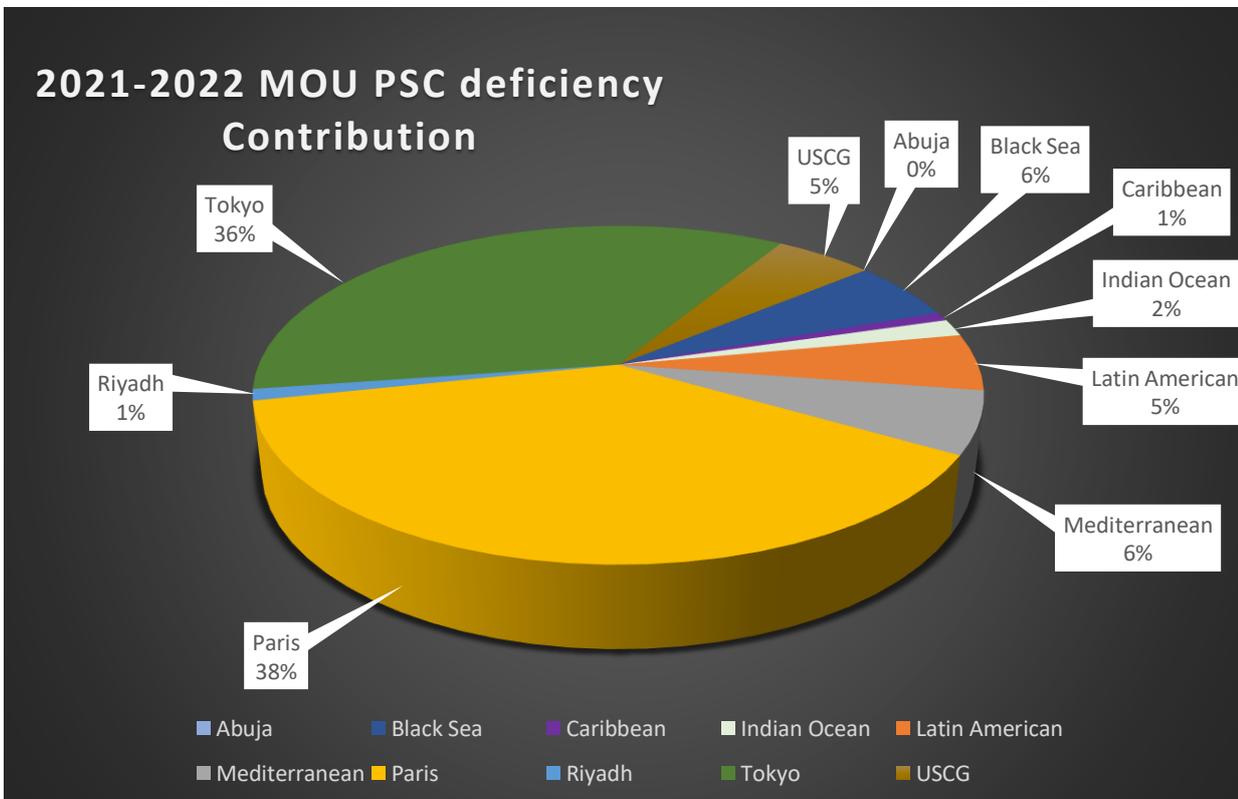


6. PSC Performance - Merchant Ships

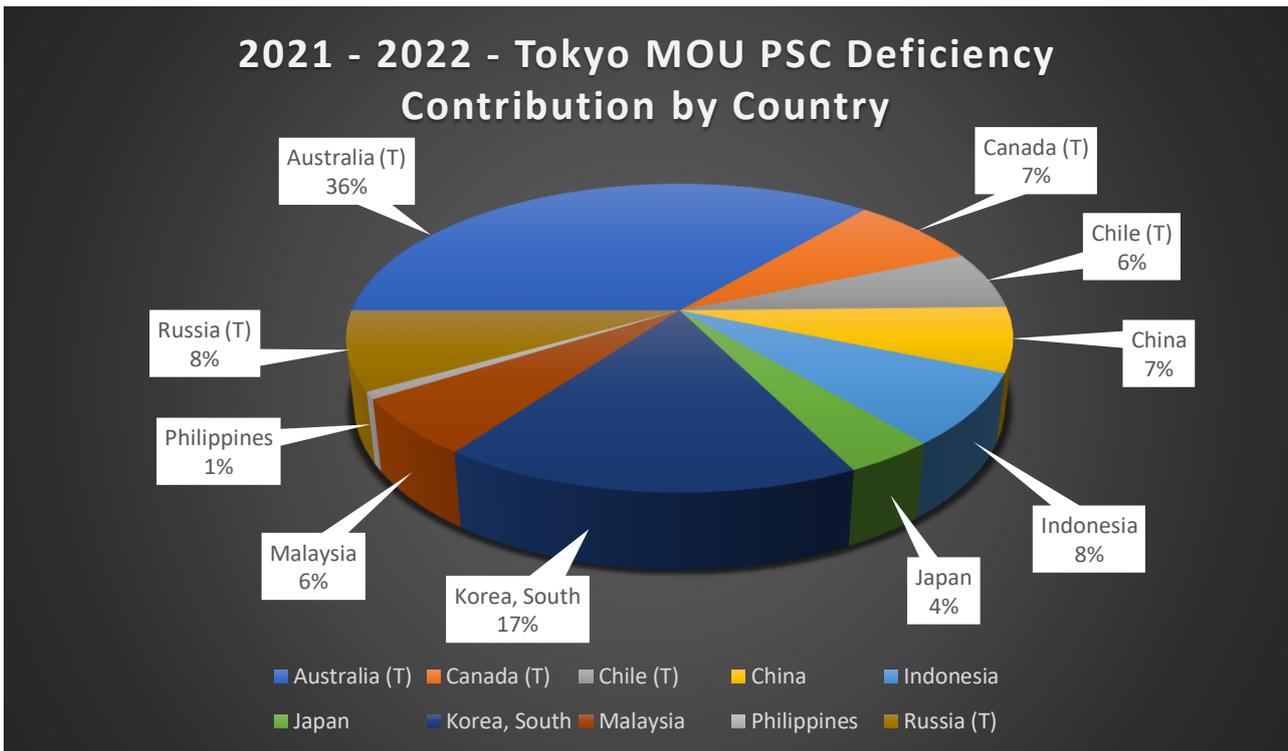
Across all PSC regions the statistics by deficiency area are as below:



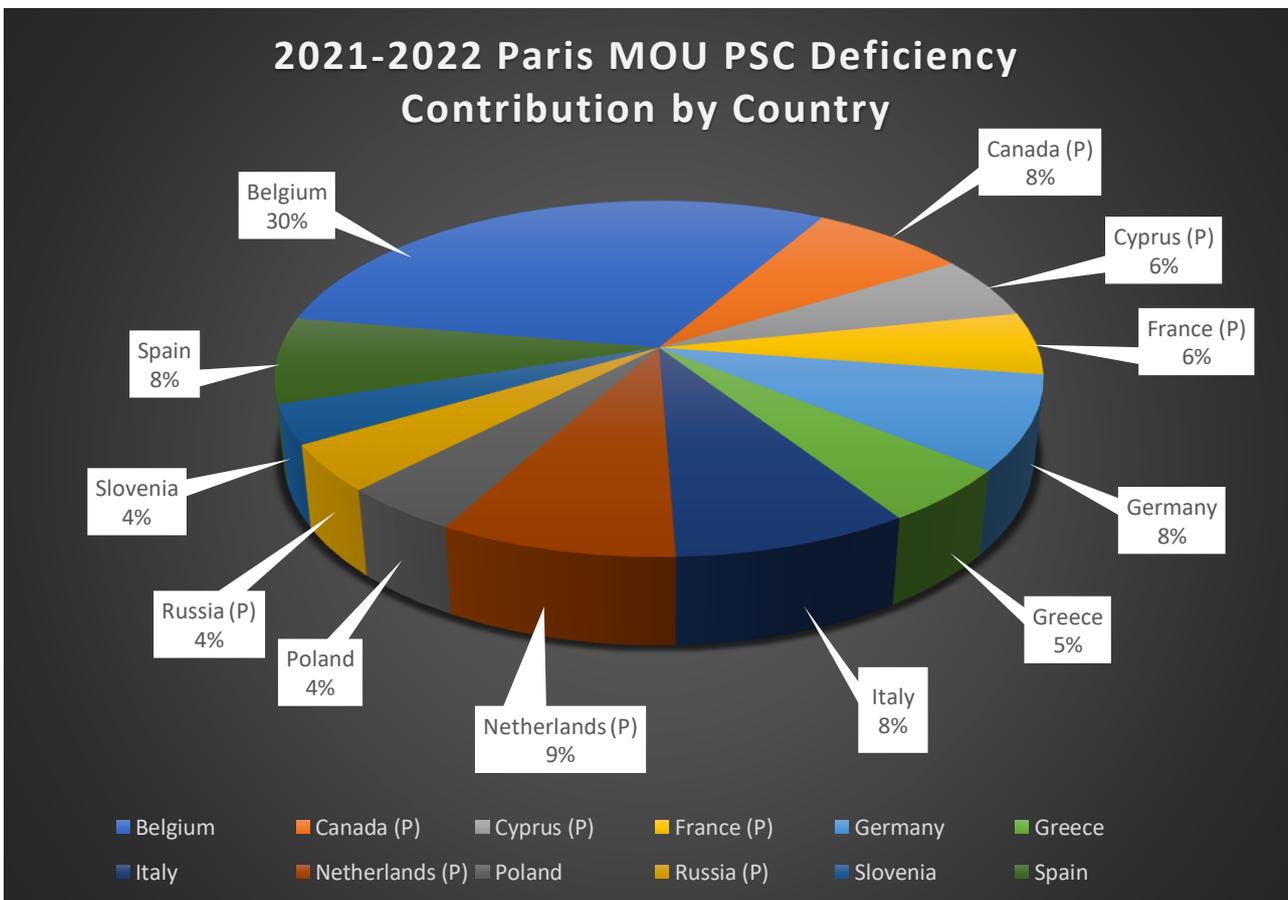
The main contributors of PSC deficiencies were the Paris and Tokyo MoUs.



Within the Tokyo MoU, the most deficiencies were recorded in Australia & South Korea.

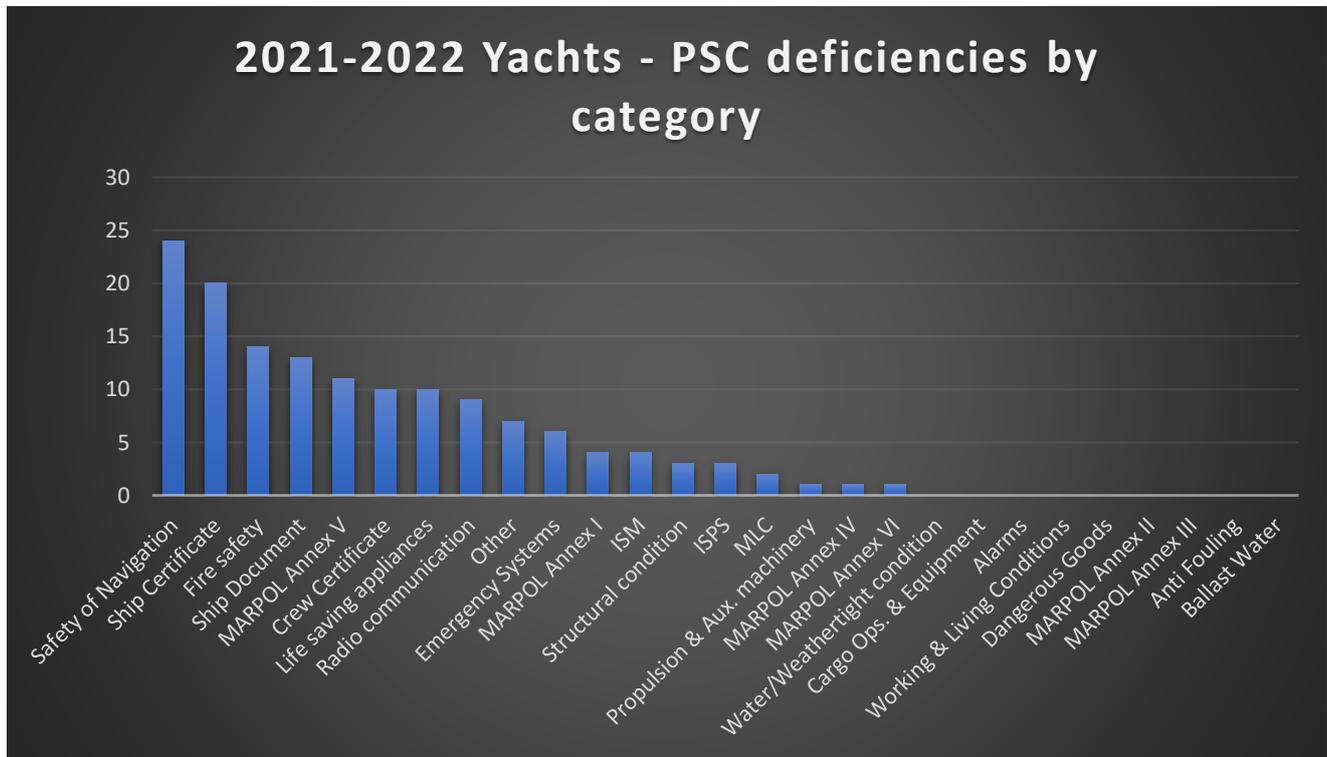


Within the Paris MoU, Belgium was the biggest contributor country.

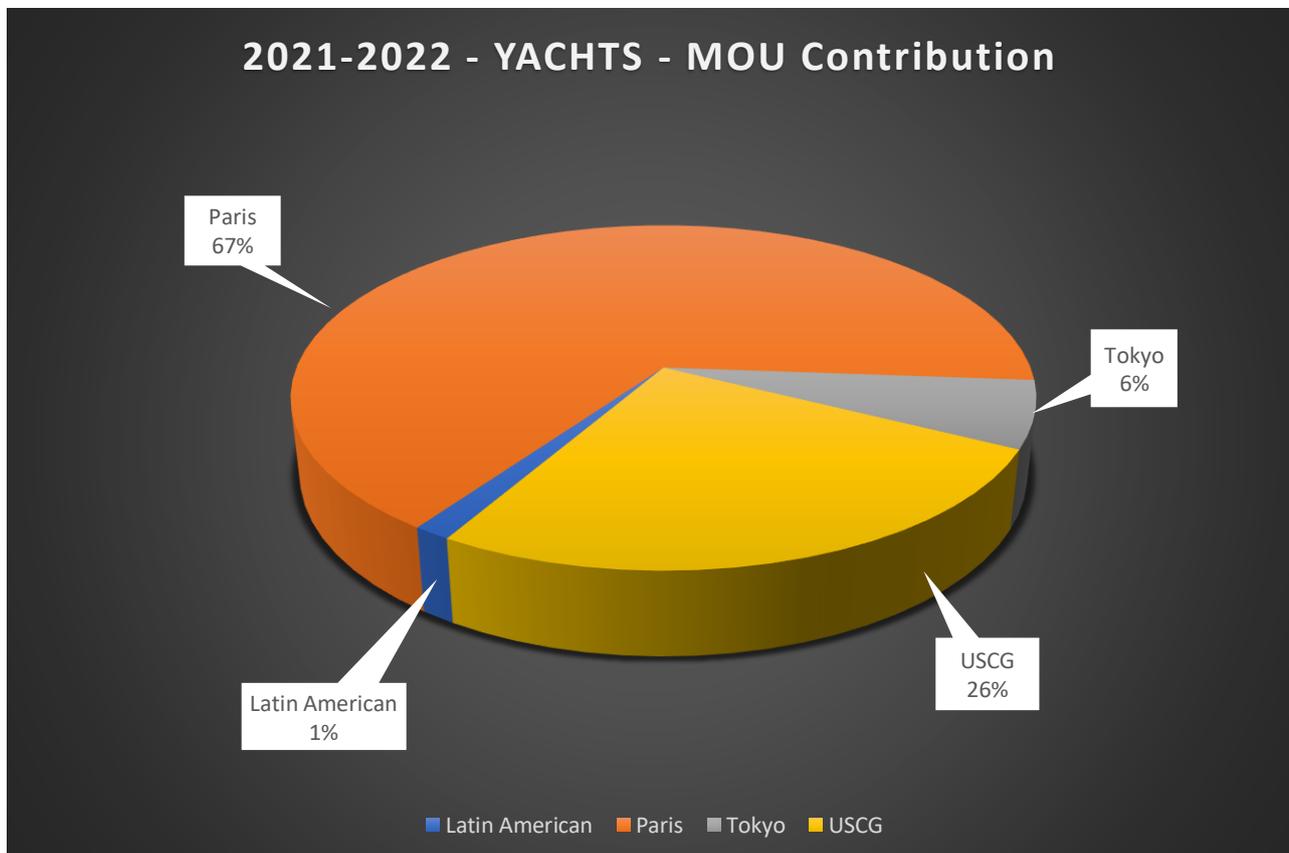


7. PSC Performance – Yachts

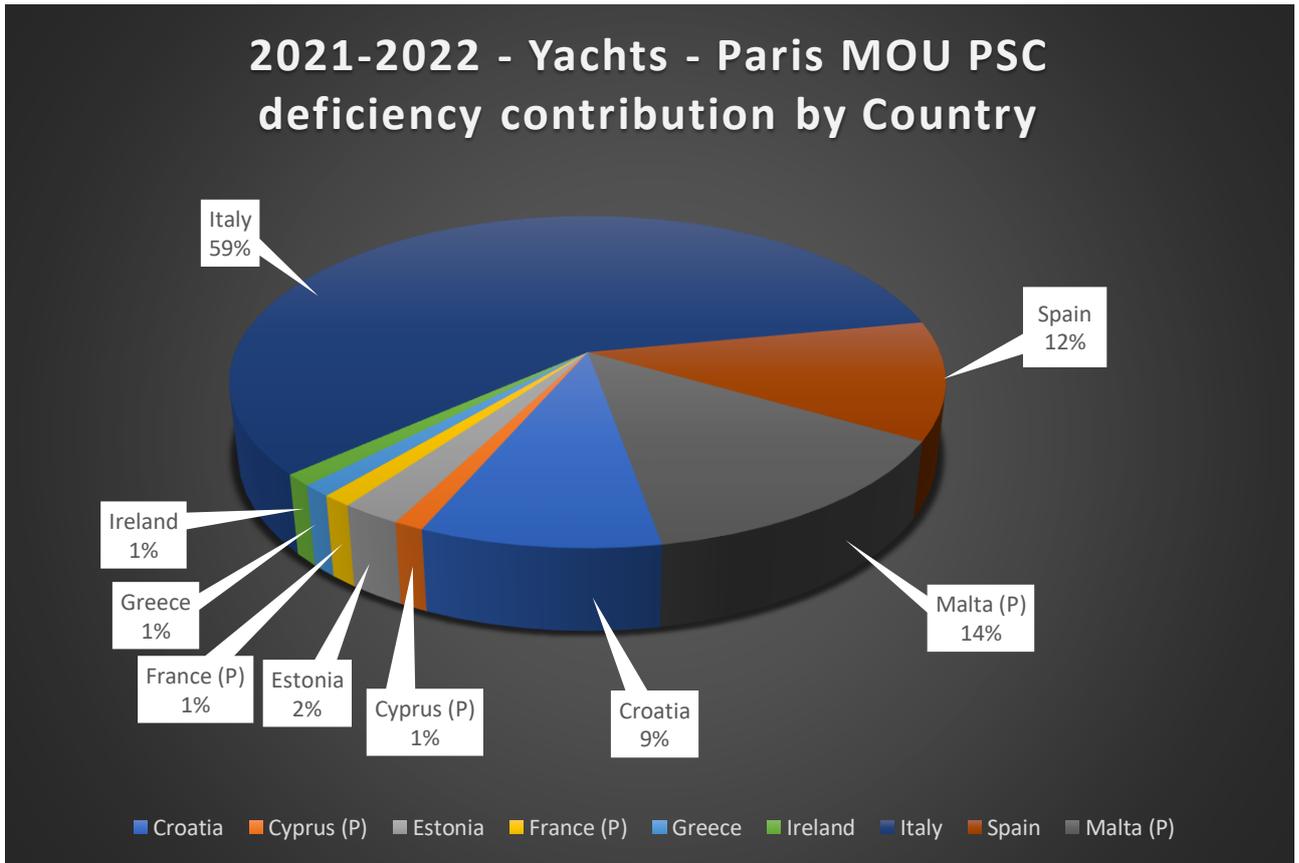
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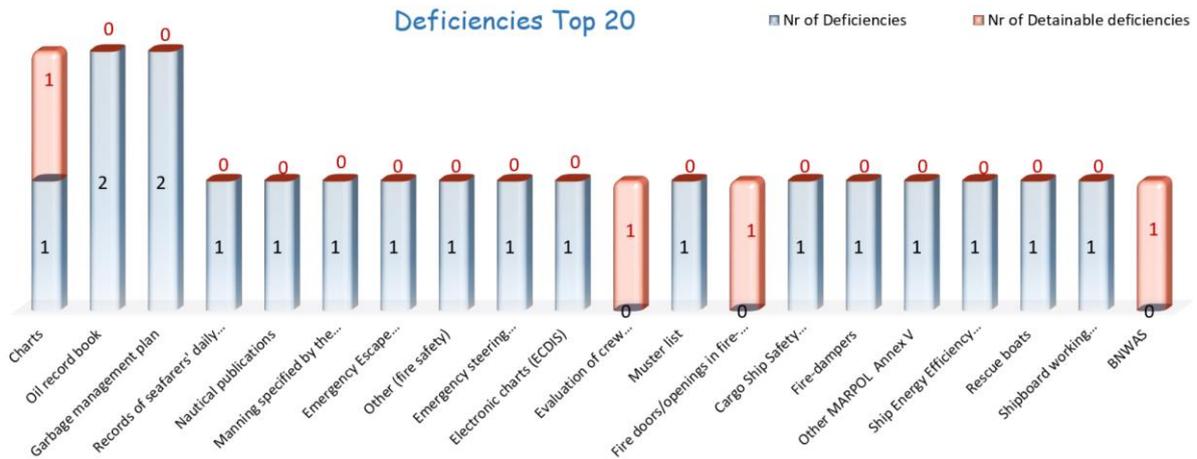
The main contributor of PSC deficiencies was the Paris MoU, followed by USCG.



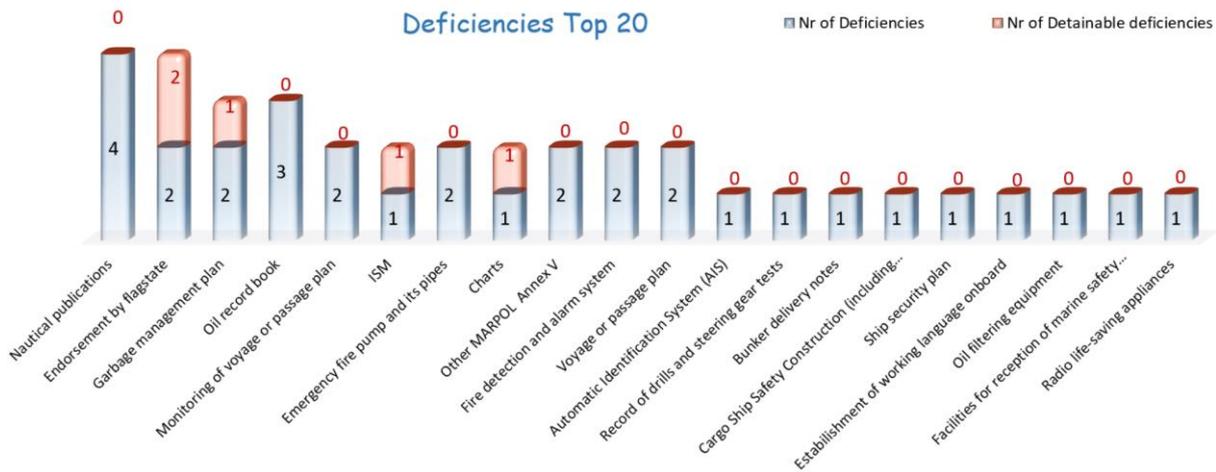
Within the Paris MoU, the most deficiencies were recorded in Italy.



In 2021, the top 20 deficiencies for the Paris MoU were as follows: -



In 2022, the top 20 deficiencies for the Paris MoU were as follows: -



8. Flag State Inspections - Coded Yachts

Between 2021 and 2022 the main deficiencies were ISM, rescue boat launching arrangements, stability information booklets and fire safety.

The rescue boat launching arrangements are generally related to compliance with corrigenda to the REG Yacht Code on 'man-riding' approvals or servicing in accordance with IMO MSC.402(96).

Fire safety has also been identified over preceding years as an area for improvement and is indeed a focus area for PSC MoUs in 2023.

Safety management is an area of concern particularly for yachts under 500GT which typically do not benefit from shoreside support and also have the highest churn in masters and crew. As mentioned above CISR will be providing additional support from 2023 for these vessels with some pre-season remote documentation checks.

9. CISR Concentrated Inspection Campaign Items 2023

For 2023 CISR are not proposing any addition CICs other than the focus area for the Paris and Tokyo MoUs which is 'fire safety' and further details will be promulgated by a CIGN as soon as they are available.

Previous Years

The 2022 CIC covered the following items:

- *All ships* – Hours of Work and rest
- *All ships* – ECDIS (operational aspects)
- *All ships* – Fuel oil sampling points

The 2021 CIC covered the following items:

- *Merchant Ships* – Medical stores (provision and training)
- *Yachts* – Risk assessment of water sport activities
- *Yachts* – Adequacy of sill heights for shell openings whilst at anchor

Additionally, the PSC CIC from the major MoUs was promulgated via [CIGN 05/2021 Rev 1](#)

The 2020 CIC covered the following items: -

- *All ship types* - Preparation for compliance with EU Ship Recycling Regulations which come into effect 31Dec2020 (CIGN 02/2019 refers)
- *All ship types* - Preparation for Cyber Risk Management requirements which come into effect on 1st Jan2021 (CIGN 07/2019 refers)
- *Yachts* - The adequacy of boarding arrangements with respect to protection of personnel when not certificated to the ISO standard.
- *Yachts* - Effective reduced height of guardrails/bulwarks – risk assessment for any such areas
- *Yachts* - Li-ion battery and Li-ion powered toys – storage and fire-fighting procedures.