

MARSHALL ISLANDS REPORT

VOL. 21, NO. 1 | MARCH 2010

IN THIS ISSUE

Registry Update	2
Events Around the World	3
Rescues at Sea	4
IRI's New Website	4
MIQC Meeting	5
Upcoming Events	5
Updates at the IMO	6
Other Updates	7



TEAMWORK AND PARTNERSHIP ARE KEY TO THE MARSHALL ISLANDS REGISTRY'S GROWTH

Update from Bill Gallagher, President of IRI



When I read in *The World Fleet Monitor* that the Marshall Islands Registry (Registry) is now ranked third among the world's largest open registries, I knew that the teamwork and partnership within the Registry, between the Registry and class and between the Registry and the owners, were at the core of that success. Even before Clarkson Research Services verified the good news, we knew that our long-held philosophy of client service, combined with continued decentralization, dedication to quality and that sense of teamwork were paying off. We see it each month in the new tonnage coming into the Registry and we hear it in feedback from the owners who appreciate a proactive flag.

As we analyze the end of year statistics, we see growth of more than 15% in gross tonnage over 2008 and note that

70% of the new tonnage entering the fleet in 2009 was newbuilds, bringing the average age of the fleet down to 10 years. This fact, combined with an emphasis on vessel safety, security and environmental compliance, continues to keep us on the US Coast Guard's Qualship 21 list and on the white lists of both the Paris and Tokyo MoUs; a fact not lost on owners who wish to minimize delays at port.

The continued decentralization of operations to our 20 worldwide offices, where our growing staff of maritime experts know owners and operators personally and work closely with them, continues the growing trend of a quality fleet. Over the more than 60 years that International Registries, Inc. (IRI) has been in existence, we have earned a reputation for excellence in the registry sector. We have built a registry that can continue to support quality for decades to come and are well suited for the long-haul.

One new area where teamwork and partnership are now exhibited is the Registry's vessel status board that was created to electronically track vessel issues. This unified system allows for issues to be coordinated from office-to-office around the world as the working day moves from Asia to Europe to the Americas and back again. Owners and operators know they can call any time of the day or night and reach a maritime expert who is aware of any ongoing vessel situation.

We have been working closely with owners and operators during this global financial downturn to ensure that quality remains a focus. In vetting new ships seeking to enter the fleet, we still turn away on average one in three, ensuring overall fleet quality.

VESSEL TYPE	NO. OF VESSELS	% OF FLEET	GROSS TONS	% OF FLEET GROSS TONS
BULK CARRIER	336	16%	12,771,520	24%
CONTAINER	218	10%	4,890,058	9%
GAS CARRIER	82	4%	6,910,263	13%
GENERAL CARGO	78	4%	913,312	2%
MISCELLANEOUS	76	4%	611,133	1%
MODU	113	5%	1,979,158	4%
MOU	19	0.90%	910,225	2%
OSV	124	6%	209,168	0.40%
PASSENGER	8	0.38%	167,167	0.32%
TANKER	521	25%	22,871,072	44%
YACHT	527	25%	84,774	0.16%

TOTAL FLEET (NO. OF VESSELS)
2102

TOTAL FLEET (GROSS TONS)
52,317,850

through 31 December 2009

EVENTS AROUND THE WORLD

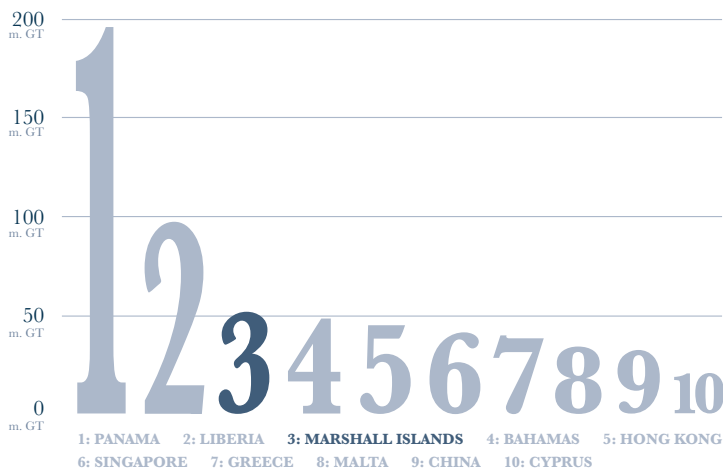
Last year, we added new offices in Dubai, Houston and Istanbul to meet the needs of clients in those regions, and this year we are adding more staff around the world to bolster that support. We are adding maritime experts to all regions, with London welcoming three new employees. The team continues to grow and we have some of the best people in the industry supporting the operation.

We continue to work with the International Maritime Organization (IMO), United Nations (UN) and industry stakeholders on the critical issues confronting the maritime world, including the growing scourge of piracy.

Having topped 50 million gross tons, and after moving into third position among registries, we're asked "what's next?" I, along with my partners, Tony Guida and Clay Maitland, answer that we are upbeat and optimistic, and look forward to continued growth with our quality owners and operators.

TOP 10 FLAG STATES

Source: Clarkson Research Services
World Fleet Monitor, January 2010



HOUSTON MLC, 2006 ROUNDTABLE DISCUSSION (HOUSTON, TEXAS, USA)



Individuals representing the offshore energy sector of the Registry met in Houston in February for a roundtable discussion to talk about the Marshall Islands implementation of the MLC, 2006 with respect to that segment of the industry.

LONDON RECEPTION (LONDON, UK)



From left to right: Theo Xenakoudis (IRI Piraeus), Gunnar Georgs (IRI Hamburg), Tony Julien and John Ramage (IRI London), and Laura Sherman, Tony Guida and Bill Gallagher (IRI Reston).

HAMBURG FOCUS SESSION SEMINAR (HAMBURG, GERMANY)

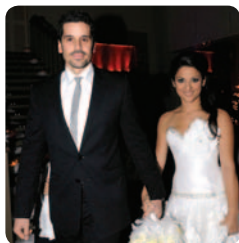


From left to right: Tony Guida (IRI Reston), Dr. Peter Ehlermann (Ehlermann Rindfleisch Gadow), Yunus Pense, Technical Manager (Kalkavan Shipmanagement GmbH & Co. KG), and Captain Ashley Cooper, Safety and Security Manager (Scorpio Ship Management S.A.M.).

20TH ANNUAL TOURNAMENT OF SHIPPING CHAMPIONS (ARMONK, NEW YORK, USA)



More than 70 golfers prepare to take to the course at IRI's 20th annual golf tournament.



CONGRATULATIONS TO...

Theo Xenakoudis, Managing Director of IRI's office in Piraeus. Theo was married on Saturday, 12 December 2009 to Stella Mylonakis.

RESCUES AT SEA

The Marshall Islands Maritime Administrator issued Certificates of Commendation to captains, officers and crews of two Marshall Islands-flagged vessels for their exemplary service to the maritime community.



IDA THERESA



Hans Kröger, Fleet Operations Manager (IRI Roosendaal) presented the Certificate of Commendation to the captain, officers and crew of the IDA THERESA.

He was brought aboard and his health closely monitored. The Third Officer requested to return to his normal duties while arrangements were made for him to return home.

SICHEM DEFIANCE



From left to right: Captain Sanjay Maini, Country Head-India (IRI Mumbai), Captain Elton Barneto, S&Q Manager and Sibus Madkar, Marine Superintendent (EMS Ship Management).

On 17 July 2009, Captain Eduard Kazakov and the crew of the 8,278 gross ton chemical/oil products tanker, IDA THERESA, managed by Columbia Ship Management (Deutschland) GmbH, demonstrated outstanding seamanship when one of their fellow crew members fell overboard in the Indian Ocean. The Third Officer was noticed missing after he did not show up to relieve the crew's Chief Officer. Two thorough searches of the vessel failed to produce the missing officer, but did lead to the discovery of his working checklist, found in a rescue boat. The crew determined the last time and location the officer was seen and altered IDA THERESA's course to initiate a search and rescue. Despite unfavorable weather, darkness and no nearby vessels to assist with the search, six hours after starting, the missing officer was spotted in the ocean.

On 20 October 2009, officers and crew of the SICHEM DEFIANCE, an oil/chemical tanker managed by EMS Ship Management (India) Pvt. Ltd., and under the command of Captain Manoj Radhakrishnan, observed a small, low-flying plane suddenly disappear into the Gulf of Honduras. The emergency alarm was immediately sounded and Rescue Coordination Centre alerted while the vessel was prepared for search and rescue operations. As the vessel approached the crash site, lookouts spotted two survivors clinging to the wreckage of the plane. Rescue operations were executed from the mid-ship crane, safely bringing aboard the two survivors. The minor injuries they sustained were treated. That evening, SICHEM DEFIANCE safely transferred the survivors of the crash to the Guatemala Coast Guard.

IRI'S NEW WEBSITE IS NOW LIVE

IRI's new website has been accessible through a link on the current website for the past year. This trial period was put in place to ensure that customers could take ample time to familiarize themselves with the new website's navigation. Building on the many interactive features of the previous site, valuable customer feedback has been gathered over the past year to take the site to the next level by further enhancing user experience and convenience. Some highlights of the new site include a capitalization tax calculator, online registration/incorporation forms, updated online payment forms, a biography section of key IRI employees and a search mechanism which enables users to search not only the web content, but also the content of the documents available on the site. The site now also includes an IMO References page that reflects all IMO Circulars, Meeting Documents and Resolutions, among others, which are cited in Marshall Islands Marine Notices, Marine Guidelines and Technical Circulars.

Please take a moment over the next few weeks to further explore the new website at www.register-iri.com.



MIQC EXAMINES ISSUES CHALLENGING THE REGISTRY AND INDUSTRY



From left to right: Rear Admiral Robert North, MIQC Chairman, Dani Appave, Senior Maritime Specialist, Activities Department (International Labour Organization) and Captain Thomas F. Heinan, Senior Vice President, Maritime Administration (IRI Reslon).

The best ever attended meeting of the Marshall Islands Quality Council (MIQC) took place in November 2009 in Hamburg. Participants engaged in spirited discussions about the various issues facing the Registry and the maritime industry as a whole. Occupying much of the discussion was the topic of increasing international regulation and how best to cope with the expanding rulemaking while still being able to operate vessels efficiently in international commerce.

Newly proposed ballast water treatment standards and the fact that the US intends to impose standards 1,000 times stricter than IMO limits were areas of particular concern. Other topics of discussion included the planned establishment of Environmental Control Areas along the coasts of the US and Canada and the impact those regulations will have on vessels calling at North American ports.

The new port State control (PSC) measures being imposed by the Paris MoU were also troubling, as these measures impose so-called “refusal of access” and “banning for life” for vessels with poor PSC records regardless of the quality record of any new owner or operator.

Following the MIQC, a Focus Session took place which examined issues surrounding the Maritime Labour Convention (MLC), 2006, ship lay-up issues attendant to the global economic downturn and a view from P&I. Presentations were made by Dani Appave, Senior Maritime Specialist, Activities Department, International Labour Organization (ILO); Iris Leverentz, Marine Management Systems Certification, Germanischer Lloyd (GL); Michael Moldenhauer, Naval Architect, Surveys and Assessment, GL; John Ramage, Director, Worldwide Business Operations, IRI; and Captain Karl Lumbers, Director, Loss Prevention, UK P&I Club.

AN EYE TOWARDS SAFETY



From left to right: Hous Krüger, Fleet Operations Manager (IRI Roosendaal), Jolene Thomas, Senior Maritime Administration Officer and Captain Amarjit Kauchhu, Regional Manager (IRI Dubai) and Brian Poskaitis, Senior Vice President, Fleet Operations (IRI Baltimore).

For the Registry, quality control begins at the start of the registration process, when vessels applying for registration are vetted, along with the vessel’s history of owners and operators, by the Vessel Administration Division. The Registry’s Fleet Operations Division, which employs about 15 full-time marine safety inspectors located in regional centers around the world, also is involved in the process of carrying out pre-registration inspections. Post-registration, these safety inspectors conduct annual safety inspections and any special surveys that may be required. During the IMO’s

Voluntary Audit of the Marshall Islands, an observation was made concerning oversight and training of the Registry’s approximate 300 contract inspectors. Since that time, the Registry has implemented additional procedures to ensure regional fleet operations personnel exert greater control and oversight over local inspectors by conducting joint vessel inspections and seminars to ensure compliance with Marshall Islands Nautical Inspector Guidelines. Training sessions have been conducted in Roosendaal and Mumbai with the most recent session held in early February 2010 in Dubai.

8 March

6th Annual Gulf Ship Finance Forum
Dubai, United Arab Emirates
*Event Panelist: John Ramage
Director, Worldwide Business Operations (IRI)*

10-11 March

Offshore Investment Conference Dubai
Dubai, United Arab Emirates

15-18 March

Seatrade Cruise Shipping Miami
Miami Beach, Florida, United States

16 March

Greater China Ship Finance, Investment
& Strategy Forum, Hong Kong

17-18 March

4th Manning & Training in India Conference
Mumbai, India

*Event Speaker: Captain Sanjay Maini
Country Head-India (IRI Mumbai)*

22-24 March

CMA Shipping 2010
Stamford, Connecticut, United States

Booth #15

23-24 March

2nd Offshore Support Vessels Summit
London, United Kingdom

24-26 March

Tanker Shipping & Trade Asia Conference
Singapore

8-11 April

Antibes Yacht Show, Antibes, France
Booth #612

13-14 April

Shorex Singapore, Singapore
6th Maritime HR & Crew Development
Dubai, United Arab Emirates

15 April

Bosco VIII Annual Conference—International
Corporate Solutions, Kiev, Ukraine

21-23 April

Sea Japan 2010, Tokyo, Japan

29 April

Yachts & Super Yachts, Geneva, Switzerland
*Event Speaker: Patrick Buchofner
Business Development Manager (IRI Geneva)*

2-4 May

OffshoreAlert 8th Annual Financial
Due Diligence Conference
Miami, Florida, United States

5 May

7th Annual Istanbul Ship Finance Forum
Istanbul, Turkey

*Event Panelist: Theo Xenakoudis
Managing Director (IRI Piraeus)*

10 May

Mare Forum Maritime Italy 2010, Rome, Italy

12-13 May

7th Greek Shipping & Ship Finance
Athens, Greece

17 May

Mare Forum Istanbul 2010, Istanbul, Turkey

*Event Speaker: Theo Xenakoudis
Managing Director (IRI Piraeus)*

25-26 May

5th Annual Japan Ship Finance Forum
Imabari, Japan

7-10 June

Posidonia, Athens, Greece
Booth #513

10 June

6th Annual Tribute to the Coast Guard
Washington, DC, United States

22-24 June

23rd Annual Marine Money Week
New York, New York, United States

UPDATES AT THE IMO



STANDARDS OF TRAINING, CERTIFICATION AND WATCHKEEPING FOR SEAFARERS (STCW)

Proclaimed the “Year of the Seafarer,” 2010 promises to be busy at the International Maritime Organization (IMO) where the Republic of the Marshall Islands’ delegation has already joined the deliberations. The Sub-Committee on Standards of Training and Watchkeeping (STW) met 11–15 January but was unable to reach agreement on three key issues: 1) the definition of “seafarer;” 2) physical standards for those who work aboard commercial vessels; and 3) harmonization of hours of work and rest between the STCW Convention and the Maritime Labour Convention (MLC), 2006. The Marshall Islands favored a refined definition for who is and who is not categorized as a seafarer and had hoped to see hours of work and/or rest harmonized between the two Conventions. Joined in its stance by industry, other open registries and countries that supply seafarers, the Marshall Islands argued that adopting as mandatory the STCW Part B recommendations for basic physical standards, as promoted by European Union (EU) countries, was problematic because they are discriminatory in some areas and, if adopted, exclude a vast number of seafarers from meeting the standards. The Marshall Islands will continue its engagement in STCW by participating in a Conference of Parties to the International STCW Convention, 1978, which is to convene 21 June 2010 in the Philippines, where amendments to STCW will be considered and finalized.

ASSEMBLY

2010 comes on the heels of November’s 26th Session of the IMO Assembly where the Organization’s biennial budget of £61.15 million was approved with £30.3 million allocated for 2010 and £30.9 million set aside for 2011. Council members were elected and 21 resolutions adopted.

In Council elections, the incumbent members in Categories A and B were reelected. In Category C, Belgium replaced

New Zealand, which did not seek re-election. Several nations, including the Marshall Islands, sought election under Category C.

The broadest reaching resolution approved was A.1018(26), which phases in an “institutionalized, mandatory” IMO Member State Audit Scheme. The present voluntary scheme would be phased out by amendments to appropriate instruments adopted in 2013 for entry into force in January 2015. Other approvals included:

- a resolution welcoming the November decision of the United Nations (UN) Security Council to renew its authorizations for States and regional organizations co-operating with the Somali Transitional Federal Government to enter Somalia’s territorial waters and use “all necessary means” to fight piracy and armed robbery;
- a resolution establishing guidelines for ships operating in polar waters;
- a new Mobile Offshore Drilling Unit Code revising the Code for the Construction and Equipment of Mobile Offshore Drilling Units;
- a resolution recognizing the need to revise guidelines on responsibilities for resolving stowaway cases; and
- a resolution to provide guidance for the issuance of bunker certificates for bareboat registry ships, affirming the authority of the flag State under whose flag the ship is trading to be the issuer.

MARINE ENVIRONMENT PROTECTION COMMITTEE (MEPC)

The MEPC will hold two meetings this year. MEPC 60 will consider the outcome of the Group of Experts on Scientific Aspects of Marine Environmental Protection-Ballast Water Working Group (GESAMP-BWWG) meetings with respect to the approval of ballast water

IMO UPCOMING EVENTS 2010

8-12 March

Sub-Committee on Radiocommunications and Search and Rescue (COMSAR)—14th Session

22-26 March

Marine Environment Protection Committee (MEPC)—60th Session

12-16 April

Sub-Committee on Fire Protection (FP)—54th Session

19-23 April

IOPC Funds

26-30 April

Diplomatic Conference to Revise the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996

12-21 May

Maritime Safety Committee (MSC)—87th Session

1-3 June

Technical Co-Operation Committee (TC)—60th Session

7-11 June

Council—104th Session

21-25 June

Diplomatic Conference to Amend the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), 1978 and the Seafarers’ Training, Certification and Watchkeeping (STCW) Code

28 June-2 July

IOPC Funds

5-9 July

Sub-Committee on Flag State Implementation (FSI)—18th Session

26-30 July

Sub-Committee on Safety of Navigation (NAV)—56th Session

management systems that utilize active substances. It also will consider the report of an intersessional correspondence group established at MEPC 59 with the task of developing guidelines for safe and environmentally sound ship recycling and guidelines for the development of the Ship Recycling Plan. The Marshall Islands is working to establish Energy Efficiency Design Indexes (EEDIs) and an effective Market Based Instrument (MBI) for the control and reduction of greenhouse gas (GHG) emissions. MEPC 61 will continue this work.

MARITIME SAFETY COMMITTEE (MSC)

In May, MSC 87 will consider draft amendments to the International Code for Fire Safety Systems (FSS Code), the International Life-Saving Appliance (LSA) Code, and the International Maritime Dangerous Goods (IMDG) Code. It also will address the draft International Goal-Based Ship Construction Standards for Bulk Carriers and Oil Tankers, and consequential amendments to the 1974 SOLAS Convention relating to alternative design and arrangements. The ISPS Code will again undergo review to consider the results of the experience gained by SOLAS Contracting Governments, international organizations and non-governmental organizations.

The Committee also will consider: Long Range Identification and Tracking (LRIT) system establishment and operation issues; any further recommendations from the Ad Hoc LRIT Group; and proposals submitted by SOLAS Contracting Governments to the LRIT Coordinator and reports of the LRIT Coordinator on the evaluation of the management, operational, technical and financial aspects of proposals received for the operation of the International LRIT Data Exchange after 31 December 2011.

ADDITIONAL ISSUES

Other issues expected to occupy the IMO in the coming year include: an effort in the Sub-Committee on Ship Design and Equipment (DE) to change the mandated drydocking interval for passenger vessels 15 years of age or less to once each five years; an effort to standardize launching apparatus for lifeboats; and continued efforts to bring operational practicality to international agreements dealing with GHG, ballast water, ship recycling, electronic navigation, LRIT and establishment of reception facilities for vessel waste, including oily water, sewage, garbage, noxious substances and scrubber residuals.

OTHER UPDATES

MARITIME LABOUR CONVENTION(MLC), 2006

2010 marks the beginning of voluntary compliance for Marshall Islands shipowners and operators with the MLC, 2006. The Marshall Islands has completed its initial gap analysis and revised its statutes and regulations to meet Convention requirements. The Registry will be working closely with shipowners, classification societies and the International Labour Organization to assure appropriate and smooth implementation of MLC, 2006.

UN FRAMEWORK CONVENTION ON CLIMATE CHANGE CONFERENCE OF THE PARTIES (UNFCCC COP)

A Marshall Islands delegation attended the 15th meeting of the UNFCCC COP held in Copenhagen this past December. The Marshall Islands cooperated with Cyprus in organizing a side event which educated thousands of non-government organizations and lobby groups, as well as national delegations, on IMO's commitment to reduce GHG emissions from international marine shipping.

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