



Report
of the Department
of Merchant Shipping
for the year
2011

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1. INTRODUCTION

The Department of Merchant Shipping (DMS) was established and started functioning as a distinct entity in the Ministry of Communications and Works, in 1977. The service existed, however since 1963 and functioned under the Department of Ports. The headquarters were situated in Famagusta, which was also the port of registration of Cyprus ships.

Following the Turkish invasion in Cyprus in 1974 and the subsequent occupation of Famagusta by the Turks, Limassol replaced Famagusta as the port of registration of Cyprus ships. At the same time the port of Famagusta, as well as other smaller ports in the occupied area of Cyprus, were declared closed to international maritime traffic.

The establishment of the DMS inaugurated a new era of development of Cyprus in this important sector. The registration of ships became just a part of an all round effort to establish a sound infrastructure which would facilitate not just the registration of ships but also ship management and other shipping related activities in Cyprus. The Cyprus Registry has shown phenomenal growth in the last twenty five years. In the early eighties Cyprus ranked thirty-second on the list of leading maritime nations. It now ranks among the top ten with a merchant fleet exceeding 20 million gross tons.

The DMS is responsible for the development of maritime activities which include: registration of ships, administration and enforcement of the Merchant Shipping Laws, control of ships and enforcement of international conventions ratified by the Government of Cyprus, investigation of accidents involving Cyprus ships or Seafarers serving on those ships or foreign ships sailing within the territorial waters of the Republic, resolving labour disputes on board Cyprus ships and training and certification of seafarers.

Since its establishment, the DMS has been strengthened with professional, administrative and clerical personnel enabling it to establish offices in Piraeus, London, Rotterdam, New York, Hamburg and Brussels for more efficient operation and the exercise of effective control regarding the implementation of the provisions of the shipping legislation.

The main efforts of the DMS are presently focused on the harmonisation of the Cyprus legislation to that of the European Union and its effective implementation in particular with respect to the improvement of safety standards and conditions of living and working of seafarers on board Cyprus ships in accordance with international conventions currently in force. At the same time, action is taken for the continuous improvement of the existing infrastructure, the incentives available to both residents and non-residents and the enhancement of the international reputation of the Cyprus flag as a maritime flag.

Particular attention is also given to the protection of the environment against marine pollution through enactment of legislation and raising the society's awareness on environmental issues.

2. FUNCTIONS AND LONG - TERM OBJECTIVES OF THE DEPARTMENT OF MERCHANT SHIPPING

2.1 Functions

The DMS is functioning under the Ministry of Communications and Works and is accountable to the Ministry for the effective implementation of the merchant shipping laws and the international maritime conventions to which Cyprus is a contracting party. In particular, the basic functions of the Department are the following:

- Registration of ships and small vessels and registry related transactions;
- Control of Cyprus flag vessels in respect of safety, security, pollution prevention, qualifications of seafarers and living and working conditions of seafarers;
- Inspection / surveys of foreign flag vessels in Cyprus ports (Port State Control) as a contracting party to the Paris Memorandum of Understanding (MoU) on Port State Control(PSC);
- Control and certification of coastal passenger and high-speed craft;
- Registration, Training and Certification of Seafarers;
- Continuous updating of the merchant shipping legislation and harmonisation with the European Union (EU) legislation;
- Taxation of shipowning and shipmanagement companies;
- Promotion and further development of Cyprus as a maritime centre and an international registry;
- International relations, participation in the work of international organisations, bilateral agreements and cooperation with maritime authorities of other countries.



2. FUNCTIONS AND LONG - TERM OBJECTIVES OF THE DEPARTMENT OF MERCHANT SHIPPING

2.2 Long - Term Objectives

Apart from the fulfillment of obligations arising from the merchant shipping legislation, the following long - term objectives are pursued by the Department:

- The qualitative upgrade of the technical, administrative, legal and financial infrastructure of Cyprus in the maritime sector, in cooperation with other Government departments and private organizations;
- Pollution prevention from ships and the protection of the marine environment;
- The further improvement of the quality of both the ships registered in Cyprus and the crew employed on them;
- Further improvement of safety standards and conditions of living and work of seamen on board Cyprus ships in accordance with international conventions and European regulations and directives, currently in force;
- Improvement of DMS services in terms of productivity, effectiveness and quality;
- Further upgrading of Cyprus's maritime role at the European and International level;
- The establishment of economic and other incentives aiming to attract more Cypriots to the merchant shipping professions;
- The establishment of maritime training facilities in Cyprus, for both officers and ratings;
- Further development of Cyprus in the area of merchant shipping, promotion of Cyprus as a base for international shipping activities and enhancement of the international reputation of the Cyprus flag as a maritime flag;
- Exploring new incentives which aim at improving the competitiveness of the Cyprus flag and the attractiveness of Cyprus as a maritime centre.

3.1 Organisational Structure

The DMS is headed by the Director and is organised into 10 divisions, (as shown in Annex 1). In addition to the Headquarters, which are situated in Limassol, the Department has established six overseas offices in order to facilitate decentralisation and improve its efficiency and the quality of services rendered.

The functions, which fall under the competence of each division, are listed below:

1. Maritime Policy, Multilateral Affairs and Standards Division:

- Maritime Policy;
- Multilateral Affairs;
- Standards;
- Integrated Maritime Policy;
- Information Technology.

2. Marine Environment Protection Division:

- Protection of the Marine Environment;
- Implementation of MARPOL 73/78 as amended, related EC instruments (Reg.417/2002 and Dir.2005/33/EC as amended) and related codes (IBC, BCH, NOx);
- Examination and approval of temporary permits and exemptions from compliance with statutory provisions of MARPOL;
- Approval of SOPEP's and of SMPEP's;
- Investigation of MARPOL violations;
- Underwater Pipelines for Hydrocarbons (PI 151/95);
- Implementation of IMDG and IMSBC Codes and SOLAS Chapter VII (Carriage of dangerous goods);
- Inspection and Surveys of floating Reception Facilities and other issues related to EU Directive 2009/59/EC and PI 771/2003;
- Issues of environmental nature such as ballast water management, antifouling paints (AFS Convention, Reg. EC 782/2003), ship's dismantling, and the London dumping Convention;
- Participation in research projects related to the protection of the Marine Environment (Life +, FP7, Interreg).

3. Coastal Navigation Division:

- Matters relating to the COLREGS 72 Convention as amended and COLREGS contraventions;
- Coastal and small passenger vessels and fishing vessels;

- Small vessels: Interpretation and Implementation of the Recreational Craft Directives, National Legislation on high-speed small vessels, inspection of small vessels and issuance of small vessel radio, operator and navigation licences;
- Hydrographic matters.

4. Vessel Traffic Monitoring Information and Telecommunications Division:

- VTMISS /Vessel Traffic Monitoring and Information System;
- SSN /SafeSeaNet;
- LRIT /Long Range Identification and Tracking, Integration of LRIT ship's terminals, Ship reporting, Testing ASP;
- Ship Radio Communications, Matters concerning GMDSS, Accounting Authorities, Point of Service Activation (PSA), Matters concerning the ITU;
- Issuance of Radio Licence, Allocation of MMSI.

5. Maritime Safety Division:

- Inspections of Cyprus ships and monitoring and coordination of Flag State Inspections;
- Matters stemming from Flag State Inspections and detentions of Cyprus ships in foreign ports;
- Safety management (SOLAS Chapter IX and ISM Code);
- Maritime and port security (SOLAS Chapter XI-2 and ISPS Code), matters relating to ship security alerts;
- Relations with and monitoring of Classification Societies, Recognized Organizations and Recognized Security Organizations, Transfer of Class Procedures;
- Port State Control in Cyprus ports, matters concerning the Paris MoU on Port State Control and issues relating to the "THETIS" and "EQUASIS" systems, matters concerning the Mediterranean MoU on Port State Control;
- Marine Equipment;
- Issuance of Continuous Synopsis Records;
- SOLAS 74/78/88 (for cargo and passenger ship and for matters other than those relating to SOLAS Chapters IX, X and XI-2), LOADLINES 66/88 and TONNAGE 69; STP 71 Agreement and SPACE STP 73 Protocol, CSC 72 and MODU, the SPS, the HSPC and OSV Codes;
- Matters relating to ships under construction;
- Tonnage measurements under the TONNAGE 69 Convention and the national tonnage regulations and issue of national and international tonnage certificates;
- Control of ships in respect of registry transactions.

6. Investigation of Marine Casualties and Notices to Mariners Division:

- Investigation of marine casualties, Search and Rescue Matters, Casualty Statistics, Notices to mariners.

7. Seafarers' Division:

- Issue of seafarers' Certificates of Competency and Training Certification, Implementation of the STCW 78 Convention as amended;
- Registration of Seafarers, Issue of Seafarers' Identification and Sea Service Record Books, Endorsements for recognition of Certificates and Proofs of deposit of applications;
- ILO 147, MLC 2006;
- Information and professional orientation of candidates for maritime and shipping related education and training, Processing of applications for admission to the Greek Academies of Mercantile Marine.

8. Register of Ships and Related Legal Affairs Division:

- Registration of Cyprus ships;
- Processing of applications for all Registry transactions;
- Legal issues relating to the operation of Ships' Registry, Arrest of ships and forced sales;
- EU matters pertaining to the registration of ships;
- Implementation of Government Policy for the registration of ships under the Cyprus flag;
- Drafting / updating of legislation on registration of ships and related matters;
- Information on the registration of ships, small vessels and related matters;
- Fees and Taxing Provisions legislation;
- Drafting / updating of relevant legislation;
- Legal issues relating to the implementation of the Merchant Shipping (Fees and Taxing Provisions) Law of 2010 with respect to the owners of Cyprus ships;
- Maritime Labour Legislation (ILO, EU);
- Drafting/updating of maritime training (STCW) and Maritime Labour Legislation (MLC);
- Legal issues arising out of the MLC Convention and in particular those concerning the relief and repatriation of distressed and abandoned seafarers, the examination of complaints and resolution of disputes regarding contracts of employment and conditions of living and work of seafarers on board Cyprus ships;

- Bilateral Shipping Cooperation Agreements and related matters;
- Registration, transfer of ownership, deletion, changes of name and of engines of small vessels.

9. Legal and E.U Harmonisation Division:

- All merchant shipping legal matters (except legal matters on Ships' Registry and maritime labour), inter alia, Private Maritime Law Matters, Public Maritime Law Matters, Maritime Safety/Security and Pollution, CLC Convention and BUNKERS Convention and issue of relevant CLC and BUNKERS Certificates, FUND Convention, Law of the Sea, Maritime security, piracy and maritime fraud, U.N. economic sanctions, Stowaways, Taxation of shipping activities, Diplomatic protection of Cyprus ships, Private Maritime Law Matters;
- European Union Harmonisation: inter alia legislative harmonisation with the E.U maritime transport acquis, State aid matters, E.U economic sanctions, other related E.U legal matters;
- Translation and Consolidation into English language of the Cyprus merchant shipping legislation, Index of Cyprus merchant shipping Legislation and DMS Circulars.

10. Merchant Shipping Development Division:

- Information on Cyprus Merchant Shipping and the registration of ships;
- International relations and promotion of Cyprus as a shipping centre: organisation of the Maritime Cyprus Conference, participation in maritime exhibitions, organisation of seminars;
- Economic and competition issues, Statistics;
- Taxation of shipmanagement companies, owners of foreign ships and charterers;
- Publications and issue of press releases, newsletters and information booklets;

11. Maritime Offices in Piraeus, London, New York, Rotterdam, Hamburg and Brussels:

- Registration of ships and related transactions upon instructions of the Registrar of ships;
- Surveys and inspections of Cyprus ships;
- Representing Cyprus in international organisations and in local maritime activities;
- Promotion of Cyprus as a maritime centre and as an international registry.

3.2 Personnel of the Department of Merchant Shipping

The staff holding structural posts, as shown in Annex 2, consists of 16 Maritime Affairs Officers and 43 Marine Surveyors of various ranks. Seven (7) of the Marine Surveyors are posted to the Maritime Offices in London, New York, Piraeus, Hamburg and Rotterdam and two(2) Marine Surveyors to the Permanent Representation of Cyprus in Brussels.

As far as the other permanent staff is concerned, there is one Supervisor of Accounts, one Administrative Officer A', one Senior Clerical Officer, one Clerical Officer and 55 Assistant Clerical Officers.

During November 2011, the administrative capacity of the DMS was strengthened with the appointment of two (2) Maritime Affairs Officers, to perform specific tasks according to the requirements of the Law 88 (I)/2011, on the recruitment process of Temporary Officers for the needs of the Cyprus Presidency of the European Council, in the second half of 2012. The appointments are for a fixed duration.

Furthermore, the DMS strengthened its administrative capacity in September 2011 by recruiting additional competent staff (10 Ship Surveillance Officers) for the effective operation of the Vessel Traffic Monitoring and Information System (VTMIS).

Finally, the DMS is in the process of strengthening its capacity with the appointment of eleven(11) Marine Surveyors, as part of its efforts to fulfil its obligations arising from International Conventions and European Legislation which Cyprus has adopted.



3.3 Training of Personnel

Staff training forms an integral part of the Department's activities. This is not confined to attending specialized or upgrading courses or seminars; but job rotation is also applied both among the professional staff and the transferable clerical personnel. The aim is to establish in everybody, a broad awareness of the activities of the Department and the associated duties. This broader perspective undoubtedly contributes to the continuous improvement; and better coordination of the Department's activities.

During 2011, staff members of the Department attended the following training courses in Cyprus and abroad:

- Workshop on Ballast Water Sampling for Enforcement– Presentation of Research Results , EMSA, Lisbon, January 2011;
- Educational Programme on Tutorial EU Law for Non-Lawyers, European Institute of Public Administration, Luxemburg, February 2011;
- Workshop on "Enhancing the Effectiveness of the Law Enforcement Chain in Combating Illegal Discharges", EMSA, Lisbon, February 2011;
- Training Seminar on New Inspection Region and the Introduction to "THETIS" Data-Base, EMSA, Lisbon, March 2011;
- 7th Expert Training on Safety and Environment, Paris MoU, the Hague, February - March 2011;
- Educational Seminar, "Training on ISM Code and Auditing Techniques", EMSA, Lisbon, March 2011;
- Port Area Security - TAP II Workshop, DG Move, Ispra (Italy), March 2011;
- Regional Training Course for Operators on the EU LRIT Data Centre and SafeSeaNet (SSN) Version 2, EMSA, Malta, March 2011;
- Regional Training Workshop on Compliance, Monitoring and Enforcement of the Ballast Water Management (BWM) Convention, REMPEC, Split (Croatia), March 2011;
- Educational Workshop on Port Reception Facilities for Ship- Generated Waste and Cargo Residues, EMSA, Lisbon, April 2011;
- Specialised Training in Tanker Familiarization, Paris MoU, the Hague, April 2011;

- Educational Training Programme on “Liability and Compensation for Maritime Claims”, EMSA, Lisbon, May 2011;
- European Marine Casualty Information Platform, EMSA, Lisbon, May 2011;
- Working Workshop on SafeSeaNet ,MARSEC, EMSA, Lisbon, May 2011;
- Workshop on Ship Recycling, EMSA, Lisbon, June 2011;
- Workshop on the Effective Time Management, Cyprus Academy of Public Administration, Nicosia, June 2011;
- Regional Workshop on Surveys and Inspections related to the International Convention on the Control of Harmful Anti-Fouling Systems on Ships (AFS Convention), REMPEC, Cyprus, June 2011;
- Workshop on Markets and Finance (Shipbuilding-Leaders HIP 2015), DG Enterprise and Industry, Brussels, June 2011;
- Training on the Maritime Labour Convention, EMSA, Lisbon, July 2011;
- Training on Ballast Water II Sampling/Compliance, EMSA, Lisbon, September 2011;
- Training on Flag State Implementation, EMSA, Lisbon, September 2011;
- Training Programme on Piracy, IMO, Bahrain, September 2011;
- “CleanSeaNet” Training for Duty Officers, EMSA, Lisbon, October 2011;
- 8th and 9th New Entrant Educational Seminars, EMSA, Lisbon, October 2011;
- Workshop for the Horizontal Evaluation on the Application of the International Convention of STCW, EMSA, Lisbon, November 2011;
- Safeseanet / LRIT Training for VTMIS Operations in Cyprus, EMSA, December, Lisbon;
- Regional Workshop on Oil Spill Risk Assessment in the Mediterranean Sea, REMPEC, Barcelona, December 2011.



4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.1 Registration of Ships

A new registration policy for the registration of ships under Cyprus flag was introduced by the DMS, which states the additional requirements or conditions for the registration of ships, which are deemed necessary for the achievement of safe, secure and efficient shipping on clean oceans. This policy should always be read in conjunction with the relevant provisions of the statutes of the Republic of Cyprus. The determination of the age and of the type of the ship, for the purposes of the application on policy provisions, is and remains the exclusive prerogative of the DMS Director and of the Registrar, as the case may be.

During 2011, the Cyprus registered fleet showed a small increase, in the number of ships registered compared to that of 2010.

The number of ships and their gross tonnage registered at the end of the years 2010 and 2011 are shown below:

| Year | 2010 | 2011 | % Change |
|---------------|------------|------------|----------|
| No. of Ships | 1.862 | 1.840 | - 1.18% |
| Gross Tonnage | 22.057.525 | 22.287.345 | 1.04% |

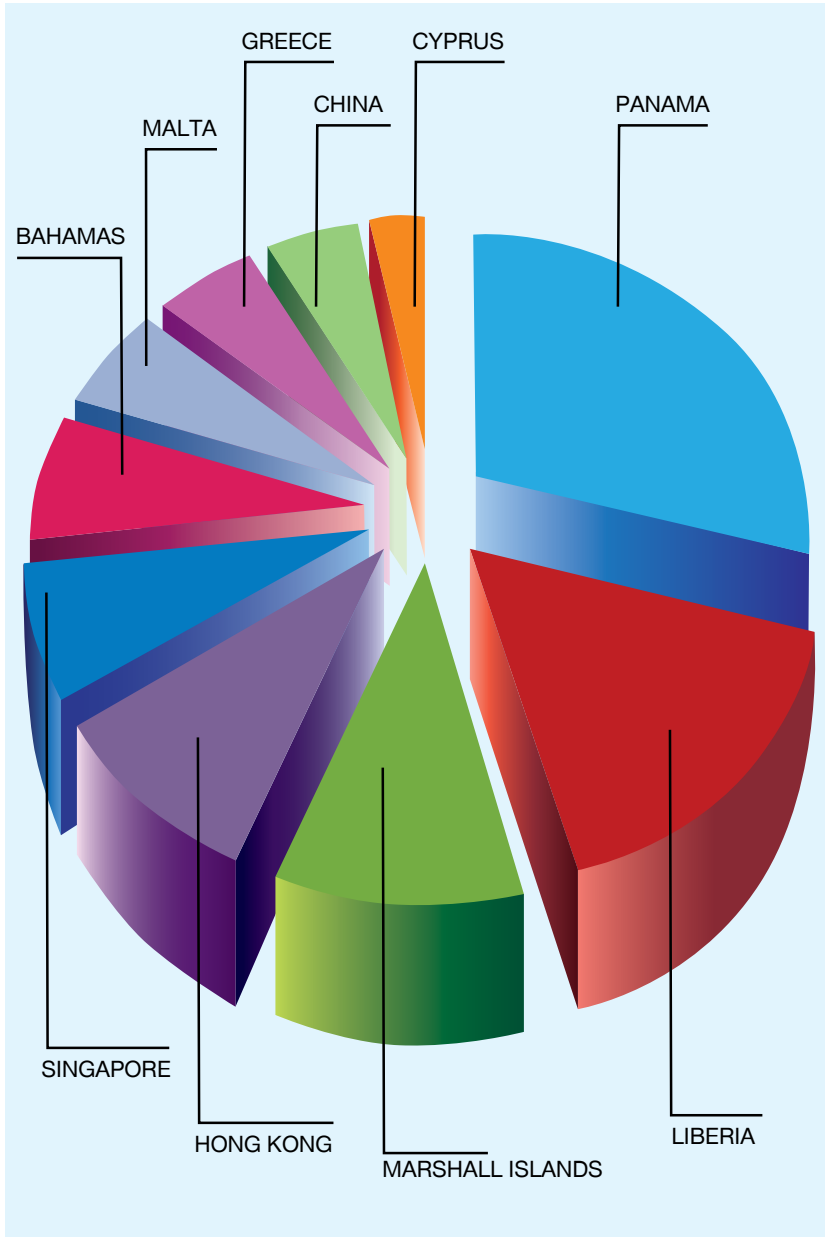
As compared to the year before, the Cyprus Registry recorded a decrease of 1.18% in terms of the number of ships and an increase of 1.04% in terms of gross tonnage. It should also be noted that the average age of Cyprus ships at the end of 2011 has increased from 11 to 12 years.

The distribution of Cyprus vessels by type and mode of registration at the end of 2011 is shown in Annex 3, while the corresponding distribution by size and age is shown in Annex 5. The development of the Cyprus Merchant Fleet since the establishment of the Cyprus Register of Ships is shown in Annex 4.

At the end of 2011, the Cyprus merchant fleet maintains its rank by being tenth worldwide and third in the EU, representing approximately 10.3 per cent of the EU merchant fleet. The following graph shows the ten biggest merchant fleets of the world at the end of 2011.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

TOP 10 MERCHANT FLEETS OF THE WORLD BY COUNTRY OF REGISTRATION



The revenue received by the Department from the registration of ships in 2011 amounted to € 8,471,161 compared to € 8,918,402 in 2010. A detailed analysis of the revenues of the Department is shown in Annex 6.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.2 Small Vessels

All recreational craft should be registered either in the Register of Cyprus Ships, if the vessels intend to sail internationally or in the Register of Small Vessels, in which case they are permitted to sail only within the territorial waters of the Republic of Cyprus.

Registration in the Register of Cyprus Ships is carried out in accordance with the provisions of the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws of 1963 to 2005, as amended, whilst registration in the Register of Small Vessels is in accordance with the Emergency Powers (Control of Small Vessels) Regulations of 1955.

Prior to the registration of a recreational craft, the applicant is required to submit documentation to prove compliance with the European Directive 94/25/EC, as amended. The Directive has been transposed to national legislation, Basic Requirements (Recreational Craft) Regulations of 2003, P.I. 307/2003, as amended.

The safety of small high speed vessels is regulated by the High-Speed Small Vessels Law of 1992 [Law 56/92] as amended by Law of 1999 [Law 60/99] and the Regulations of 1999 [P.I. 121/99]. The Department takes the following measures in order to ensure safety at sea:

- The operation of a high-speed small vessel is allowed only to persons who are over 18 years and hold a valid operator's licence. In order to obtain a small vessel operator's licence, a candidate must succeed in practical and theoretical examinations;
- For the issuance of a learner operator's licence no examination is necessary. It can only be issued to persons over the age of 17, who may operate a high-speed small vessel provided that they are accompanied by persons who hold a valid operator's licence;
- High-speed small vessels require a navigation (circulation) licence. For the issuance of a navigation licence, the vessel must undergo inspection and comply with the safety requirements specified in the above legislation. The licence is valid for 5 years for boats of Category A (for private use) and valid for one year for boats under Category B (for public use).

4. MAIN ACTIVITIES OF THE DEPARTMENT

OF MERCHANT SHIPPING IN 2011

The table below shows the number of new small vessels registered in the Register of Small Vessels over the last 5 years.

| Year | Number of small vessels registered |
|------|------------------------------------|
| 2007 | 573 |
| 2008 | 697 |
| 2009 | 563 |
| 2010 | 411 |
| 2011 | 320 |

In 2011, 320 new small vessels were registered in the Register of Small Vessels.

During 2011, 864 persons applied for and attended examinations for the high-speed small vessels operator's licence. Furthermore, 1302 persons applied for the high-speed small vessels learner's licence and 1302 learner's licences were issued by the DMS. During the same year, 1301 applications were submitted to the DMS for inspection of high-speed small vessels and issuance of a navigation licence and 1118 navigation licences (747 for Category A and 371 for Category B) were issued.

The following table presents the licences issued by the DMS over the last 5 years.

| Year | Operator's licences | Learner's licences | Navigation licences |
|------|---------------------|--------------------|---------------------|
| 2007 | 820 | 1396 | 932 |
| 2008 | 1560 | 876 | 955 |
| 2009 | 1022 | 1663 | 1143 |
| 2010 | 999 | 1420 | 1113 |
| 2011 | 881 | 1302 | 1118 |

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.3 Maritime Safety

The enhancement of the safety and efficiency of maritime traffic as well as the prevention of pollution of the Eastern Mediterranean Sea are among the main concerns of the DMS; and most of its efforts are focused on this direction.

During 2011, an amendment of the Merchant Shipping (Community Vessel Traffic Monitoring and Information System) Law was adopted. Specifically, in September 2011, the transposition of the EU Directive 2009/17/EC (VTMIS Amending Directive) into national law was completed, with the approval of the Members of Parliament.

Another system that enhances the maritime safety and the prevention of marine pollution is the 'SafeSeaNet' which aims to assist in the exchange of maritime information between the EU member-States. In order to facilitate the implementation of the New Port State Control Regime, a new 'SafeSeaNet Version 2 Port Plus Notification' was enacted and entered into force on 1st of January 2011.

All Cyprus sea-going vessels are currently tracked through the Long Range Identification and Tracking (LRIT) System. The System continues to be used widely and successfully by EU and NATO Navy Forces particularly in the area of the Gulf of Aden, in order to protect vessels from piracy attacks.

The VTMIS centre began operation at the end of 2011, on a full time basis of 24hrs shifts for 7 days a week. There are two(2) persons on each shift. The purpose of creating the centre is to enforce Cyprus obligations, under Directive 59/2002/EC and to assist the DMS in meeting its obligations arising from other International and European Directives concerning, among others, the Port State Control, Flag State Control, piracy attacks on Cyprus flag vessels, Marine Casualties Investigation and Prevention of Marine Pollution.

Relevant Governmental bodies have access to VTMIS. These are the Department of Fisheries and Marine Research, the National Guard, the Port and Marine Police, the Cyprus Port Authority (CPA), Customs and Excise and other entities from the Private Sector; such as 'Vasiliko Port', the Cereals Authority, the Power Generation stations and Cyprus Radio. The future plans of the VTMIS Centre is to become the single point of information exchange with other member-States of the EU for all Cyprus services by 2015, as stated in European Directive 65/2010/EC.

During September 2011, the DMS strengthened its administrative capacity by appointing additional skilled personnel (10 Ship Surveillance Officers) aiming at

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

the effective operation of the Community Monitoring System and Vessel Traffic Information (VTMIS). At the end of 2011, the training of the Ship Surveillance Officers, who were appointed to operate of the VTMIS System, was concluded. The training included informative and training seminars according to the needs of the aforesaid system.

Furthermore, the transposition of the EU Directive 2009/17/EC (VTMIS Amending Directive) was completed, by the legal vetting of the relevant amended Draft Bill. The essence of the new Directive strengthens its provisions with a provision of shelter for a ship in distress, thus improving the safety of navigation and affording better protection of the marine environment.

Last but not least, the DMS has initiated bidding for the public procurement services contract with simplified procedures, in relation to the appointment of an independent consultant, to who authority is given to define the technical specifications required to carry out a feasibility study for the implementation of the “GMDSS Project” (Global Mobile Distress and Safety System Frequencies).

The Department gives particular attention to the improvement of quality and the maintenance of safety standards of coastal passenger vessels carrying people on daily cruises along the coasts of Cyprus. To that end, coastal passenger vessels are inspected by the surveyors of the Department in order to ensure that they comply with all safety requirements in respect of construction, stability, water tightness, fire protection, lifesaving appliances and manning and that they can be considered fit to carry passengers on board.

Also, the DMS, in its effort to further enhance the safety standards of high speed craft, requires such passenger vessels to comply fully with the International Code of Safety and to obtain the relevant safety certificate. In accordance with the above Code, the master and officers must undergo specialised training.

During 2011, 130 coastal passenger vessel safety certificates were issued, compared to 125 in 2010.

The Department also carries out tonnage measurement of ships and issues safe manning documents to all ships flying the Cyprus flag.

The following table presents the number of certificates issued in 2010 and 2011.

| Certificate | 2010 | 2011 |
|-----------------------------------|------|------|
| International Tonnage Certificate | 86 | 100 |
| Minimum Safe Manning Documents | 292 | 300 |

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.3.1 International Ship and Port Facility Security Code (ISPS Code)

a. Piracy and Other Unlawful Acts

The DMS has attended the Maritime Safety Committee (MSC) meetings at the IMO and closely followed the work carried out by both the IMO and the European Union, on the global efforts, to assist ships and flag states in combating the piracy attacks and attempted boarding of vessels crossing the waters of Somalia, the Gulf of Eden, the Indian Ocean and the West Africa in the Gulf of Guinea.

The DMS consulted shipowners and shipmanagers and prepared a draft of legislation with the intention of regulating the presence of unarmed and armed guards on Cyprus ships to be employed by private ship security companies. The draft legislation regulated issues related to the obligations and rights of the Master, crew and persons on board Cyprus vessel, licensing of private ship security companies, welfare of seafarers and reporting of incidences to the DMS. "Risk" and "High Risk" areas are clearly defined by the new proposed legislation, by geographical area and coordinates.

Piracy was on the agenda of the "Maritime Cyprus" Conference held in September 2011 in Limassol, where the Minister of Communications and Works presented Cyprus' position on the protection of ships, while transiting through the piracy prone areas, as well as reassuring those present in the Conference that all efforts will be made to protect ships and seafarers.

The DMS presented the provisions of the proposed legislation to the Cyprus Shipping Chamber and to the Union of Cyprus Ship Owners, on separate meetings, with each body and the DMS provided question and answer sessions.

b. Implementation of the ISPS Code, Regulation (EU) 725/2004 and Directive (EU) 65/2005

The DMS has continued to monitor the implementation of the ISPS Code / Regulation (EU) 725/2004 for Cyprus flag ships and port facilities as well as Directive (EU) 65/2005 for the ports of Limassol, Larnaca and Vassiliko. Annual inspections were carried out, as well as regular visits and checks in order to ensure proper implementation of the approved port facilities security plans.

In September 2011, a team of Maritime Security Inspectors visited the Republic of Cyprus under the provisions of Regulation (EU) 324/2008 to monitor the implementation of the Regulation (EU) 725/2004 on Cyprus ships.

DMS surveyors have attended training courses organized by the European Maritime Safety Agency (EMSA) on ISPS Code, such as the Educational Seminar for the ISM Code and the ISPS Code organized by EMSA in Lisbon in September 2011.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.4 Flag State Enforcement and Safety Management

The objective of the Department with respect to the control of Cyprus ships for the purposes of compliance with the legislation in force is to conduct at least one unscheduled inspection, annually, on every ship flying the Cyprus flag. Such inspections are of course, additional to the statutory surveys and inspections carried out by the Recognised Organisations (ROs) for the certification of the ships on behalf of the Cyprus Government.

Unscheduled inspections are conducted by the surveyors and inspectors of the Department. These are prioritized on the basis of age, size and type of each vessel and their past safety record. Particular attention is given to safety, pollution prevention, qualifications of the crew and the living and working conditions on board.

The Department closely follows up on any Cyprus vessels which are repeatedly detained by foreign port state control authorities due to deficiencies.

A stricter registration procedure has been applied, over recent years and extensive surveys of ships applying for registration under the Cyprus flag are undertaken by the Department's surveyors, in an effort to avoid the registration of substandard vessels, in the Cyprus Registry, the presence of which might damage the reputation of the Cyprus flag internationally.

The global network of inspectors, which has been established to provide adequate international coverage of the ports of call of Cyprus ships, currently comprises 14 inspectors that cover 12 important ports, in 10 countries (See Annex 7). The worldwide network of Cyprus inspectors is constantly briefed and adheres to guidelines by the DMS Headquarters, to ensure more effective control of the Cyprus merchant fleet. The number of inspectors that have been conducted on board Cyprus ships, over the last five years, is shown in the table below.

| YEAR | NO. OF INSPECTORS OF CYPRUS SHIPS | PORTS | COUNTRIES | NO. OF SHIPS INSPECTED |
|------|-----------------------------------|-------|-----------|------------------------|
| 2007 | 35 | 25 | 15 | 634 |
| 2008 | 16 | 13 | 10 | 515 |
| 2009 | 16 | 13 | 10 | 378 |
| 2010 | 15 | 13 | 10 | 452 |
| 2011 | 14 | 12 | 10 | 416 |

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

There were 7.9% fewer inspections in 2011 than in 2010. This reduction in the number of vessel inspections was due to a decline in the number of sea-going ships, which were subject to inspection by independent inspectors. The results of these inspections, as well as the findings of investigations into the causes of marine accidents, were thoroughly studied and a series of measures were adopted for the effective implementation of the relevant legislation, which covers the employment of independent inspectors.

In addition, during 2011, 149 ships were inspected by the Marine Surveyors of the Department.

Cyprus achieved a substantial improvement in fleet quality, through the effective implementation of existing regulations.

4.4.1 Performance of the Cyprus fleet

The substantial progress made by Cyprus with respect to safety is evident in the Paris MoU Annual Reports, where the percentage of Cyprus ships detained has shown a steady decrease over the last 5 years. Indicatively, the detention rate of Cyprus vessels at ports of the member-States of the Paris MoU was 2.12% in 2011, with an excess factor of -1.33, compared to -1.2 in 2010. It must be noted that the detention rate of the Cyprus fleet under the Paris MoU was 1.49 percentage points below the average detention rate of the respective Memorandum (see Annex 8).

Under the Tokyo MoU, the average detention rate of the Cyprus fleet for 2011 was 5.60% (see Annex 8A). Based on the detention rate of 2011, the Cyprus flag maintains an excess factor of -0.11 percentage points compared to -0.27 in 2010; and consequently remains on the White List of the Tokyo MoU.

As regards the inspections by the United States Coast Guard (USCG) during 2011, the performance of Cyprus ships has shown a slight deterioration. The 3 year running detention ratio for Cyprus (1.62%) was 0.09 percentage points above the respective average USCG's Flag Administration detention ratio (1.53%), which led the Cyprus flag to include itself in the "List of Targeted Flag States" (see Annex 9). The corresponding figure for 2010 was -0.01 percentage points below the USCG average.

Notwithstanding the above performance, the DMS will continue its efforts to implement the Government's shipping policy, whose main objective is the continuous improvement of safety and quality standards onboard Cyprus flag ships.

4. MAIN ACTIVITIES OF THE DEPARTMENT

OF MERCHANT SHIPPING IN 2011

4.4.2 International Safety Management (ISM) Code

In 2011, in an effort to improve the safety management system implemented, both ashore and on board vessels, the DMS instructed the RO's that were acting on behalf of the Republic of Cyprus, to audit 7 companies and their vessels, following PSC detentions (additional audits). The DMS participated in several additional shore-based audits performed by the ROs, especially in Cyprus and Greece.

It is noted that the vast majority of companies which are certified under the ISM Code, are both maintaining and continuously improving their Safety Management Systems.

4.5 Marine Casualties Investigation

In 2011, the Marine Accident and Incident Investigation Division handled 132 accidents of which 80 marine, 12 accidents with small craft and non-convention vessels, 32 labour and 8 incidents with foreign vessels within the territorial waters of the country. In addition, there were 22 near misses (marine incidents).

Other non-marine incidents and marine incidents not falling within the scope of marine or labour incidents were also recorded and/or investigated. There were 41 such incidents. These included the investigation into the disappearance of crew members from their ship.

Seven (7) persons lost their lives, of which two (2) in marine accidents and five (5) in marine-labour accidents. Thirty-three (33) persons were injured, of which five (5) in marine accidents and twenty-eight (28) in marine labour accidents. Three (3) persons remained handicapped.

Four (4) seamen disappeared from their ship while their ship was at sea.

Thirty-four (34) ships remained unfit to proceed as a result of their accident.

In three (3) cases, the personnel of the division travelled abroad to examine ships, interview witnesses and collect information about the accidents.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

ACCIDENTS AND INCIDENTS 2011

| CYPRUS FLAG SHIPS 2011 | | FOREIGN FLAG | | |
|--------------------------------|------------|---------------|------------------------------------|-----------------------------|
| MARINE | | MARINE LABOUR | INCIDENTS (Non-Marine, Non-Labour) | MARINE LABOUR and INCIDENTS |
| Marine accidents | 80 | | | |
| Marine incidents | 22 | | | |
| Small craft and Non-Convention | 12 | 32 | 41 | 8 |
| Total | 114 | 32 | 41 | 8 |

ACCIDENTS ON BOARD CYPRUS SHIPS 2011

Type of Ship - Accident type

| | Capsize/List | Collision | Contact | Fire | Grounding | Hull failure/ Water tightness | LSA | Machinery | Ship/ Equipment | Other | TOTAL |
|--------------------|--------------|-----------|-----------|----------|-----------|----------------------------------|----------|-----------|--------------------|----------|-----------|
| Bulk Carrier | 1 | 2 | 2 | 1 | 2 | - | - | 3 | 1 | - | 12 |
| Chemical Tanker | - | - | 3 | - | - | 1 | - | 2 | - | - | 6 |
| Container Ship | 1 | 6 | 6 | - | 6 | - | 1 | 9 | 1 | - | 30 |
| Fishing vessel | - | - | - | - | - | - | - | - | - | - | - |
| General Cargo | - | 2 | 3 | 1 | 2 | - | - | 3 | 2 | 2 | 16 |
| Hopper / Dredger | - | 3 | - | - | - | - | - | - | - | - | 3 |
| Oil Tanker | - | 3 | 1 | - | 2 | - | - | - | 1 | - | 7 |
| Passenger Ro-Ro | - | - | 1 | 1 | - | - | - | - | - | - | 2 |
| Passenger ship | - | - | - | 1 | - | - | - | - | - | - | 1 |
| Refrigerated cargo | - | - | - | - | - | - | - | - | 1 | - | 1 |
| Research vessel | | | | 1 | - | - | - | - | | - | 1 |
| Tug | - | - | - | - | 1 | - | - | - | - | - | 1 |
| Other | - | - | - | - | 1 | - | - | - | - | - | 1 |
| TOTAL | 2 | 16 | 16 | 5 | 14 | 1 | 1 | 17 | 6 | 2 | 80 |

4. MAIN ACTIVITIES OF THE DEPARTMENT

OF MERCHANT SHIPPING IN 2011

ACCIDENTS ON BOARD CYPRUS SHIPS 2011 Accident type - Probable Cause

| | Equipment | Ship/ External | Human Error | Machinery Failure/ Malfunction | Procedures | Weather | Other | TOTAL |
|-------------------------------|-----------|----------------|-------------|--------------------------------|------------|-----------|-----------|-----------|
| Capsize / List | - | 1 | - | - | - | - | 1 | 2 |
| Collision | 2 | 9 | 1 | - | 2 | 1 | 1 | 16 |
| Contact | - | 4 | 3 | - | 1 | 4 | 4 | 16 |
| Fire | 1 | - | - | 1 | 1 | - | 2 | 5 |
| Grounding | - | 3 | 2 | 1 | 1 | 4 | 3 | 14 |
| Hull failure / Watertightness | - | - | - | - | - | 1 | - | 1 |
| LSA | 1 | - | - | - | - | - | - | 1 |
| Machinery | 2 | 1 | 1 | 12 | - | - | 1 | 17 |
| Ship / Equipment | 3 | - | - | - | - | 1 | 2 | 6 |
| Other | - | - | - | - | 1 | - | 1 | 2 |
| TOTAL | 9 | 18 | 7 | 14 | 6 | 11 | 15 | 80 |

LABOUR ACCIDENTS AND INCIDENTS 2011

In 2011 the number of labour accidents was 32. Of these, 19 occurred in the Deck Department, 7 with Engine department and the remaining 6 with the General Services Department.

LABOUR ACCIDENTS AND INCIDENTS 2011

| Human consequences | | Degree of accident seriousness | | Activity | | Event | | Probable Cause | |
|---------------------|-----------|--------------------------------|-----------|---------------------|-----------|-------------------|-----------|-----------------------|-----------|
| Minor Injury | 17 | Less Serious | 11 | Examination/ test | 2 | Equipment failure | 3 | Human error | 6 |
| Serious Injury | 8 | Serious | 13 | Handling/ operating | 15 | Lost control | 22 | Lost control | 8 |
| Very Serious Injury | 3 | Very Serious | 5 | Maintenance/ Repair | 12 | Machinery failure | 1 | Negligence | 4 |
| Loss of life | 5 | Other | 3 | Other | 3 | Material failure | 1 | Inadequate procedures | 4 |
| | | | | | | Other | 5 | Other | 10 |
| TOTAL | 33 | | 32 | | 32 | | 32 | | 32 |



4. MAIN ACTIVITIES OF THE DEPARTMENT

OF MERCHANT SHIPPING IN 2011

4.6 Seafarers

The training and certification of seafarers and their conditions of living and work on board Cyprus flag ships is one of the priority areas of action by the DMS.

4.6.1. Maritime Training

Maritime training is an area which is also important for its relevance to maritime safety and prevention of marine accidents.

At present, in Cyprus there are two approved maritime training institutions, the Bernhard Schulte Maritime Training Centre with branches in St. Petersburg and Manila; and the Odysseus Maritime Training Centre, which offer courses for ratings and short specialized courses, for officers in accordance with STCW78, as amended. The Republic of Cyprus also recognizes five maritime training institutions located in Piraeus, namely Cosmos Nautical Training Centre, Quality Management System Maritime Training Centre, EIM Maritime Training Centre and Marine Training and Safety Consultants, which also offer courses for ratings and short specialized courses, for officers in accordance with STCW78, as amended.

In 2011, 386 trainees attended various STCW training courses at Bernhard Schulte Maritime Training Centre, 88 trainees attended the Basic Safety Training and Passenger Training, at Odysseus Maritime Training Centre, 121 trainees attended various STCW training courses at Cosmos Nautical Training Centre, 305 attended various STCW training courses at QMS Maritime Training Centre; and 59 trainees attended the Advanced Fire Fighting Training at the Marine Training and Safety Consultants training establishment.

The Department publishes and distributes relevant information and highlights existing economic and other incentives, in order to attract more Cypriots to join the merchant shipping professions. The seafaring profession has suffered an alarming reduction in numbers over the last 10 years, especially in Europe, but the situation has now improved due to the rising unemployment rate that prevails globally.

4.6.2 International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers (STCW)

The DMS implements the International Convention on the Standards of Training, Certification and Watchkeeping for Seafarers (STCW) and the corresponding Code, fully and effectively.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

During 2011, the DMS issued 12,926 Seafarer's Identification and Sea Service Record Books, 323 Certificates of Competency, 1985 training certificates and 9034 Endorsements attesting the Recognition of non-Cyprus Certificates of Competency.

The improvement of living and working conditions of seafarers on Cyprus ships has a positive effect on reducing the number of accidents. Within this framework, the DMS has prepared a "Bill" which was approved on 01/06/2012 by the Parliament, for the adoption of the Resolutions of the Conference of the Philippines (Manila), on 25 June 2010, which adopt amendments (Manila Amendments) to Annex and Code of the Convention on Standards of Training, Certification and Watchkeeping 1978 (STCW'78), as amended. The Manila Amendments introduce a number of innovations, with the main one being the setting of minimum hours of rest of seafarers for the purposes of harmonizing the Maritime Labour Convention 2006 (MLC 2006), with the stipulation of minimum rest periods for seafarers. Specifically, it increases the minimum hours of rest of seafarers from 70 to 77, over a period of 7 days.

For the first time, the proposed legislation also introduces the issue of regulating alcohol use by seafarers and the permitted limits present in the blood or in the breath. Further it imports:

- enhanced provisions on training and evaluation, on seafarers' certification and on preventing fraudulent practices;
- updated standards relating to medical fitness and appropriateness for duty;
- new requirements on the certification of qualified seafarers, electro-technical officers and the safety-related training for all seafarers;
- updated requirements for the personnel working on board in certain types of ships;
- clarification and simplification of the definition of "Certificate".

For the purpose of reviewing the STCW Convention and Code, the DMS gave presentations to any interested parties, with an overview of the aforesaid amendments, adopted in June 2010; and how these will affect shipowners and seafarers. Additionally, the DMS provided an initial indication of how Cyprus would effectively implement these amendments.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.7 Port State Control

As from 1st January 2011, the New Inspection Regime (NIR) regarding targeting, selection and inspection of vessels within the Paris MoU region, was enforced. With this opportunity, the Merchant Shipping (Port State Control) Law of 2001, Law (47(I)/2001), as amended by Laws 27(I)/2004 and 60(I)/2004, were repealed and were replaced by the Merchant Shipping (Port State Control) Law of 2011, Law (95(I)/2011, which incorporates the provisions of EU Council Directive 2009/16/EC.

The NIR aims to reduce the proportion of sub-standard shipping, in EU waters, by targeting the ships with a high risk profile. In that effort, the DMS Port State Control Officers (PSCOs) perform inspections of foreign ships at the ports of the Republic on a continuous basis, in line with the overall effort of the Department to keep our seas safe and clean.

The following table summarises the inspections of foreign ships at the ports of Cyprus, during the period 2009-2011. It also shows the detentions of ships for the same period.

| Years | No. of ships visiting Cyprus | No. of inspections | No. of detentions |
|-------|------------------------------|--------------------|-------------------|
| 2009 | 1093 | 300 | 53 |
| 2010 | 975 | 294 | 28 |
| 2011 | 981 | 127 | 11 |

Apart from being a member of the Paris MoU, Cyprus is also member of the Mediterranean MoU. During October 2011, Cyprus hosted the 13th Committee Meeting of the Mediterranean Memorandum of Understanding (Med MoU) on Port State Control, in Limassol. It was attended by representatives of the Maritime Administrations of the member- States of the Mediterranean MoU namely Cyprus, Egypt, Israel, Jordan, Malta, Morocco and Tunisia. Additionally, representatives of the Paris MoU, Black Sea MoU, U.S. Coast Guard and the Regional Centre for Emergency Anti-Pollution of the Mediterranean Sea (REMPEC) participated as observers. The issues discussed, amongst others, were the Med MoU policy, budgetary and procedural issues. The success of the 13th Committee Meeting was acknowledged by all participants.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

The DMS in an attempt to maintain and improve professional competency for its PSCOs and to update their technical and procedural knowledge, the DMS ensured that the PSCOs attended training courses organized by the DMS, Paris MoU and EMSA.

During 2011, ten(10) newly employed PSCOs participate in "New Entrant" Seminars for PSCOs, held by EMSA. Additionally, existing and newly employed PSCOs participate in Tanker Familiarization Training and Tanker Training. The seminars for the New Inspection Regime and the introduction to "THETIS" data-base, were held at the premises of the DMS.

Last but not least, the DMS informed the local shipping industry about the NIR, by conducting presentations by the DMS Marine Surveyors; and by issuing circulars and press releases.

4.8 Classification Societies

In 2011, the Merchant Shipping Law (Recognition and the Authorisation of Organisations) Law 46(I)/2001, as amended by Law 83(I)/ 2004), was repealed and was replaced by the Merchant Shipping Law (Recognition and the Authorisation of Organisations) Law 128(I)/2011, which incorporates the provisions of EU Council Directive 2009/15/EC.

However, the Agreement Governing the Delegation of Statutory Surveys, Inspections and Certification Services for Ships Flying the Cyprus Flag, between the Government of the Republic of Cyprus and the Recognized Organisations Notification, issued by virtue of the repealed Laws (P.I. 241/2005) will remain in effect, until repealed and replaced by a new Notification issued, pursuant of Section 6 of the New Law 128(I)/2011.

The New Law 128(I)/2011 transposes into national legislation the EU Directive 15/2009/EC, which regulates the relation of the Republic of Cyprus vis-a-vis the Recognised Organisations that have been authorised to perform statutory services, on ships flying the flag of the Republic.

Cyprus has authorised 11 organisations (Recognised Organisations –ROs), and has signed an Agreement, with them, governing the delegation of authority for statutory surveys, inspections and certification services, for ships flying the Cyprus flag. The Agreement specifies the extent of the ROs' authorisation, as well as their responsibilities vis-à-vis the Republic of Cyprus.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.9 Protection of the Marine Environment

The DMS has actively participated in several regional and international meetings related to the protection of the marine environment and the environment in general.

Cyprus is a keen supporter of effective measures and actions, agreed at international level, aimed to protect the marine environment and the environment in general. The DMS strongly believes that any measures taken to protect the marine environment should be implemented globally and not regionally, in order for them to be effective.

Cyprus participates actively in the international debate on the reduction of Green House Gas (GHG) emissions from ships.

Specifically, a Senior Officer of the DMS was part of the Cyprus Delegation for the 18th United Nations Climate Change Conference that took place in Durban, South Africa, from 28th November to 9th December 2011. The DMS representative took part in the negotiations that were held in Durban on the issue of bunker fuels.

At the sixty-second session of the Marine Environment Protection Committee (MEPC) that took place at the IMO Headquarters, from the 11th to the 15th July 2011, the Cyprus Delegation took an active participation in the discussions for the formulation and the adoption of the first global mandatory GHG emission reduction regime for the maritime sector. After lengthy discussions, MEPC adopted a new chapter on energy efficiency to MARPOL Annex VI, entitled "Regulations on the Prevention of Air Pollution from Ships".

The new regulations on energy efficiency for ships make mandatory the Energy Efficiency Directive (EEDI) for new ships and the SEEMP (Sea Energy Efficiency Management Plan) for all ships. Furthermore, they add new definitions and requirements for survey and certification, including the format for the new International Energy Efficiency Certificate. The new regulations apply to all merchant ships of 400 gross tonnage and above, regardless of the national flag they fly or the nationality of the owner; and are expected to enter into force, globally, on 1 January 2013. However, an Administration that considers that its industry needs more time to comply, may waive the requirement for new ships from complying with the EEDI, for a period of up to four years.

The adoption by the IMO of mandatory reduction measures for all ships from 2013 and onwards will lead to significant emission reductions and also to a striking cost-saving for the shipping industry as a whole. By 2020, up to 200 million tonnes of annual CO₂ reductions are estimated from the introduction of the EEDI for new ships; and the SEEMP for all ships in operation, a figure that, by 2030, will increase to 420 million tonnes of CO₂ annually.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

The MEPC in its sixty-second session decided to re-elect Mr. A.Chrysostomou, who is a Senior Marine Surveyor of the DMS, as a Chairman of the MEPC Committee, for the 8th time.

4.10 Legal Matters and EU Harmonisation

During the year 2011, the DMS adopted a number of new legislative instruments, particularly in view of the harmonisation requirements with the Community acquis.

4.10.1 New Merchant Shipping Legislation - EU Legislative Harmonisation

In terms of legislative harmonisation with the EU acquis, the transposition of the following four Community instruments was completed in 2011, by virtue of national legislation:

- Directive 2009/16/EC of the European Parliament and of the Council of 23 April 2009 on Port State Control (completion of transposition effected by virtue of the Merchant Shipping (Port State Control) Law of 2011, Law 95(I)/2011, relevant Notification P.I. 308/2011 as well as Order P.I. 339/2011 (on the definition of the duration of night));
- Directive 2009/15/EC of the European Parliament and the Council on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administrations (completion of transposition effected by virtue of the Merchant Shipping (Recognition and Authorisation of Organisations) Law of 2011, Law 128(I)/2011 and related Order P.I. 451/2011 (on the definition of International Instruments));
- Commission Directive 2010/68/EU of 22 October 2010 amending Council Directive 96/98/EC on marine equipment (completion of transposition effected by virtue of the Merchant Shipping (Marine Equipment) Order of 2011, P.I. 274/2011);
- Commission Directive 2010/36/EU of 1 June 2010 amending Directive 2009/45/EC of the European Parliament and of the Council on safety rules and standards for passenger ships (completion of transposition effected by virtue of the Merchant Shipping (Safety Rules and Standards for Passenger Ships) Order of 2011, P.I. 247/2011).

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

During the second half of 2011, the DMS has also worked towards the finalisation of legislation in order to complete the harmonisation of the remaining EU instruments of the third maritime safety package.

The third maritime safety package was adopted by the European Parliament and the Council in April 2009 to improve safety in the shipping industry and thereby reduce environmental damage to the sea. The main objective is the restoration of the competitiveness of the sector, while benefiting only those operators who respect the safety standards. This aim is to be achieved by increasing the pressure on owners of sub-standard ships.

Furthermore, in 2011 the DMS has been engaged with the drafting of a Bill on the Protection of Cyprus Ships against Act of Piracy and Other Unlawful Acts. This Bill is expected to be enacted within the first half of 2012.



4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.11 Taxation of Shipping Companies

The Tonnage Tax System (TTS) for Cyprus Merchant Shipping, was approved by the European Commission on the 24th March 2010 (case N. 37/2010), as being compatible with the requirements of the EU acquis, and in accordance with the relevant guidelines on State Aid to Maritime Transport. The corresponding Law, the Merchant Shipping (Fees & Taxing Provisions) Law (44(I)/2010), was enacted in May 2010 and was applicable as from the beginning of the fiscal year 2010.

The Tonnage Tax System is available to any owner, charterer or ship manager, who owns charters or manages a qualifying ship in a qualifying shipping activity.

The tonnage tax is calculated on the net tonnage of the ship according to a broad range of bands and rates described in the legislation. The rates applicable to ship managers are 25% of those applied for ship owners and charterers.

Qualifying owners of foreign ships, charterers and ship managers who are interested to be taxed under the TTS, have to exercise their option for admission to the TTS, by a written application. Upon examination of their application for compliance with the relevant eligibility requirements and acceptance for admission, qualifying owners, charterers and ship managers must remain in the TTS for at least ten years.

Qualifying owners of Cyprus ships are automatically subject to tonnage tax and therefore owners need not to exercise this option.

Profits from the operation of vessels in shipping activities, profits on the sale of vessels, interest earned on funds used other than for investment purposes; and dividends paid directly or indirectly from shipping-related profits, are exempted from income tax.

For the smooth implementation of the Law, several pieces of implementing secondary legislation in the form of Notifications had to be prepared and issued, together with interpretation circulars.

In addition to the six (6) Notifications, six (6) Circulars and eleven (11) Forms issued in 2010, another eight (8) circulars were issued in 2011, to fill possible gaps or prevent any misunderstanding of the Law.

For the fiscal year 2011, 30 shipmanagement companies, 17 charterers and 16 owners of foreign ships were taxed under the TTS, compared to 29 ship management companies, 14 charterers and 9 owners of foreign ships in 2010.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

4.12 Other Activities

4.12.1 Promotional Activities

The promotion of the Cyprus flag and of Cyprus as an international maritime centre offering high quality maritime services is a significant ongoing activity of the Department.

Within this remit, the Department's long-standing endeavours to promote Cyprus shipping in general has continued throughout 2011. The DMS has exerted its efforts both at national and international level, by participating regularly in various meetings, conferences and maritime exhibitions held around the world.

a. East Med Marine Exhibition

Following the success of the previous exhibitions, the 5th East Med Marine Exhibition was held at the Grand Resort Hotel in Limassol on 7th and 8th of April 2011, under the auspices of the Ministry of Communications and Works and was supported, inter-alia, by the Department of Merchant Shipping and the Cyprus Shipping Council. This is the fifth such event since the exhibition's inception in 2003.

This biennial event is organised by the M.I.E Group of Companies and aims to reinforce closer links amongst participants and to offer to the large shipping industry of Cyprus and the Eastern Mediterranean countries, an exhibition concentrating on a wide range of equipment, products and technical services, related to the shipping and shipping-related industries. Another aim of the Exhibition is to help participants to learn how marine technology can be of assistance to the shipping industry.

The Exhibition has now become a well-established specialised event in the shipping calendar of Cyprus and that of its Eastern Mediterranean countries; and attracts more than 80 exhibitors from those countries.

The Exhibition was officially opened by the Minister of Communications and Works, Mrs. E.Kozakou. The DMS participated as an exhibitor with an aptly located stand.

The DMS always supports such events which promote shipping and related services and facilitate the further development of Cyprus as a maritime centre of excellence and quality.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

b. “Sea Asia ” 2011

The 3rd “Sea Asia” Maritime Conference and Exhibition was held mid-April 2011, at the Marina Bay Sands Exhibition Hall, in Singapore. This is the third such event held and attracts more than 10,000 visitors, including more than 700 Conference delegates. The event covers a wide array of shipping topics, which the international maritime industry experiences.

A Cyprus Government Delegation comprised of two Maritime Affairs Officers headed by the DMS Director, Mr. S. Serghiou, participated in the event. The DMS participated as an exhibitor with an aptly located pavilion, as part of Cyprus’ promotional activities in Singapore.

During their stay in Singapore, the members of the Cypriot Delegation held meetings with several shipping executives of Singaporean shipowning firms, in order to exchange views on their experience with the Cyprus flag. They discussed the latest shipping policies of the Cyprus Government, the recent developments in Cyprus Merchant Shipping and other issues relating to Cyprus shipping.

c. “Cyprus Fishing and Boating Fair” 2011

The Exhibition was held between the 5th -7th of May 2011 at the Department Store “ My Mall”, in Limassol. It was organised by the “Cyprus Fishing” magazine in cooperation with the Limassol Municipality; and with the full support of all sea, boating and amateur fishing official bodies. It is considered to be the most significant Exhibition of fishing and boating equipment industry in Cyprus; and attracts more than 10,000 visitors.

The DMS supports this event and has participated as an exhibitor as well as a supporter, with a stand, where informative booklets, for maritime studies and maritime professions, were distributed. It also provided the latest shipping news and developments, in small vessels and provided information to visitors on public safety at sea.

The DMS Director, Mr S.Serghiou, delivered a speech, which emphasized the importance of the sea for Limassol and for Cyprus, as a whole. The DMS Director together with the Limassol Mayor, Mr A.Christou, opened the gates of the Exhibition.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

d. Promotion of the new Cyprus Tonnage Tax System

The DMS through its Director and Maritime Affairs Officers, headed by the Minister of Communications and Works, Mr. E. Flourentzou; and in cooperation with the Cyprus Shipping Chamber (CSC) and the Cyprus Investment Promotion Agency (CIPA) embarked on a specialised and targeted marketing campaign through organizing a joint promotional seminar, in the cities of Leer and Haren in Germany in August 2011. The main focus of the Seminar was to promote and explain the basic provisions of the new tonnage tax system, in order to attract quality ships and shipping companies to Cyprus.

Subsequently, meetings were held by the Cyprus Delegation with German shipowners, upon which a detailed report on the services offered by Cyprus was presented.

It is expected that the Cyprus new taxation regime will further improve the country's competitive position internationally. It is also expected to boost Cyprus' shipping industry, particular the shipmanagement sector, thus ultimately increasing the contribution of shipping and shipping-related services to the Cyprus economy. Additionally, the DMS believes that the new shipping taxation framework represents great potential tool for expansion, which should be fully exploited by all concerned.

e. "Maritime Cyprus" Conference 2011

The "Maritime Cyprus" International Conference is a biennial international shipping conference held in Cyprus since 1989, which acquires great international significance; and ranks as one of the largest shipping conferences in the world, attracting hundreds of maritime executives from over 35 countries to Cyprus.

This year's "Maritime Cyprus" Conference took place in Limassol, in October from 2nd to 5th of October, at the "Evagoras Lanitis Centre" in Limassol, entitled "The Questions in Shipping".

The Conference was organized by the Ministry of Communications and Works/ Department of Merchant Shipping in collaboration with the Cyprus Shipping Chamber and the Cyprus Union of Shipowners.

The main aim of the "Maritime Cyprus" Conference is to operate as a forum, where important and current issues relating to international shipping are presented by distinguished speakers. Subsequently, these issues are further discussed by the international shipping community within numerous international maritime organizations, thereby helping to formulate sound policies on crucial shipping issues.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

The Conference was officially opened by H.E. the President of the Republic of Cyprus. During the Opening Ceremony, speeches were given by distinguished guests including ,amongst others, H.E. Mr. Efthimios Mitropoulos, Secretary General of the International Maritime Organization (IMO), and H.E. Mr. Siim Kallas, EU Vice-President and Transport Commissioner, the Cyprus Minister of Communications and Works, Mr.E.Flourentzou, Dr. E.Kozakou, ex Minister of Communications and Works(debating on countering piracy) and the ICS Chairman, Mr.Spyros Polemis.

The three daily themes were as follows:

During the first day of the Conference, experts dealt with the question: “Is it safe enough?”. The theme included panel discussions focusing on “Countering Piracy”, “Seafarers and the Human Element” and “Capital Markets- a new Perspective in Ship Financing”. In order to mark the occasion of the “World Maritime Day” under the theme “Piracy – Orchestrating the Response”, particular attention was given to Piracy promoting as such the orchestration of a broader, global response aimed at eradicating this menace, which has resulted in seafarers being held hostage for ransom.

The “Maritime Cyprus” Conference continued its success into its second day and experts dealt with the question “Is it sustainable?”. The theme included panel discussions on “Energy” and “Long-term Sustainability”.

The Conference was concluded on Wednesday 5 October. The subject of the day was “Is there enough Confidence?” and included two sessions entitled “Forecasting” and “Recovery from the Crisis – The Future”.

Considering the positive comments received after the completion of the Conference, both on the various subjects covered, as well as on the organizational arrangements made, the “Maritime Cyprus Conference” 2011 clearly constituted yet another success for Cyprus Shipping as well as for Cyprus in general; and this was acknowledged by all participants.

• “Cyprus Maritime Awards” 2011

For the purpose of promoting and further developing Cyprus Merchant Shipping, two Awards were established, namely the Cyprus Maritime Personality Award and the Cyprus Shipping Industry Award.

On the 2nd of October, the Cyprus Maritime Awards were presented during the the “Rendez – Vous” Reception, which preceded the official opening of the Conference.

The Cyprus “Maritime Personality Award” was bestowed to Mr. A. Drousiotis, Non-Executive Chairman of Bernhard Schulte Shipmanagement (Cyprus) Ltd, whereas the “Cyprus Shipping Industry Award” was awarded to Marlow Navigation Co. Ltd.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011



4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

• Young Executives Session

Following the deliberations of the second day of the Conference, a “Young Executives Session”, was held under the theme “Global Shipping Networking”, chaired by Mrs. Marina Angsell, Legal Adviser, of the Swedish Maritime Administration, Mr. Arsenio Dominguez, Alternate Representative and Technical Adviser of the Permanent Mission of Panama to the IMO (Panama Maritime Authority) and Mr. Ioannis Pelekanakis, Policy Adviser, Maritime Affairs, (CEO of Carbon Positive Services Ltd).

During the Young Executives Session, a lively exchange of opinions and views took place on how young executives can network between themselves, expand their network through the use of a social media and press; or by other means; and of how they can promote their business within this global framework.

4.12.2 International Relations

a. Bilateral relations

Representatives from the Maritime Authorities of Germany and Cyprus held a meeting from 17 to 18 January 2011 at the DMS Headquarters in Limassol, Cyprus. The DMS delegation was comprised of DMS Senior Officials, headed by the Director of the DMS, whereas the German delegation was comprised of the Director of Shipping and the Head of the Division for International and European Maritime Transport Policy. During the meeting, several issues were discussed, such as the International Convention on Liability for Bunker Oil Pollution Damage, the “MLC 2006”, the Community Guidelines on State Aid to Maritime Transport and the Maritime Social Package.

b. Presidency of the Council of the EU by Poland, Denmark and Cyprus -, Shipping and Maritime Transport Matters

In April 2011, the Polish Maritime Administration invited representatives from the Maritime Administration of Cyprus and Denmark for a one-day meeting. The purpose of the meeting, which was held in Warsaw, was to discuss various issues related to the inherited agenda and the priorities of the three (3) Maritime Administrations within the framework of the Trio Presidency of the EU Council. This was the third meeting of the three (3) Maritime Authorities in view of their preparation for the Presidency of the EU Council. The DMS was represented at this meeting by its Director and two (2) Senior Officers of the DMS.

4.12.3 Bilateral Agreements

An Agreement between the Government of the Republic of Cyprus and the Government of the State of Israel, on Merchant Shipping, which was signed on 13.1.2010 and entered into force on 23.3.2011.

4. MAIN ACTIVITIES OF THE DEPARTMENT

OF MERCHANT SHIPPING IN 2011

In June 2011, an Agreement was initialled in Kiev between the Government of the Republic of Cyprus and the Cabinet of Ministers of the Ukraine, on Maritime Merchant Shipping.

The Agreement between the Government of the Republic of Cyprus and the Government of Romania, on Maritime Transport, which was signed on 23/10/2006, entered into force on 22/7/2011. Specifically, the aforesaid Agreement substitutes the Agreement between the Government of the Republic of Cyprus and the Government of the Socialist Republic of Romania, on Maritime Navigation, which was signed in Nicosia on 25/10/1983.

The Agreement between the Government of the Republic of Cyprus and the Government of the Republic of Italy on Maritime Navigation, which was signed in Rome on 18/11/2004, as well as the exchange of notes amending the aforesaid Agreement under the form of verbal notes for amending the aforesaid Agreement, both entered into force, on 23/11/2011.

A list of the countries with which Cyprus has concluded Bilateral Agreements on Merchant Shipping can be found in Annex 12.

4.12.4 Ferry Connection between Greece and Cyprus

The resumption of the maritime link between Greece and Cyprus is amongst the main priorities of the Ministry of Communications and Works and the Department of Merchant Shipping.

This maritime connection is vital for island states, members of the EU, in order to enable the free movement of both, cargo and people, across current European borders. Cyprus' need for an alternative means of access to continental Europe is stressed to all European Commission Officials, in an attempt to increase awareness of this issue and to influence the new EU transport policy that provides for equal opportunities (adequate EU funding), for peripheral member- States and those in remote areas of the EU.

To this end, in 2010 a Task Force was established with the participation of all the competent authorities involved, in order to evaluate the feasibility of such a project, as well as identifying all available options and determining the frequency of the route.

At the same time, the Task Force also worked with the relevant Greek Authorities, in an attempt to overcome certain procedural and legal impediments for the smooth resumption of the maritime link between the two countries.

The necessary actions and the continuous contacts with the Greek Government have been successful. On June 16, 2011, the Greek Government issued a Presidential Decree amending the existing Greek legislation on the kind of passengers that Ro-Ro vessels are allowed to transport.

4. MAIN ACTIVITIES OF THE DEPARTMENT OF MERCHANT SHIPPING IN 2011

To be precise, the Greek legislation provided that only persons who are related to the ship's cargo, (truck driver, vehicles drivers and cargo attendants), are allowed on board this type of vessel. The amendment has removed this restrictive provision and therefore it has now become possible for passengers to travel on board the Ro-Ro vessels, thus allowing for a regular service between Greece and Cyprus.

4.12.5 DMS Circulars

One of the duties of the DMS is to keep the Cyprus maritime industry continuously informed and updated on shipping regulations entering into force and on relevant Government notices and policies by issuing Circulars and informative publications.

In Annex 13, a list of all Circulars issued by the DMS during 2011 is presented in chronological order. All the Circulars issued may be found in the DMS web site (www.shipping.gov.cy).



Cyprus participates actively in the work of the International Maritime Organization (IMO), the International Labour Organization (ILO) and in the various bodies and 'comitology' groups of the European Union. Its participation aims to safeguard the interests of the Cyprus shipping industry, to achieve consensus for the introduction of new regulations and to prevent unilateral or regional actions.

5.1 International Maritime Organisation (IMO)

Over the last 20 years, Cyprus, as a member of the IMO Council, has actively and constructively participated in international maritime affairs. Its continuous and valuable contribution to the IMO's work is duly recognised and appreciated by the IMO members.

Cyprus will continue to contribute actively to the formulation of policies and regulations for international shipping and to safeguard at the same time its shipping interests.

• IMO Meetings, Sessions and Conferences

As an active member of the International Maritime Organization, Cyprus participates in all the meetings of the committees and subcommittees of the Organization. The representation of Cyprus at the various meetings of the IMO is usually undertaken by the officers of the DMS, who are stationed at the Cyprus High Commission in London. However, during the discussion of very important issues for the Cyprus Maritime Industry, the delegation of Cyprus to the IMO is strengthened with officers from the Headquarters of the DMS. The Cyprus position on the various issues debated at the IMO is formulated by the Maritime Policy, Multilateral Affairs and Standards Division of the DMS.

The most important IMO meetings attended, during 2011, were as follows:

- 15th and 16th Sessions of the Sub-Committee on Bulk Liquids and Gases;
- 15th Session of the Sub-Committee on Radio Communications and Search and Rescue ;
- 16th Session of the Sub-Committee on Dangerous Goods, Solid Cargoes and Containers;
- 19th Session of the Sub-Committee on Flag State Implementation;
- 27th Session of the IMO Assembly;
- 37th Session of the Facilitation Committee;

5. CYPRUS PRESENCE IN

INTERNATIONAL ORGANISATIONS

- 42nd Session of the Sub-Committee on Standards of Training and Watchkeeping (STW);
- 53rd Session of the Sub-Committee on Stability and Load Lines and on Fishing Vessels' Safety;
- 55th Session of the Sub-Committee on Ship Design and Equipment;
- 55th Session of the Sub-Committee on Fire Protection;
- 57th Session of the Sub-Committee on Safety of Navigation;
- 61st Session of the Technical Co-operation Committee;
- 62nd Session of the Marine Environment Protection Committee (MEPC);
- 89th Session of the Maritime Safety Committee;
- 98th Session of the Legal Committee;
- 106th and 107 Sessions of the Council.

During the 27th Session of the International Maritime Organization Assembly and the elections which took place in London, in November, Cyprus was re-elected, for another two years, as a Member of the IMO Council, for the 13th consecutive time. This year, 26 countries were candidates for the 20 positions on the Council, for which elections were conducted. Cyprus was elected with 127 votes and ranked 4th among the rest of the countries.

This proves the appreciation of the IMO member – States towards Cyprus and the trust that the Cyprus flag enjoys internationally. The continuous support of the IMO member-States, since Cyprus' accession to the Council back in 1987, until today, reflects the effective and substantial role of Cyprus, not only within the IMO but throughout the shipping world.

Finally, several other Sessions and Conferences have been attended by DMS Officers, during 2011:

- Voluntary IMO Audit Scheme, IMO, Cayman Islands (UK), June 2011;
- Regional Seminar to Familiarize Parties to the STCW Convention with the 2010 Manila Amendments, IMO, Constanza, October 2011;
- World Conference of the United Nations on Climate Change (COP 17), IMO, Durban(S.Africa), November- December 2011.

5.2 International Labour Organization (ILO)

Within the DMS a new section, namely the Maritime Labour Section has been established and manned with qualified personnel. The new section will be responsible for the handling of all the ILO's Maritime Conventions.

During 2011, the legal vetting of the Ratification Bill of the Maritime Labour Convention 2006 (MLC 2006) was finalized. The MLC 2006 is scheduled to be ratified by the Republic in the second quarter of next year.

The DMS participated in the Second Meeting of the Preparatory Tripartite MLC 2006 Committee (PTMLC) in Geneva, 12–14 December 2011, which approved the Standing Orders for the Special Tripartite Committee to be established by the Governing Body, in line with Article XIII of the Maritime Labour Convention 2006 (MLC 2006).

5.3 European Union

During 2011, officers of the Department participated in the following meetings and seminars under the EU umbrella:

- 4th Meeting of the Working Group on the Integrated Maritime Policy, DG Move, Bruxelles, October 2011;
- 7th High - Level Meeting of the Local Points on the Integrated Maritime Policy, DG Mare, Warsaw, October 2011;
- 1st Vessel Network User Group Meeting, EMSA, Lisbon, October 2011;
- 23rd Meeting of the Shareholders Advisors Group on Maritime Security, Bruxelles, June 2011;
- 8th Annual Meeting – Consultative Network on Technical Assistance (CNTA), EMSA, Lisbon, June 2011;
- Expert's Meeting of the EU Member-States for the Integrated Maritime Policy, DG Mare, Bruxelles, June 2011;
- 30th Meeting of the Administrative Board, EMSA, Lisbon, June 2011;
- 24th Meeting of the Recreational Craft Directive ADCO Working Group, Directorate General Enterprise and Industry, Vern, May-June 2011;
- 2nd Meeting of the Working Group for Vessels of the European Climate Change Programme, Bruxelles, June 2011;
- 22st Meeting of COSS (Committee on Safe Seas and the Prevention of Pollution from Ships), Brussels, April 2011;

5. CYPRUS PRESENCE IN

INTERNATIONAL ORGANISATIONS

- 8th Meeting of the Consultative Technical Group (CTG) for Cooperation in Marine Accident Investigation, EMSA, Lisbon, June 2011;
- Meeting of the MARSEC Expert Group on the Security System SSN, EMSA, Lisbon, June 2011;
- Technical Working Group Meeting for the Safety of Passenger Ships for the Revision of the Directive 2009/45/EC, EMSA, Lisbon, September 2011;
- 40th Meeting of the Committee for Maritime Security, European Union, Bruselles, September 2011;
- Expert Meeting on the International Safety Management Code, EMSA, Bruselles, October 2011;
- Educational Seminar on the New Inspection Regime on Port State Control, EMSA, Lisbon, October 2011;
- 6th Meeting of EMSA' s Consultative Technical Group Meeting for Marine Pollution, Preparedness and Responce, Lisbon, October 2011;
- 8th Meeting of Consultative Technical Group for Cooperation in Marine Accidents Investigation, EMSA, Lisbon, June 2011.

5.4 Paris MoU

The Department participates actively in the meetings and other activities of the Paris MoU. During 2011, officers of the Department participated in the following meetings and seminars:

- 23rd Meeting of the Technical Evaluation Group, Paris MoU, Tallin (Esthonia), February 2011;
- Refresher Port State Control Seminar, EMSA/Paris MoU, Lisbon, May 2011;
- 44th Meeting of the Port State Control Committee, Paris MoU, Naples, May 2011;
- 51st Port State Control Seminar, Paris MoU, Lithuania, June 2011;
- Business Intelligence Tool (BI Tool)/Date Mining and Statistical Data Analysis, Paris MoU, the Hague, September 2011;
- 13rd Committee Meeting of the Mediterranean Memorandum of Understanding on Port State Control, Paris MoU, Limassol, October 2011.

In the above mentioned meetings, the future developments of Port State Control were discussed, particularly the New Inspection Regime of Port State Control in the Paris MoU region, as well as the professional development and the updating of the knowledge of the Port State Control officers.

6. ON GOING PROJECTS FOR

THE IMPROVEMENT OF DMS SERVICES

The quality and speed of the services rendered by the DMS is an important aspect which affects the competitiveness of the flag.

Further improvement of the services offered by the Department is achieved with the expansion and refinement of the computer and information system MARCOS, the addition of new electronic services (e-Services) and the implementation of a Quality Assurance System, leading to the ISO 9001:2008 certification of the Department.

6.1 Information Technology Projects

6.1.1. Website of the Department of Merchant Shipping

The website of the Department is regularly updated and enriched with new information throughout the year. It is also updated with all the information regarding the new tonnage tax system (Law, Notifications, Circulars, Forms, tax calculators).

6.1.2 e-Services

As from 2010 and onwards, new electronic services were launched: (i) Online Authentication of Seafarers' Certificates, (ii) online searching for small vessels and information retrieval regarding a vessel's technical details and owners' contact information (operated by the Marine Police and the Department of Fisheries and Marine Research), (iii) the online handling of applications to obtain a high-speed small vessel operator's licence and (iv) the production of electronic statements regarding the status of a vessel's accounts. Upon application and relevant registration, the registered owners of vessels, under the Cyprus flag or their designated representatives can be informed online about the balance of their accounts.

In 2011, the DMS launched a new web service which automates a set of the new tonnage tax system procedures, for instance the electronic submission of a company's application and tax declaration for each fiscal year. The system (e-TTS) enables DMS officers to examine these applications and tax declarations electronically and thus simplifies the implementation of the new tonnage tax system by automatically calculating the specific eligibility requirements.

6. ON GOING PROJECTS FOR THE IMPROVEMENT OF DMS SERVICES

6.2 ISO 9001:2008

The DMS has begun to expand the implementation of the Quality Assurance System which is currently implemented only by the Seafarers' Division, to cover all the Divisions of the Department. The Department aims at obtaining the ISO 9001:2008 certification for all of its activities. The decision was based on the DMS's effort to upgrade the quality and speed of its services and to increase its productivity.

The process of certification is planned in two stages and includes all the operations and divisions of the Department, both at the Headquarters and at the Maritime offices abroad.



The basic aim of the DMS is the sustainability and continuous growth of the Cyprus shipping industry and the enhancement of its competitive position through the continuous improvement of the maritime infrastructure, the improvement of the quality of the merchant fleet, the enhancement of the international reputation of the Cyprus flag; and the wide international recognition of Cyprus as an established maritime center.

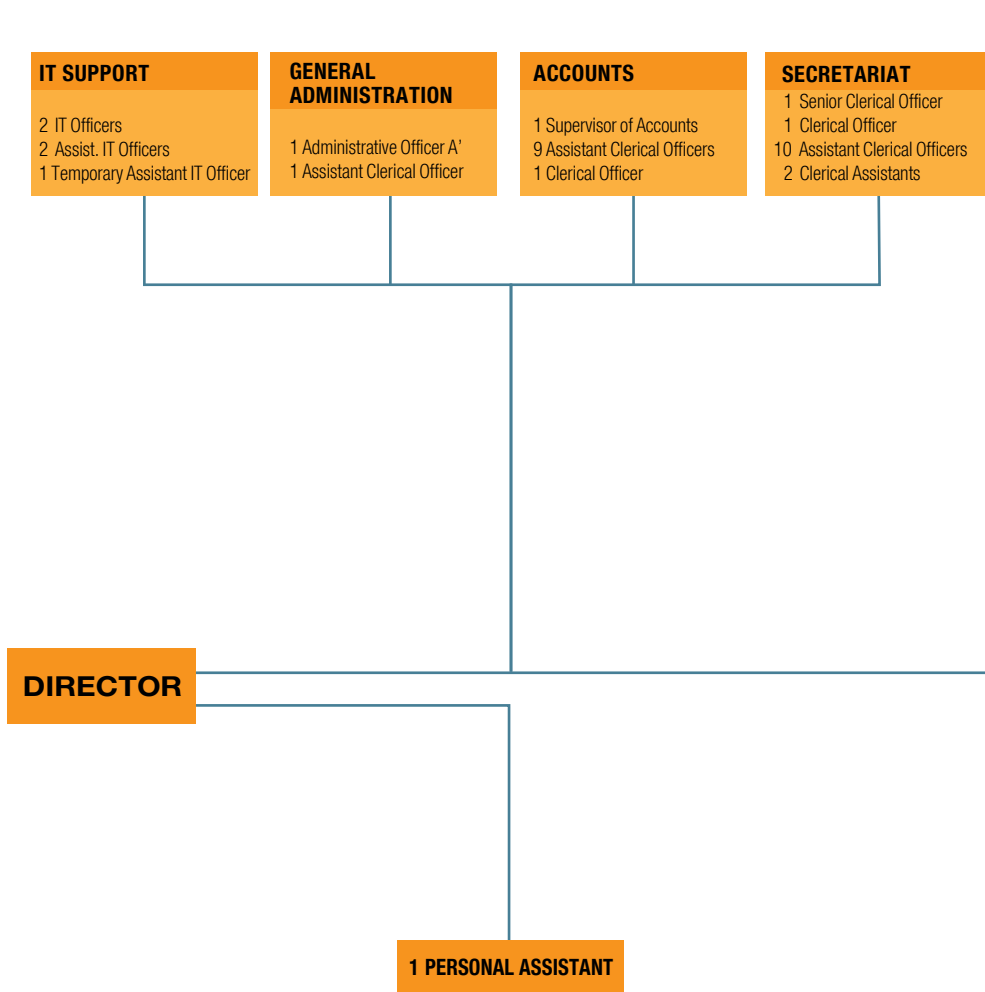
To achieve this objective, future actions are planned in the following areas:

- Promotion of Cyprus and the Cyprus flag within the international shipping industry;
- Maintaining Cyprus' classification in the White List of all Memoranda of Understanding on Port State Control;
- Re-organisation and strengthening of the Department;
- Further improvement and expansion of the information system;
- Drafting of new legislation for the updating of maritime legislation and working towards the continuous harmonisation with European legislation;
- Maintenance and further enhancement of the significant role that Cyprus plays in international shipping through its substantial participation in the work of the IMO and the EU;
- Establishment of a quality management system to cover the entire Department and its certification in accordance with the ISO 9001:2008 Standard;
- Promotion of the seafaring profession amongst young people;
- Encouragement of educational institutions that offer third-level education to include into their educational curricula shipping and/or shipping-related subjects.



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1 DMS ORGANISATIONAL STRUCTURE



**VESSEL TRAFFIC MONITORING
INFORMATION AND
TELECOMMUNICATIONS DIVISION**

1 Senior Marine Surveyor
10 VTMS Operators
2 Assistant Clerical Officers

**MARINE ENVIRONMENT
PROTECTION DIVISION**

1 Senior Marine Surveyor
1 Marine Surveyor A'
2 Marine Surveyors
1 Assistant Clerical Officer

**INVESTIGATION OF MARINE
CASUALTIES AND NOTICES
TO MARINERS DIVISION**

2 Marine Surveyors A'
1 Assistant Clerical Officer

SEAFARERS' DIVISION

1 Senior Marine Surveyor
2 Marine Surveyors A'
3 Marine Surveyors
7 Assistant Clerical Officers
3 Clerical Assistants

**MARITIME POLICY, MULTILATERAL
AFFAIRS AND STANDARDS DIVISION**

1 Senior Marine Surveyor
2 Marine Surveyors A'
2 Marine Surveyors
1 Maritime Affairs Officer A'
2 Maritime Affairs Officers

COSTAL NAVIGATION DIVISION

Head of Division (Vacant)
1 Marine Surveyor A'
2 Marine Surveyors
4 Assistant Clerical Officers

**MARITIME SAFETY AND
SECURITY DIVISION**

1 Senior Marine Surveyor
4 Marine Surveyors A'
6 Marine Surveyors
7 Assistant Clerical Officers

**MARITIME
OFFICES
ABROAD**

**MERCHANT SHIPPING
DEVELOPMENT DIVISION**

1 Maritime Affairs Officer A'
5 Maritime Affairs Officers
1 Assistant Clerical Officer

**LEGAL AND EU
HARMONISATION DIVISION**

1 Senior Maritime Affairs Officer
3 Maritime Affairs Officers
1 Assistant Clerical Officer

**REGISTER OF SHIPS
AND RELATED LEGAL
AFFAIRS DIVISION**

1 Maritime Affairs Officer A'
2 Maritime Affairs Officers
11 Assistant Clerical Officers

BRUSSELS

1 Marine Surveyor

HAMBURG

1 Marine Surveyor

ROTTERDAM

1 Marine Surveyor

NEW YORK

1 Marine Surveyor

LONDON

1 Marine Surveyor A'
1 Marine Surveyor

PIRAEUS

2 Marine Surveyors



2 PRESENT STATUS OF THE PERSONNEL OF THE DEPARTMENT OF MERCHANT SHIPPING

| PERSONNEL | APPROVED POSTS | PRESENT PERSONNEL | UNFILLED POSTS |
|--|----------------|-------------------|----------------|
| DIRECTOR | 1 | 1 | -- |
| SENIOR MARINE SURVEYORS | 6 | 6 | -- |
| MARINE SURVEYORS A´ | 15 | 10 | 5 |
| MARINE SURVEYORS (NON PERMANENT POSITIONS) | -- | 4 | -- |
| MARINE SURVEYORS | 33 | 22 | 11 |
| TOTAL MARINE SURVEYORS | 54 | 42 | 16 |
| SENIOR MARITIME AFFAIRS OFFICERS | 1 | 1 | -- |
| MARITIME AFFAIRS OFFICERS A´ | 4 | 4 | -- |
| MARITIME AFFAIRS OFFICERS | 11 | 11 | -- |
| TOTAL MARITIME AFFAIRS OFFICERS | 16 | 16 | -- |
| RADAR OPERATORS | 10 | -- | 10 |
| MERCHANT SHIPPING ASSISTANTS / CLERKS | 1 | 1 | -- |
| OVERALL PERSONNEL | 82 | 60 | 26 |

3 SHIPS ON THE CYPRUS REGISTER AS ON 31 DECEMBER 2011

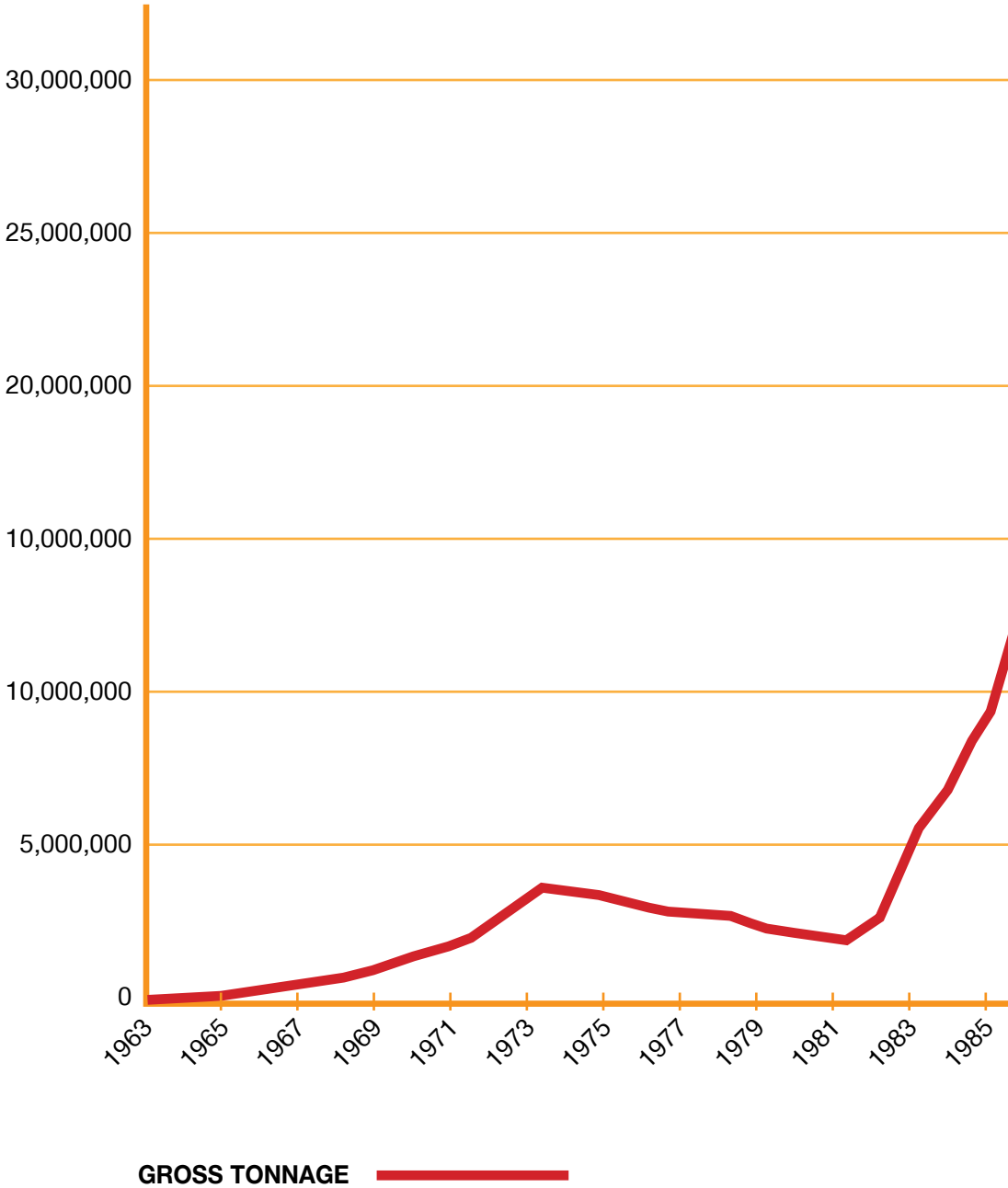
| TYPE OF VESSEL | PERMANENT | | PROVISIONAL | | PARALLEL | | TOTAL | |
|--------------------------------------|--------------|-----------|--------------|---------|--------------|-----------|--------------|-----------|
| | No. of Ships | G. T. | No. of Ships | G. T. | No. of Ships | G. T. | No. of Ships | G. T. |
| BARGE | 62 | 125,899 | 4 | 12,420 | 0 | 0 | 66 | 138,319 |
| BULK CARRIER | 250 | 8,332,349 | 7 | 388,964 | 6 | 226,451 | 263 | 8,947,764 |
| CARGO SHIP | 15 | 140,284 | 1 | 5,264 | 2 | 5,036 | 18 | 150,584 |
| CHEMICAL TANKER | 62 | 1,045,070 | 0 | 0 | 4 | 95,569 | 66 | 1,140,639 |
| COASTAL PASSENGER VESSEL | 87 | 4,822 | 0 | 0 | 0 | 0 | 87 | 4,822 |
| CONTAINER SHIP | 116 | 2,752,515 | 1 | 36,014 | 89 | 1,237,586 | 206 | 4,026,115 |
| DREDGER | 23 | 53,834 | 3 | 1,687 | 0 | 0 | 26 | 55,521 |
| DUMP BARGE | 1 | 2,515 | 0 | 0 | 0 | 0 | 1 | 2,515 |
| FAST CREW BOAT | 1 | 427 | 0 | 0 | 0 | 0 | 1 | 427 |
| FIRE FIGHTING VESSEL | 5 | 4,838 | 0 | 0 | 0 | 0 | 5 | 4,838 |
| FISHING VESSEL | 41 | 26,396 | 0 | 0 | 0 | 0 | 41 | 26,396 |
| FLOATING CRANE | 4 | 2,977 | 0 | 0 | 0 | 0 | 4 | 2,977 |
| FPSO (FLOATING PRODUCTION STORAGE) | 1 | 12,577 | 0 | 0 | 0 | 0 | 1 | 12,577 |
| GAS CARRIER | 11 | 407,108 | 0 | 0 | 0 | 0 | 11 | 407,108 |
| GENERAL CARGO | 101 | 701,699 | 9 | 105,662 | 22 | 86,249 | 132 | 893,610 |
| HIGH SPEED PASSENGER CRAFT | 1 | 305 | 0 | 0 | 0 | 0 | 1 | 305 |
| HIGH SPEED RO-RO PASSENGER CRAFT | 3 | 10,535 | 0 | 0 | 1 | 4,995 | 4 | 15,530 |
| HOPPER DREDGER | 15 | 131,912 | 0 | 0 | 0 | 0 | 15 | 131,912 |
| LANDING CRAFT | 2 | 678 | 0 | 0 | 0 | 0 | 2 | 678 |
| LAUNCH | 9 | 651 | 2 | 28 | 0 | 0 | 11 | 679 |
| MODU (MOBILE OFFSHORE DRILLING UNIT) | 3 | 38,174 | 0 | 0 | 0 | 0 | 3 | 38,174 |
| MOTOR YACHT | 22 | 495 | 3 | 145 | 0 | 0 | 25 | 640 |
| MULTI PURPOSE SHIP | 43 | 457,442 | 0 | 0 | 5 | 31,445 | 48 | 488,887 |
| OIL TANKER | 59 | 3,902,002 | 1 | 1,113 | 8 | 280,142 | 68 | 4,183,257 |
| PASSENGER SHIP | 12 | 121,413 | 2 | 18,954 | 0 | 0 | 14 | 140,367 |
| PATROL VESSEL | 15 | 1,175 | 0 | 0 | 0 | 0 | 15 | 1,175 |

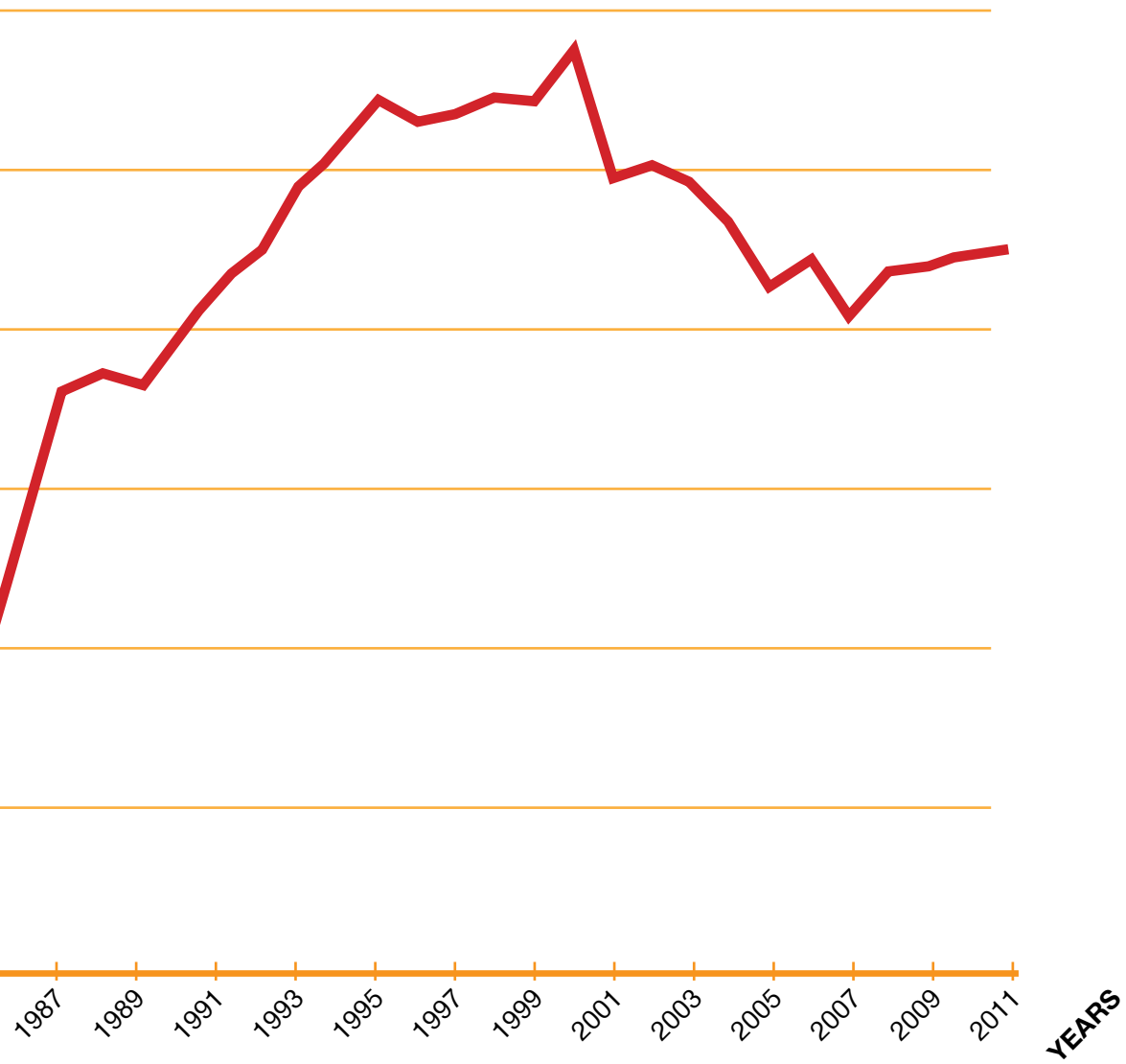
| TYPE OF VESSEL | PERMANENT | | PROVISIONAL | | PARALLEL | | TOTAL | |
|-------------------------------------|--------------|-------------------|--------------|----------------|--------------|------------------|--------------|-------------------|
| | No. of Ships | G. T. | No. of Ships | G. T. | No. of Ships | G. T. | No. of Ships | G. T. |
| PLEASURE BOAT | 9 | 65 | 0 | 0 | 0 | 0 | 9 | 65 |
| PLEASURE CRAFT | 369 | 9,202 | 14 | 336 | 0 | 0 | 383 | 9,538 |
| POLLUTION CONTROL VESSEL | 2 | 80 | 0 | 0 | 0 | 0 | 2 | 80 |
| PONTOON | 9 | 5,109 | 0 | 0 | 0 | 0 | 9 | 5,109 |
| REFRIGERATED CARGO CARRIER | 11 | 50,419 | 2 | 6,804 | 0 | 0 | 13 | 57,223 |
| RESCUE BOAT | 1 | 4 | 0 | 0 | 0 | 0 | 1 | 4 |
| RESEARCH VESSEL | 14 | 79,172 | 1 | 10,282 | 1 | 2,048 | 16 | 91,502 |
| RO-RO CARGO | 5 | 51,225 | 3 | 39,514 | 0 | 0 | 8 | 90,739 |
| RO-RO PASSENGER | 23 | 519,862 | 12 | 269,560 | 1 | 3,652 | 36 | 793,074 |
| SAILING YACHT | 15 | 328 | 0 | 0 | 0 | 0 | 15 | 328 |
| SALVAGE VESSEL | 1 | 366 | 0 | 0 | 0 | 0 | 1 | 366 |
| SERVICE BOAT | 2 | 77 | 0 | 0 | 0 | 0 | 2 | 77 |
| SPECIAL PURPOSE SHIP | 2 | 49,154 | 0 | 0 | 0 | 0 | 2 | 49,154 |
| SPECIAL PURPOSE/ROCK DUMPING VESSEL | 0 | 0 | 1 | 30,601 | 0 | 0 | 1 | 30,601 |
| SUPPLY VESSEL | 36 | 108,630 | 2 | 3,034 | 0 | 0 | 38 | 111,664 |
| TANKER | 7 | 117,407 | 0 | 0 | 0 | 0 | 7 | 117,407 |
| TUG | 123 | 58,217 | 14 | 6,450 | 0 | 0 | 137 | 64,667 |
| VEHICLE CARRIER | 4 | 36,932 | 0 | 0 | 0 | 0 | 4 | 36,932 |
| WORK/REPAIR VESSEL | 6 | 564 | 1 | 30 | 0 | 0 | 7 | 594 |
| OTHER | 15 | 12,404 | 0 | 0 | 0 | 0 | 15 | 12,404 |
| TOTAL | 1,618 | 19,377,309 | 83 | 936,862 | 139 | 1,973,173 | 1,840 | 22,287,344 |

G.T. = Gross Tonnage

4 DEVELOPMENT OF CYPRUS FLEET, 1963 - 2011

GROSS TONNAGE





5 SIZE AND AGE OF ALL CYPRUS FLAG VESSELS AS AT 31/12/2011

| DIVISION OF TONNAGE | DIVISIONS OF AGE | | | | | | | | | | | | | | | |
|---------------------|------------------|------------------|------------|------------------|-------------|------------------|-------------|------------------|-------------|----------------|-------------|----------------|------------------|----------------|--------------|-------------------|
| | 0-4 YEARS | | 5-9 YEARS | | 10-14 YEARS | | 15-19 YEARS | | 20-24 YEARS | | 25-29 YEARS | | 30 YEARS & ABOVE | | TOTAL | |
| | NO | G.T. | NO | G.T. | NO | G.T. | NO | G.T. | NO | G.T. | NO | G.T. | NO | G.T. | NO | G.T. |
| Up to 99 | 140 | 3,176 | 81 | 1,884 | 76 | 2,210 | 63 | 1,948 | 73 | 2,007 | 49 | 1,331 | 118 | 3,887 | 600 | 16,443 |
| 100 - 499 | 49 | 14,479 | 26 | 5,605 | 25 | 6,512 | 15 | 3,455 | 7 | 1,756 | 10 | 2,339 | 32 | 7,482 | 164 | 41,628 |
| 500 - 999 | 3 | 2419 | 6 | 5,219 | 1 | 571 | 2 | 1,318 | 8 | 6,571 | 6 | 3,666 | 14 | 9,773 | 40 | 29,537 |
| 1000 - 1599 | 12 | 15,944 | 3 | 3,414 | 1 | 1,566 | 3 | 3,562 | 2 | 2,480 | 3 | 3,885 | 13 | 16,396 | 37 | 47,247 |
| 1600 - 1999 | 11 | 20,685 | 0 | 0 | 4 | 7,039 | 11 | 20,346 | 6 | 11,011 | 2 | 3,546 | 5 | 9,100 | 39 | 71,727 |
| 2000 - 3999 | 38 | 108,515 | 16 | 46,861 | 33 | 99,449 | 35 | 98,220 | 22 | 64,488 | 5 | 11,547 | 9 | 28,483 | 158 | 457,563 |
| 4000 - 5999 | 42 | 216,451 | 4 | 20,279 | 8 | 37,580 | 8 | 36,396 | 4 | 17,463 | 7 | 34,376 | 4 | 18,045 | 77 | 380,590 |
| 6000 - 6999 | 11 | 73,523 | 8 | 52,798 | 3 | 19,102 | 6 | 37,590 | 7 | 43,762 | 1 | 6,483 | 1 | 6,576 | 37 | 239,834 |
| 7000 - 7999 | 18 | 134,665 | 27 | 205,015 | 3 | 21,393 | 1 | 7,300 | 1 | 7,086 | 0 | 0 | 1 | 7,662 | 51 | 383,121 |
| 8000 - 9999 | 23 | 213,624 | 25 | 247,248 | 10 | 92,531 | 1 | 9,601 | 1 | 8,864 | 3 | 28,573 | 3 | 26,151 | 66 | 626,592 |
| 10000 - 14999 | 18 | 225,608 | 5 | 68,366 | 15 | 198,314 | 2 | 24,083 | 6 | 80,275 | 10 | 136,590 | 16 | 193,719 | 72 | 926,955 |
| 15000 - 19999 | 46 | 836,554 | 18 | 336,069 | 24 | 407,341 | 10 | 173,862 | 5 | 85,491 | 8 | 138,851 | 5 | 82,938 | 116 | 2,061,106 |
| 20000 - 29999 | 55 | 1,368,424 | 29 | 713,191 | 28 | 690,666 | 12 | 300,788 | 0 | 0 | 9 | 219,530 | 0 | 0 | 133 | 3,292,599 |
| 30000 - 39999 | 24 | 843,942 | 30 | 1,088,873 | 15 | 527,334 | 9 | 314,475 | 13 | 465,956 | 9 | 318,962 | 0 | 0 | 100 | 3,559,542 |
| 40000 - 49999 | 32 | 1,445,387 | 29 | 1,208,921 | 2 | 80,930 | 3 | 144,851 | 3 | 134,807 | 0 | 0 | 0 | 0 | 69 | 3,014,896 |
| 50000 - 59999 | 6 | 309,557 | 4 | 221,642 | 6 | 342,888 | 3 | 155,513 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 1,029,600 |
| 60000 - 69999 | 16 | 988,806 | 3 | 187,995 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 19 | 1,176,801 |
| 70000 - 79999 | 0 | 0 | 1 | 73,157 | 0 | 0 | 2 | 157,066 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 230,223 |
| 80000 - 89999 | 4 | 356,907 | 4 | 350,016 | 6 | 519,845 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 1,226,768 |
| 90000 - 99999 | 4 | 372,026 | 2 | 181,290 | 0 | 0 | 1 | 93,698 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 647,014 |
| 100000 - 109999 | 2 | 216,138 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 216,138 |
| 110000 - 119999 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 120000 - 129999 | 4 | 493,603 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 493,603 |
| 130000 - 139999 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 140000 - 149999 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 150000 and over | 10 | 1,638,333 | 3 | 479,485 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13 | 2,117,818 |
| TOTAL | 568 | 9,898,766 | 324 | 5,497,328 | 260 | 3,055,271 | 187 | 1,584,072 | 158 | 932,017 | 122 | 909,679 | 221 | 410,212 | 1,840 | 22,287,345 |

G.T. = Gross Tonnage

6 REVENUE OF THE DEPARTMENT IN 2011

| Year | 2010 (€) | 2011 (€) |
|---|-----------|-----------|
| Tax on shipping tonnage | 3,451,799 | 2,812,144 |
| Fees for the survey of ships and provision of services | 140,264 | 138,017 |
| Registration of ships | 1,319,829 | 1,134,376 |
| Wireless licences of ships | 109,477 | 96,939 |
| Charges on taxes and fees in arrear | 42,984 | 48,423 |
| Charges on taxes in arrear for ship management services | 435 | 0 |
| Monetary penalties from out of Court settlements | 110,407 | 46,900 |
| Other fees, charges and reimbursements | 316,683 | 521,990 |
| High speed small vessel operator licences | 100,233 | 89,656 |
| High speed small vessel navigation licences | 70,625 | 64,822 |
| Fees for the inspection of high speed small vessels | 64,313 | 59,358 |
| Taxation of shipmanagement services | 1,838,872 | 1,776,848 |
| Sale of shipping documents | 1,244,848 | 1,342,993 |
| Proceeds from private calls and taxes | 27,239 | 24,856 |
| Examination fees | 80,394 | 67,418 |
| Participation fees in seminars | 0 | 246,421 |
| Total | 8,918,402 | 8,471,161 |

7 INSPECTORS OF CYPRUS SHIPS 2011

| APPOINTED BY PORT: | | APPOINTED BY COUNTRY: | |
|-------------------------|-----------|-----------------------|-----------|
| Brisbane, Australia | 2 | Australia | 2 |
| Buenos Aires, Argentina | 2 | Argentina | 2 |
| Durban, South Africa | 1 | Brazil | 1 |
| Gdynia, Poland | 1 | Canada | 2 |
| Houston, USA | 1 | Japan | 1 |
| Kobe – Osaka, Japan | 1 | Poland | 1 |
| La Coruna, Spain | 1 | Singapore | 1 |
| New Orleans, USA | 1 | South Africa | 1 |
| Paranagua, Brazil | 1 | Spain | 1 |
| Quebec, Canada | 1 | USA | 2 |
| Singapore, Singapore | 1 | | |
| Vancouver, Canada | 1 | | |
| Total | 14 | Total | 14 |

| APPOINTED | |
|-------------------|----|
| No. of Inspectors | 14 |
| No. of Ports | 12 |
| No. of Countries | 10 |

8 COMPARATIVE TABLE OF CYPRUS SHIPS INSPECTED / DETAINED IN THE PARIS MoU REGION

| YEAR | INSPECTIONS | DETENTIONS | DETENTION RATIO % FOR CYPRUS SHIPS | AVERAGE DETENTION RATIO % FOR PARIS MoU | ± % FOR CYPRUS SHIPS | EXCESS FACTOR |
|------|-------------|------------|------------------------------------|---|----------------------|---------------|
| 2007 | 907 | 35 | 3.86 | 5.46 | -1.60 | -0.95 |
| 2008 | 931 | 31 | 3.33 | 4.95 | -1.62 | -0.89 |
| 2009 | 897 | 22 | 2.45 | 4.38 | - 1.93 | -1.05 |
| 2010 | 866 | 23 | 2.66 | 3.28 | -0.62 | -1.20 |
| 2011 | 659 | 14 | 2.12 | 3.61 | -1.49 | -1.33 |

8A COMPARATIVE TABLE OF CYPRUS SHIPS INSPECTED / DETAINED IN THE TOKYO MoU REGION

| YEAR | INSPECTIONS | DETENTIONS | DETENTION RATIO % | AVERAGE DETENTION RATIO % FOR TOKYO MoU | ± % FOR CYPRUS SHIPS | EXCESS FACTOR |
|------|-------------|------------|-------------------|---|----------------------|---------------|
| 2007 | 477 | 15 | 3.14 | 5.62 | -2.48 | -0.56 |
| 2008 | 437 | 18 | 4.12 | 6.90 | -2.78 | -0.47 |
| 2009 | 474 | 27 | 5.70 | 5.78 | -0.08 | -0.55 |
| 2010 | 500 | 27 | 5.40 | 5.48 | 0.14 | -0.27 |
| 2011 | 500 | 28 | 5.6 | 5.46 | 0.14 | -0.11 |

9 COMPARATIVE TABLE OF CYPRUS SHIPS INSPECTED / DETAINED BY U. S. COAST GUARD

| YEAR | EXAMINATIONS | DISTINCT VESSEL ARRIVALS | DETENTIONS | DETENTION RATIO % FOR CYPRUS SHIPS | AVERAGE DETENTION RATIO % FOR USA | ± % FOR CYPRUS SHIPS | 3 YEARS ROLLING PERIOD RATIO% | AVERAGE DETENTION OF 3 YEARS ROLLING PERIOD RATIO % FOR USA | % FOR CYPRUS SHIPS |
|------|--------------|--------------------------|------------|------------------------------------|-----------------------------------|----------------------|-------------------------------|---|--------------------|
| 2007 | 389 | 308 | 4 | 1.3 | 1.82 | - 0.52 | 1.69 | 1.60 | +0.09 |
| 2008 | 371 | 285 | 6 | 2.08 | 2.04 | +0.04 | 1.58 | 1.75 | -0.17 |
| 2009 | 303 | 274 | 4 | 1.46 | 1.89 | 0.43 | 1.61 | 1.92 | - 0.31 |
| 2010 | 319 | 304 | 6 | 1.97 | 1.67 | 0.3 | 1.85 | 1.86 | -0.01 |
| 2011 | 285 | 286 | 4 | 1.4 | 1.04 | 0.36 | 1.62 | 1.53 | 0.09 |

10 CLASSIFICATION SOCIETIES RECOGNISED BY THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

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

11 MERCHANT SHIPPING LEGISLATION ENACTED DURING 2011**National Instruments**

- The Merchant Shipping (Port State Control) Law of 2011 (Law 95 (I) /2011), (Gazette No. 4287, Supplement I (I), dated 15.07.2011).
 - The Merchant Shipping (Port State Control) Notification of 2011 (Gazette No. 4513, Supplement III (I), dated 26.8.2011, P.I. 308/2011).
 - The Merchant Shipping (Port State Control - Duration of Night) Order of 2011 (Gazette No. 4518, Supplement III (I), dated 23.9.2011, P.I. 339/2011).
- The Merchant Shipping (Recognition and Authorization of Organizations) Law of 2011 (Law 128 (I) /2011). (Gazette No. 4296, Supplement I (I), dated 7.10.2011).
 - The Merchant Shipping (Recognition and Authorization of Organizations) Order of 2011 (Gazette No. 4528, Supplement III (I), dated 27.10.2011, P.I. 451/2011).
- The Merchant Shipping (Medical Examination of Seafarers and Issue of Certificates) (Setting of Medical Standards) Notification of 2011 [Notification of the Minister of Communications and Works] (Gazette No. 4520, Supplement III (I), dated 30.09.2011, P.I. 347/2011).
- The Merchant Shipping (Medical Examination of Seafarers and Issue of Certificates) (List of Approved Doctors) Notification of 2011 [Notification of the Minister of Communications and Works] (Gazette No. 4520, Supplement III (I), dated 30.09.2011, P.I. 348/2011).
- The Merchant Shipping (Marine Equipment) Order of 2011 (Gazette No. 4506, Supplement III (I), dated 15.07.2011, P.I. 274/2011).
- The Merchant Shipping (Safety Rules and Standards for Passenger Ships) Order of 2011. (Gazette No.4502, Supplement III (I), dated 28.06.2011, P.I. 247/2011).



12 BILATERAL AGREEMENTS ON MERCHANT SHIPPING BETWEEN THE GOVERNMENT OF THE REPUBLIC OF CYPRUS AND GOVERNMENTS OF OTHER COUNTRIES

A. AGREEMENTS WITH THE FOLLOWING STATES ARE IN FORCE:

ALGERIA



SYRIA



BULGARIA*



IRAN



CUBA



POLAND***



INDIA



RUSSIA



LATVIA



SRI LANKA



LITHUANIA



EGYPT



CHINA***



PHILIPPINES**



MALTA



ISRAEL



ROMANIA



ITALY



KOREA



B. AGREEMENTS WITH THE FOLLOWING STATES HAVE BEEN SIGNED BUT ARE NOT YET IN FORCE:

BELGIUM / LUXEMBOURG



ANTIGUA / BARBUDA



GREECE



PAKISTAN



* New Agreement was initialled on 19.1.2005.

** New Agreements has been signed with Philippines on 9.11.2006 which will substitute the existing Agreement. The new Agreement has entered into force in November 2011

*** Protocol amending Agreement with Poland was signed on 30.6.1998 and entered into force on 15.5.1999 and with China was signed on 2.12.2003 which entered into force on 30.9.2004.

13 CIRCULARS ISSUED BY THE DEPARTMENT OF MERCHANT SHIPPING DURING 2011

| | |
|-----------------------------|---|
| 04/01/2011 (No. 1/2011) | New Cyprus Tonnage Tax Legislation: The Merchant Shipping (Fees and Taxing Provisions) Law of 2010 (Law 44(I)/2010) - The Tonnage Tax (Special Provisions for the Calculation of the Community Flagged Share) Notification of 2010 (P.I. 536/2010). |
| 11/01/2011 (No. 2/2011) | List of Circulars issued by the Department of Merchant Shipping during 2010. |
| 20/01/2011 (No. 3/2011) | Cyprus Tonnage Tax System (Law 44(I)/2010): Application for Approval of the Option to be taxed under the Tonnage Tax System/Declaration for Taxation / Arrangements for Fiscal Year 2010. |
| 28/01/2011 (No. 4/2011) | Cyprus Tonnage Tax System (Law 44(I)/2010): Amendment of period for the Application for Approval of the Option to be taxed under the Tonnage Tax System / Declaration for Taxation / Arrangements for Fiscal Year 2010. |
| 31/01/2011 (No. 5/2011) | EU Sanctions on Cote d'Ivoire targeting the ports of Abidjan and San Pedro; Adoption of Council Decision 2011/18/CFSP and Council Regulation (EU) 25/2011. |
| 09/02/2011 (No. 6/2011) | Cyprus Tonnage Tax System (Law 44(I)/2010): Declaration for Taxation for Shipmanagement Services. |
| 11/02/2011 (No. 7/2011) | 2011 IMO Award for Exceptional Bravery at Sea. |
| 04/03/2011 (No. 8/2011) | Tonnage Tax System -The Merchant Shipping (Fees and Taxing Provisions) Law of 2010 (Law 44(I)/2010) – Interpretation of the term Community ship in the case of Parallel (bare-boat Charter) registration. |
| 10/03/2011 (No. 9/2011) | Agreement between the Government of the Republic of Cyprus and the Government of the State of Israel on Merchant Shipping. |
| 18/03/2011 (No. 10/2011) | UN & EU Restrictive measures against Libya. |
| 24/03/2011 (No. 11/2011) | Cyprus Tonnage Tax System (Law 44(I)/2010): Application for Approval of the Option to be taxed under the Tonnage Tax System/Special Arrangements for Fiscal Year 2011. |
| 28/03/2011 (No. 12/2011) | International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, STCW 78, as Amended- Issue of Seafarer's Identification and Sea Service Record Books and Endorsements Attesting the Recognition of Non Cyprus Certificate. |
| 29/03/2011 (No. 13/2011) | Cyprus Tonnage Tax System (Law 44(I)/2010): Calculation of the Community - flagged Share (sections 15, 25 and 35 of the Law) «The 2/3 Rule» (section 33 of the Law) Minimal Share of Fleet in Ownership (section 47 of the Law). |

| | |
|-----------------------------|--|
| 07/04/2011 (No. 14/2011) | Directory of Services and Contact Persons of the Department of Merchant Shipping. |
| 08/04/2011 (No. 15/2011) | Merchant Shipping (Official Logbooks, Ship's Articles and Six Month List) P.I. 297/2001. |
| 20/04/2011 (No. 16/2011) | EU Sanctions on Cote d'Ivoire – removal of ports of Abidjan and San Pedro from the sanctions list. |
| 06/05/2011 (No. 17/2011) | Use of Nautical Publications in a Digital Format. |
| 18/05/2011 (No. 18/2011) | (1) The Cyprus Ships (Prohibition of Transportation of Arms, Related Materiel and Luxury Goods to the Democratic People's Republic of Korea) Order of 2011; (2) EUROPEAN UNION COUNCIL DECISION 2010/800/CFSP concerning restrictive measures against the Democratic People's Republic of Korea and repealing Common Position 2006/795/CFSP; (3) EUROPEAN UNION COUNCIL REGULATION (EC) 329/2007 as amended concerning restrictive measures against the Democratic People's Republic of Korea. |
| 23/05/2011 (No. 19/2011) | Cyprus legislation: The Regulation of the Innocent Passage of Ships in the Territorial Sea Law of 2011 (Law 28(I)/2011). |
| 24/05/2011 (No. 20/2011) | The Cyprus Ships (Prohibition of Transportation of Arms and Related Materiel to the Democratic Republic of Congo) Order of 2011. |
| 01/06/2011 (No. 21/2011) | Tonnage Tax Arms Length Principle May 2011. |
| 04/07/2011 (No. 22/2011) | New List of Accounting Authorities Recognized by the Republic of Cyprus. |
| 04/07/2011 (No. 23/2011) | COMMISSION DIRECTIVE 2010/36/EU of 1 June 2010 amending Directive 2009/45/EC of the European Parliament and of the Council on safety rules and standards for passenger ships. - The Merchant Shipping (Safety Rules and Standards for passenger ships) Order of 2011. |
| 22/07/2011 (No. 24/2011) | The Merchant Shipping (Port State Control) Law of 2011 (Law 95(I)/2011). |
| 22/07/2011 (No. 25/2011) | The Merchant Shipping (Marine Equipment) Order of 2011 transposing the European Commission Directive 2010/68/EC of 22nd October 2010. |

| | |
|-----------------------------|--|
| 25/07/2011 (No. 26/2011) | New web service for retrieving vessel's account information. |
| 08/08/2011 (No. 27/2011) | Entry into force of new Chapter 9, Special Requirements for the Use of carriage of Oil in the Antarctic Area, of Annex I of the International Convention for the Prevention of Pollution from Ships (MARPOL) as amended. |
| 08/08/2011 (No.28/2011) | Entry into force of amendments to MARPOL Annex VI, (Prevention of Air Pollution from Ships) will formally establish the North American Emission Control Area (ECA). |
| 10/08/2011 (No. 29/2011) | European Union restrictive measures (asset freeze) targeting port authorities in Libya: Adoption of Council Decision 2011/332/CFSP amending Council Decision 2011 / 137 / CFSP and Council Regulation (EU) No 572/2011 amending Council Regulation (EU) No 204 / 2011. |
| 10/08/2011 (No. 30/2011) | Port State control – 2011 Concentrated Inspection Campaigns. |
| 08/09/2011 (No. 31/2011) | The Merchant Shipping (Port State Control) Notification of 2011. |
| 08/09/2011 (No. 32/2011) | Adoption of Council Implementing Decision 2011/521/CFSP amending Council Decision 2011/137/CFSP and Council Implementing Regulation (EU) No 872/2011 amending Council Regulation (EU) No 204/2011. |
| 14/09/2011 (No. 33/2011) | (1) European Union Council Decision 2011/273/CFSP concerning restrictive measures against Syria, as amended; (2) European Union Council Regulation (EC) 442/2011 concerning restrictive measures in view of the situation in Syria, as amended. |
| 19/09/2011 (No. 34/2011) | International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, STCW 78, as Amended- Issue of Seafarer's Identification and Sea Service Record Books and Endorsements Attesting the Recognition of Non Cyprus Certificate. |
| 26/09/2011 (No. 35/2011) | Measures to prevent accidents with lifeboats. |
| 10/10/2011 (No. 36/2011) | 2012 IMO Award for Exceptional Bravery at Sea. |
| 17/10/2011 (No. 37/2011) | The Merchant Shipping (Medical Examination of Seafarers and Issue of Certificates) Notifications of 2011 (P.I 347/2011 and P.I.348/2011). |
| 15/11/2011 (No. 39/2011) | Harmonisation with the European Union Directive 2009/15/EC: 1) The Merchant Shipping (Recognition and Authorisation of Organisations) Law of 2011 (Law 128(I)/2011) 2) The Merchant Shipping (Recognition and Authorisation of Organisations) Order of 2011 (P.I. 451/2011). |

| | |
|-----------------------------|---|
| 15/11/2011 (No. 40/2011) | The Cyprus Ships (Prohibition of Transportation of Arms and Related Materiel to and from Iraq) Order of 2011. |
| 15/11/2011 (No. 41/2011) | The Cyprus Ships (Prohibition of Transportation of Arms, Military Equipment, Related Materiel and Diamonds from and to Ports of Sierra Leone) (Repealing) Order of 2011. |
| 15/11/2011 (No.42/2011) | Agreement between the Government of the Republic of Cyprus and the Government of Romania on Maritime Transport. |
| 15/11/2011 (No. 43/2011) | Directive 2009/20/EC of the European Parliament and of the Council of 23 April 2009 on the insurance of shipowners for maritime claims- Harmonisation Measures. |
| 18/11/2011 (No. 44/2011) | International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, STCW 78, as amended - Issue of Seafarer's Identification and Sea Service Record Books and Endorsements Attesting the Recognition of Non Cyprus Certificates. |
| 01/12/2011 (No. 45/2011) | The Cyprus Ships (Prohibition of Transportation of Arms and Related Materiel to Zimbabwe) Order of 2011. |
| 15/12/2011 (No. 46/2011) | The Cyprus Ships (Prohibition of Transportation of Goods, Arms and Related Materiel to and from Burma/Myanmar) Order of 2011. |
| 29/12/2011 (No. 47/2011) | Agreement between the Government of the Republic of Cyprus and the Government of Romania on Maritime Transport - Corrigendum of Circular 42/2011. |
| 29/12/2011 (No. 48/2011) | The Cyprus Ships (Prohibition of Transportation of Arms and Related Materiel to and from Somalia) Order of 2011. |

14 ABBREVIATIONS USED

| | |
|---------|---|
| CAS | Condition Assessment Scheme |
| CCCI | Cyprus Chamber of Commerce and Industry |
| CCS | China Classification Society |
| CLC | Civil Liability Convention |
| COSS | Committee on Safe Seas and the Prevention of Pollution from Ships |
| CPA | Cyprus Port Authority |
| CPT | Captain |
| CSC | Cyprus Shipping Chamber |
| CTO | Cyprus Tourism Organisation |
| CUS | Cyprus Union of Shipowners |
| CYMEPA | Cyprus Marine Environment Protection Association |
| DG TREN | Directorate General Energy and Transport |
| DMS | Department of Merchant Shipping |
| DNV | Det Norske Veritas |
| DoC | Document of Compliance |
| DPT | Department |
| ECSA | European Community Shipowners' Associations |
| EEA | European Economic Area |
| ELOT | Greek Organisation of Standardisation |
| EMSA | European Maritime Safety Agency |
| ESP | Enhanced Survey Programme |
| EC | European Commission |
| EU | European Union |
| FSC | Flag State Control |
| GHG | Green House Gas |
| GNSS | Global Navigation Satellite System |
| HNS | Hazardous and Noxious Substances |
| HRS | Hellenic Register of Shipping |
| HSC | High Speed Craft |

| | |
|---------|---|
| HTI | Higher Technical Institute |
| IACS | International Association of Classification Societies |
| ILO | International Labour Organization |
| IMO | International Maritime Organization |
| ISM | International Safety Management |
| ISO | International Organization for Standardization |
| ISPS | International Ship and Port Facility Security Code |
| JCSA | Joint Cyprus Shipowners Association |
| LRIT | Long Range Identification and Tracking |
| MARCOS | Maritime Accounting, Control and Survey System |
| MARLO | Maritime Liaison Office |
| MARPOL | International Convention for the Prevention of Pollution from Ships |
| MED | Mediterranean |
| MEPC | Marine Environment Protection Committee (IMO) |
| MoU | Memorandum of Understanding |
| OECD | Organisation of Economic Co-operation and Development |
| P and I | Protection and Indemnity |
| PR | Public Relations |
| PRS | Polski Rejestr Statkow |
| PSC | Port State Control |
| QA | Quality Assurance |
| RO | Recognised Organisation |
| SISRB | Seafarers' Identification and Sea Service Record Book |
| SMC | Safety Management Certificate |
| SMS | Safety Management System |
| SOLAS | International Convention for the Safety of Life at Sea |
| STCW | International Convention on Standards of Training, Certification and Watchkeeping for Seafarers |
| USCG | United States Coast Guard |
| USMMA | United States Merchant Marine Academy |
| VTMIS | Vessel Traffic Monitoring and Information System |

15 PUBLICATIONS OF THE DEPARTMENT OF MERCHANT SHIPPING FOR THE YEAR 2011

REPORT OF THE DEPARTMENT OF MERCHANT SHIPPING FOR THE YEAR 2011



The report describes the activities of the DMS, the organisational structure and the personnel, as well as the functions and the long-term objectives of the Department.

GUIDE TO SHIPPING – Tenth Edition 2011



The “Guide to Shipping” is a useful handbook for Cyprus Shipping infrastructure and framework. It provides information on ships’ registration, manning of Cyprus ships, fees and taxes and other useful information regarding Cyprus shipping.

GUIDE TO CYPRUS TONNAGE TAX SYSTEM (TTS)



The relevant guide provides information and guidance in respect of the beneficiaries, the various eligibility requirements, the procedures for admission to TTS, the exemptions from income tax and other provisions of the relevant Law.

CYPRUS

A flag of progress

An International Maritime Centre



DEPARTMENT OF MERCHANT SHIPPING, MINISTRY OF COMMUNICATIONS WORKS

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