

GUIDANCE NOTE 01/2024 (Rev 01)

FLAG STATE PERFORMANCE, 2023

To: OWNERS, MANAGERS AND MASTERS OF CAYMAN ISLANDS SHIPS

1. BACKGROUND

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

2. FLAG STATE PERFORMANCE REPORT

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

The Cayman Islands Shipping Registry (CISR)

Flag State Performance 2023 – Results of Inspections

1. Introduction

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

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

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

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

As of 31 December 2023, the CISR fleet was approximately 4 million GT and approximately 2,400 units, made up of the following: -

Yachts	2,200
Merchant Vessels	108
Merchant Vessels - bareboat out	39

Out of the 2,200 yachts approximately 537 large yachts are certified as compliant with the Red Ensign Group (REG) Yacht Code, on a mandatory basis for commercial use or on voluntary basis (both full and partial compliance), plus large yachts certified as compliant with the Cayman Islands Caribbean Cruising Area (CCA) Code; these are hereafter referred to as 'Code yachts'.

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

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

2. IMO III Code Audit

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

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

As per the latest [ICS Flag State Performance 2023/2024 Report](#) CISR has ‘positive performance indicators’ in all the monitored areas: PSC, Ratification of major international maritime treaties, the use of Recognised Organisations in compliance with the IMO RO Code, Age of fleet, Reporting Requirements, Attendance at IMO meetings and IMO Member State Audit. As an indicator, the table positively identifies flags that are in compliance with International Labour Organisation (ILO) reporting obligations, as well as flags confirmed by the IMO to have communicated information demonstrating that full and complete effect is given to the relevant provisions of the STCW Convention.

	Port State Control						Ratification of Conventions						A.739	Age	Reports	IMO			
	Paris MOU White List	Not on Paris MOU Black List	Tokyo MOU White List	Not on Tokyo MOU Black List	USCG Qualship 21	USCG Target List (safety)	SOLAS 74 (and 88 Protocol)	MARPOL including Annexes I - II	MARPOL Annexes III - VI	LL 66 (and 88 Protocol)	STOW 78	ILO MLC	CLC/FUND 92	Recognized Organizations	Low Average Age (Ship Numbers)	On latest STCW 95 'White list'	Completed full ILO Reports	IMO Meetings Attendance	IMO Audit Scheme
- Cayman Islands	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

3. Port State Control (PSC) Performance - General

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

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

Whenever a vessel is detained, or a single PSC inspection raises more than 5 deficiencies, or when more than 8 deficiencies are raised from all PSC inspections in a 12-month period, the

Company is required to undertake a detailed root cause analysis and present a corrective action plan (CAP) for acceptance. Should the CAP prove not to be effective in eliminating deficiencies (raised by PSC, Flag State or the RO) the vessel’s risk ranking is increased and additional flag state inspections will be required until the low risk rating is restored.

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

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

	Detentions	Paris MoU	Tokyo MoU	USCG
2021	Merchant Vessels	1	1	0
	Commercial Yachts	1	0	0
2022	Merchant Vessels	0	0	0
	Commercial Yachts	3	0	0
	Pleasure Yachts	0	0	1
2023	Merchant Vessels	0	1	0
	Commercial Yachts	0	0	0
	Pleasure Yachts	0	0	1

Paris MoU – Merchant Ships

During 2023, 60% of inspections resulted in a deficiency being raised at an average of 2.6 per inspection.

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

Tokyo MoU -Merchant Ships

During 2023, 100% of inspections resulted in a deficiency being raised. This would have at an average of somewhere between 1 to 2 deficiencies per inspection, if it were not for one detention with 13 deficiencies.

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

The detention in 2023 with 13 deficiencies has significant ramifications for the Company and their fleet performance ratings, and the ranking of CISR in the Flag State Performance table. However, from safety perspective the findings have led CISR to start developing a guidance notice on operations in extremely cold climates.

Paris MoU – Commercial Yachts

During 2023, 28% of inspections resulted in a deficiency being raised at an average of 0.7 per inspection.

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

In 2023, CISR have been undertaking more file reviews of vessels entering the Paris MoU as commercial vessels and contacting the vessels prior to arrival to rectify documentation issues which has mitigated the risk of PSC detentions.

Tokyo MoU – Commercial Yachts

During 2023 only 1 yacht was inspected with zero deficiencies.

During 2021-2022, 50% of inspections resulted in a deficiency being raised at an average of 0.5 per inspection. However, only 2 yachts were inspected.

USCG – Merchant Ships

In 2023, 6% of inspections resulted in a deficiency being raised at an average of 0.1 per inspection

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

USCG -Commercial Yachts

No foreign flagged commercial yachts can engage in coastwise trade, however, one pleasure yacht in private use was detained. As a result, CISR is now routinely contacting pleasure yachts prior to arrival to rectify documentation issues and mitigated the risk of detention.

2024 – Flag State Performance Predictions

Our predictions regarding 2024 PSC Performance ranking are the maintenance of our ‘white-listed’ status in both Paris and Tokyo MoUs, and our continued inclusion in USCG QUALSHIP 21 programme. Our position in Paris MoU is likely to remain 16th whereas in the Tokyo MoU, due to the single detention, our position is likely to drop from 10th to 17th.

4. Shipping Notices, Guidance Notices, Safety Flyers

In 2023, the following shipping notices were issued:

- Cayman Islands Submersible Craft Requirements [CISN 01/2023 Rev 1](#)

In 2023, the following guidance notices were issued: -

- Flag State Performance (2021-2022) [CIGN 01/2023 Rev 1](#)
- Electronic Statutory Certificates Issued by Recognized Organizations [CIGN02/2023 Rev 1](#)
- Change of Flag or Ownership of Pleasure Yachts at Sea [CIGN 03/2023](#)
- Pleasure Yachts Engaged in Trade [CIGN 04/2023 Rev 1](#)
- Insurance Requirements for Cayman Island Vessels [CIGN 05/2023 Rev 1](#)
- Fire Safety and Storage of Small Electric Powered Craft on Yachts [CIGN 06/2023 Rev 1](#)
- Search and Rescue Planning and Exercises in the Cayman Islands [CIGN 07/2023 Rev 1](#)
- Acceptance of Electronic Official Log Books [CIGN 08/2023 Rev 1](#)
- Embarkation Ladders and Other Means of Embarkation Enabling Descent to the Water [CIGN 09/2023 Rev 1](#)

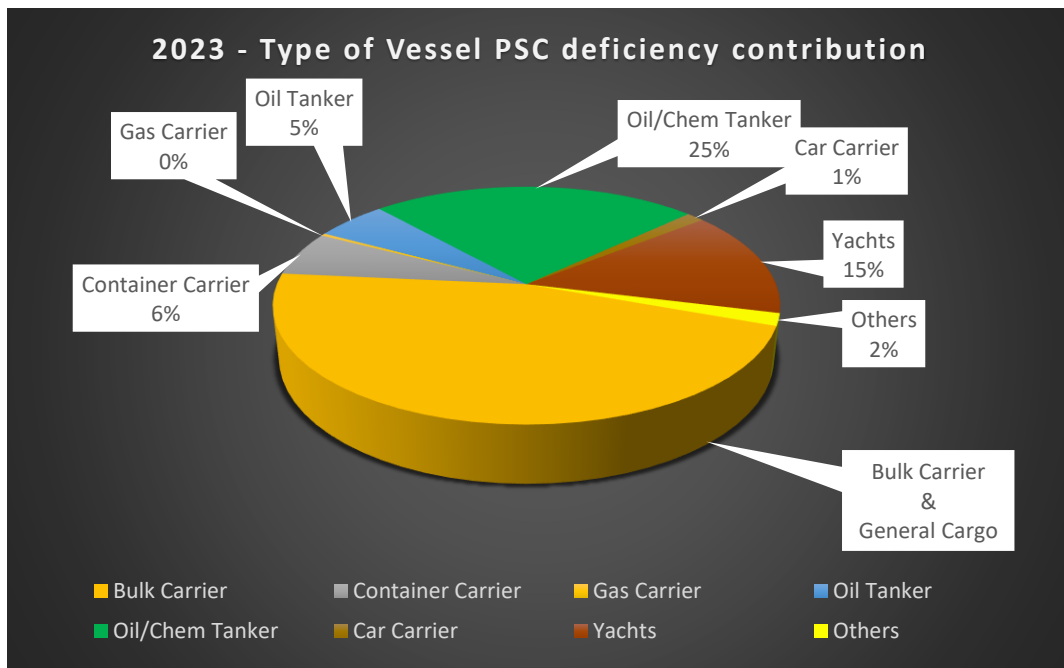
- Preventing the Inadvertent use of Low Flashpoint and Off-Specification Fuels [CIGN 10/2023 Rev 1](#)

In 2023, the following Safety Flyers were issued to the Yacht industry: -

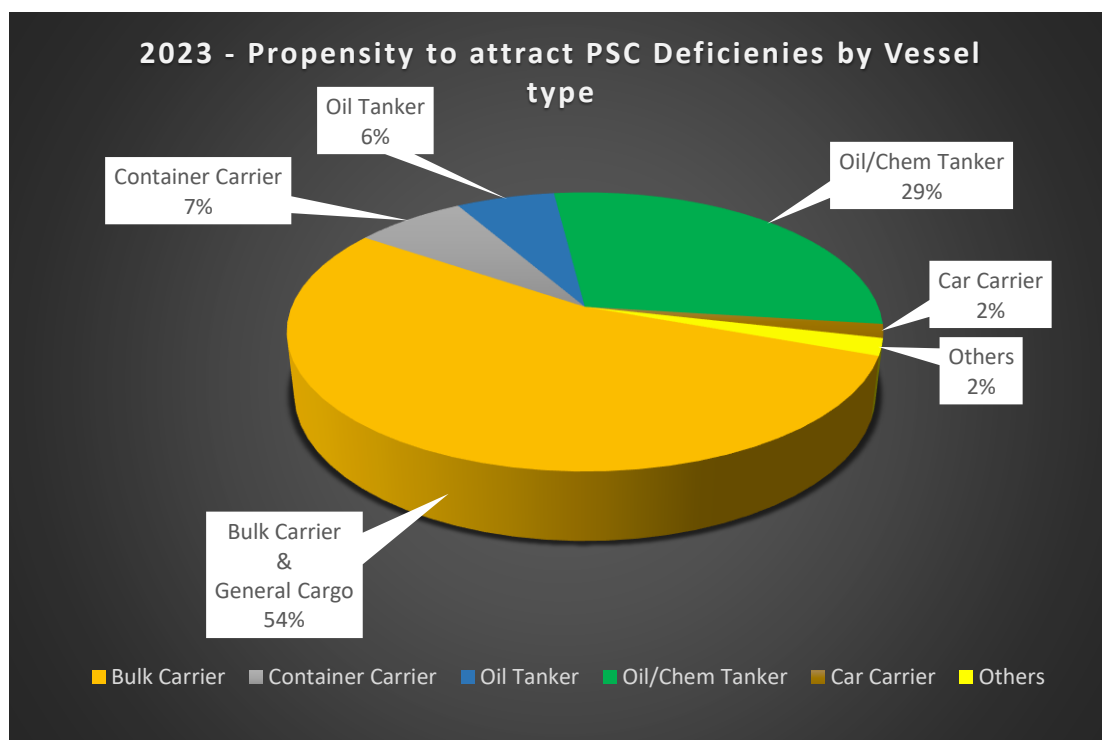
- Incidents on Gangways, Pasarells and Accommodation Ladders [\(01/2023\)](#)
- The Importance of Proper Planning, Execution and Monitoring of All Voyages [\(02/2023\)](#)
- Product Recall – PAROC Marine Navis Mat 60 & Slab 60 [\(03/2023\)](#)
- Use of Synthetic Cordage and Falls including “man riding” Applications [\(04/2023\)](#)
- Failure of “Side Boarding Ladder” Attached to Yacht Hulls [\(05/2023\)](#)
- Dangers of “Tombstoning” from Yachts [\(06/2023\)](#)

4. PSC Performance - Merchant Ships

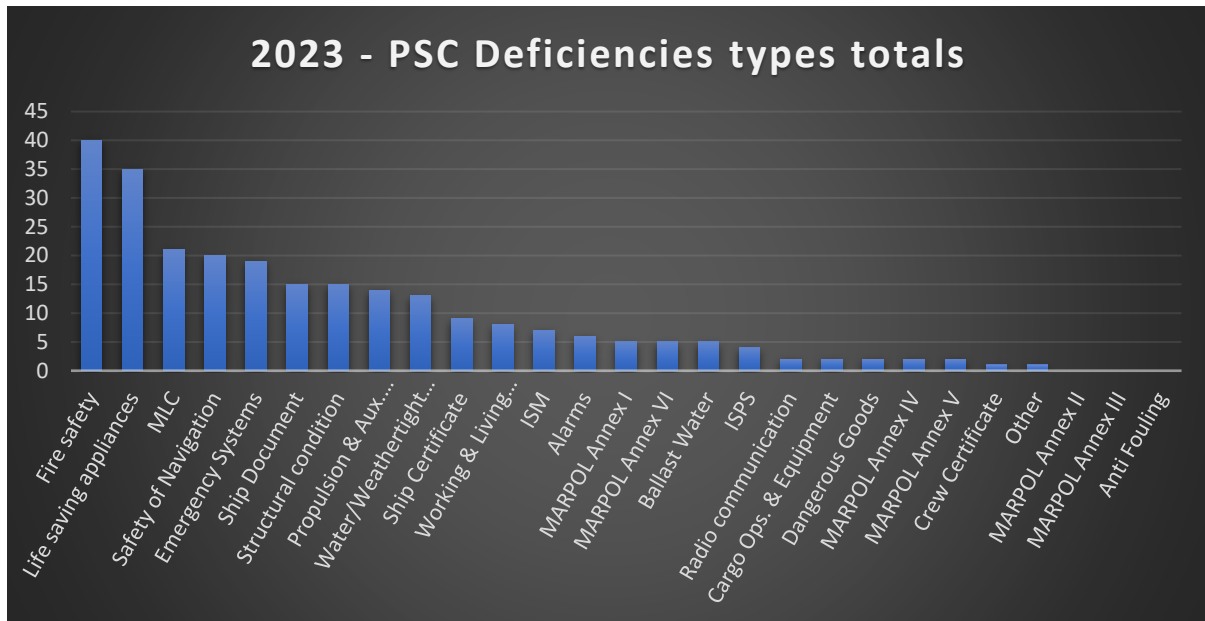
In 2023, across the CISR fleet, the most deficiencies were attributed to Bulk Carriers.



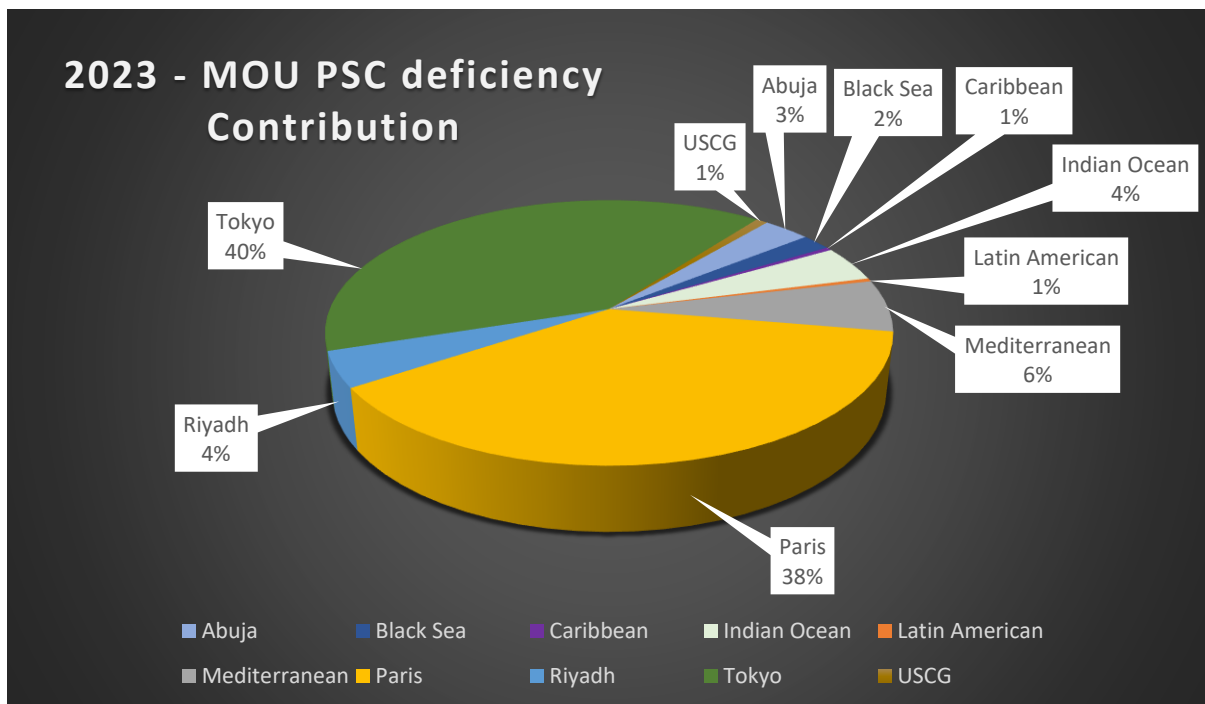
If Yachts are removed from the data, and it is 'weighted' for the number of ships in each merchant ship sector, it is evident that that, Bulk Carriers and General Cargo ships seems the highest risk ships in terms of propensity to attract deficiencies.



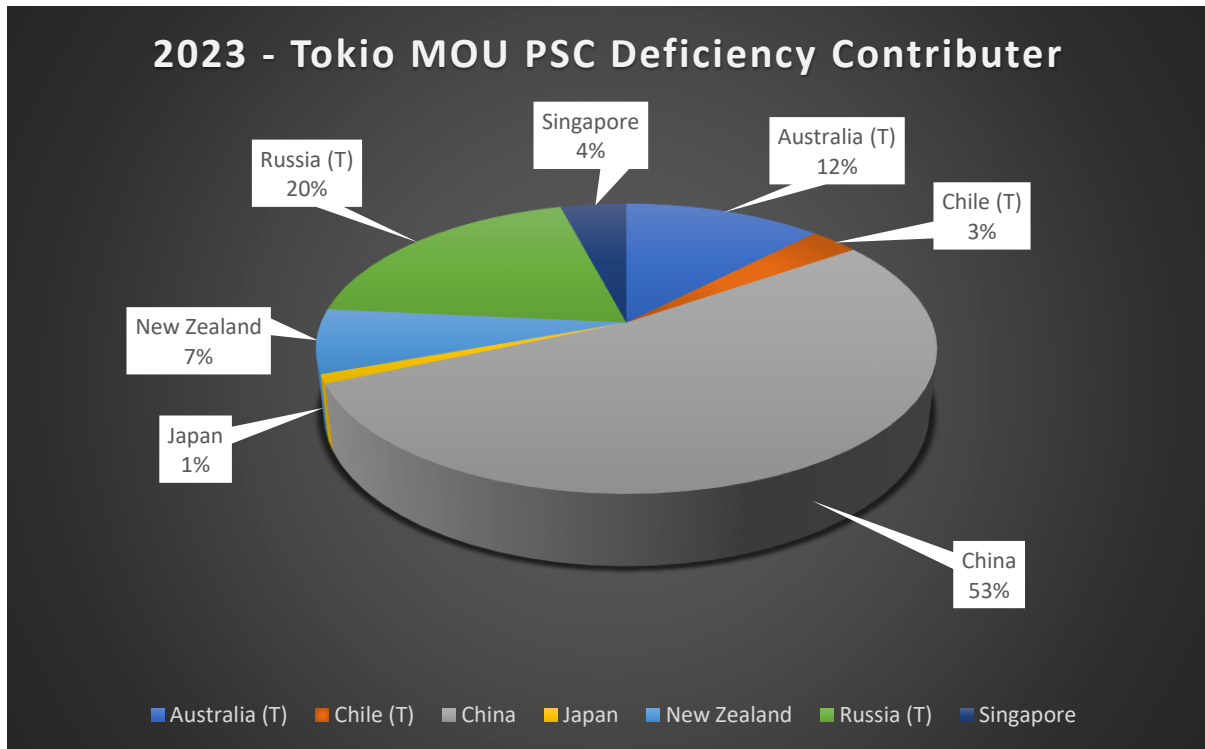
Across all PSC regions the statistics by deficiency area are as below:



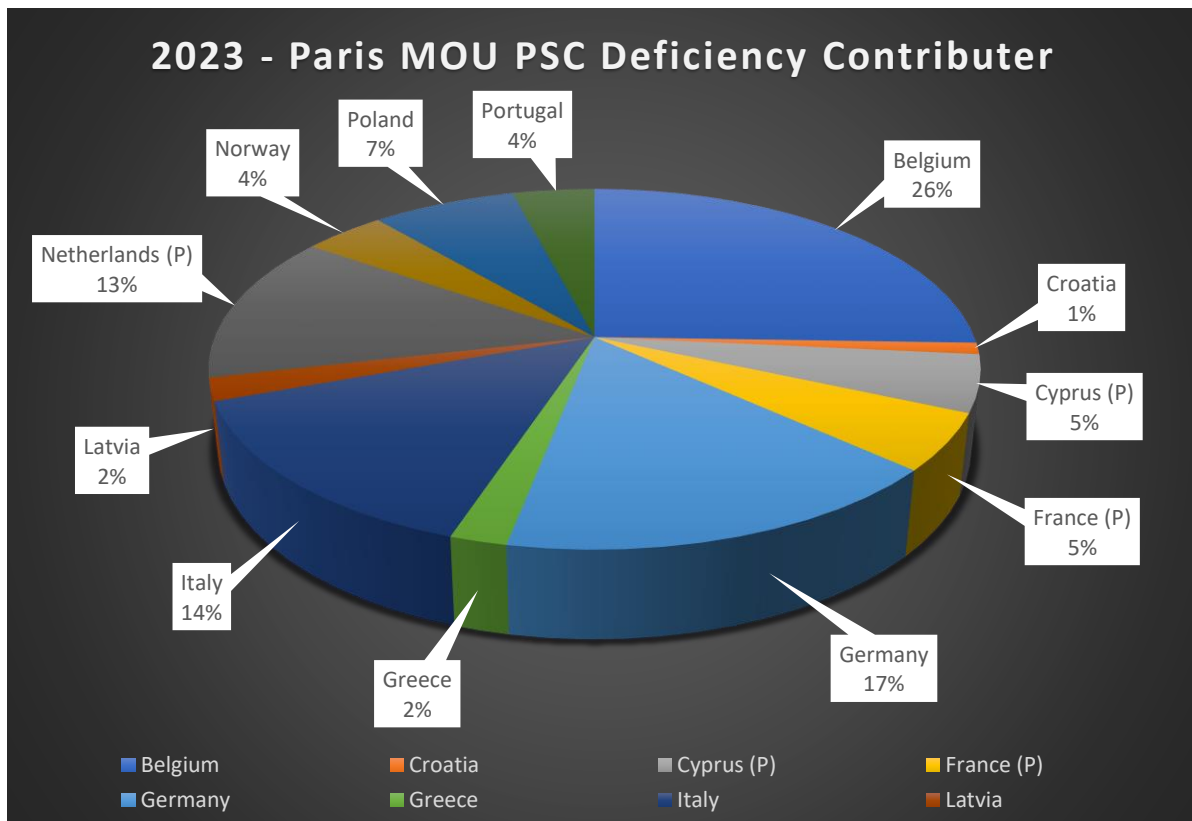
The main contributors of PSC deficiencies were the Paris and Tokyo MoUs.



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

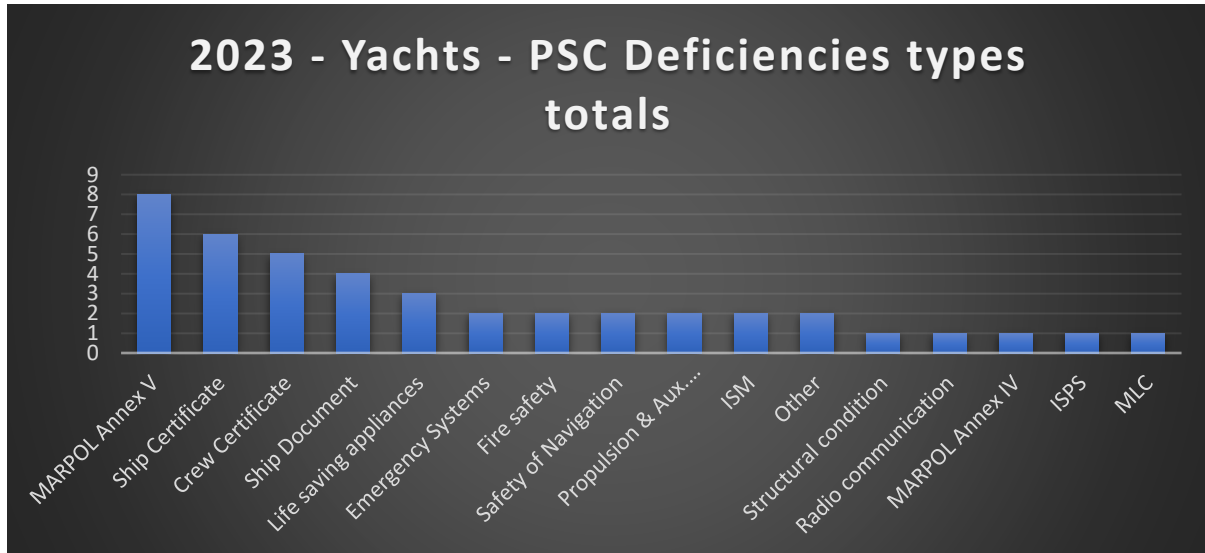


Within the Paris MoU, Belgium was the biggest contributor country.

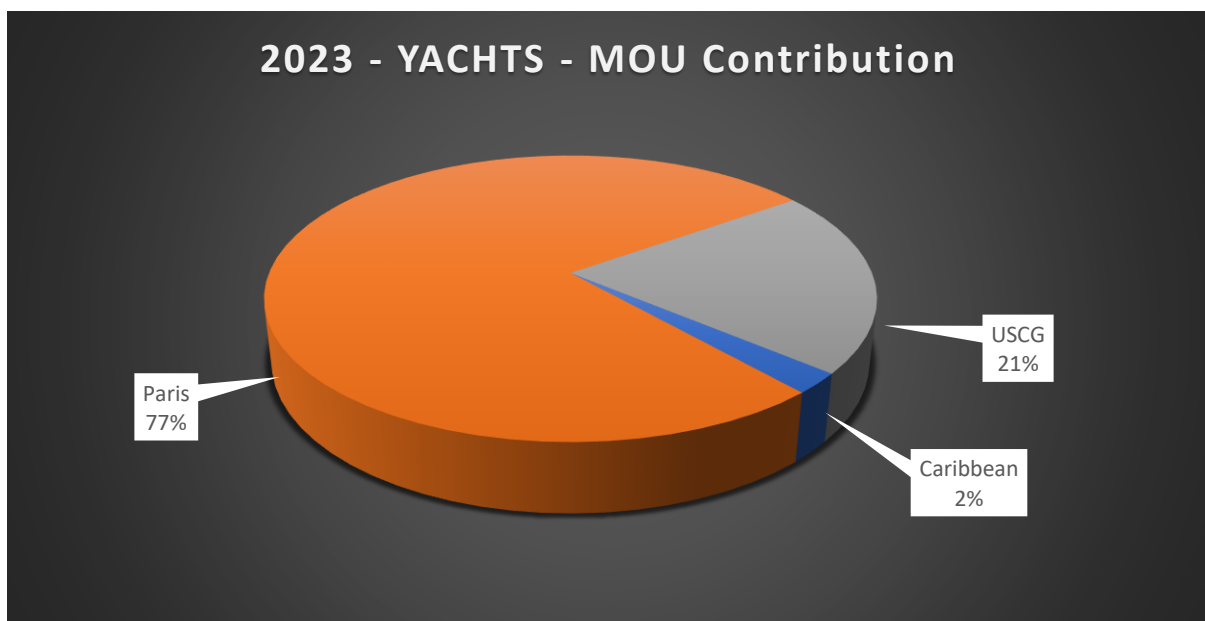


5. PSC Performance – Yachts

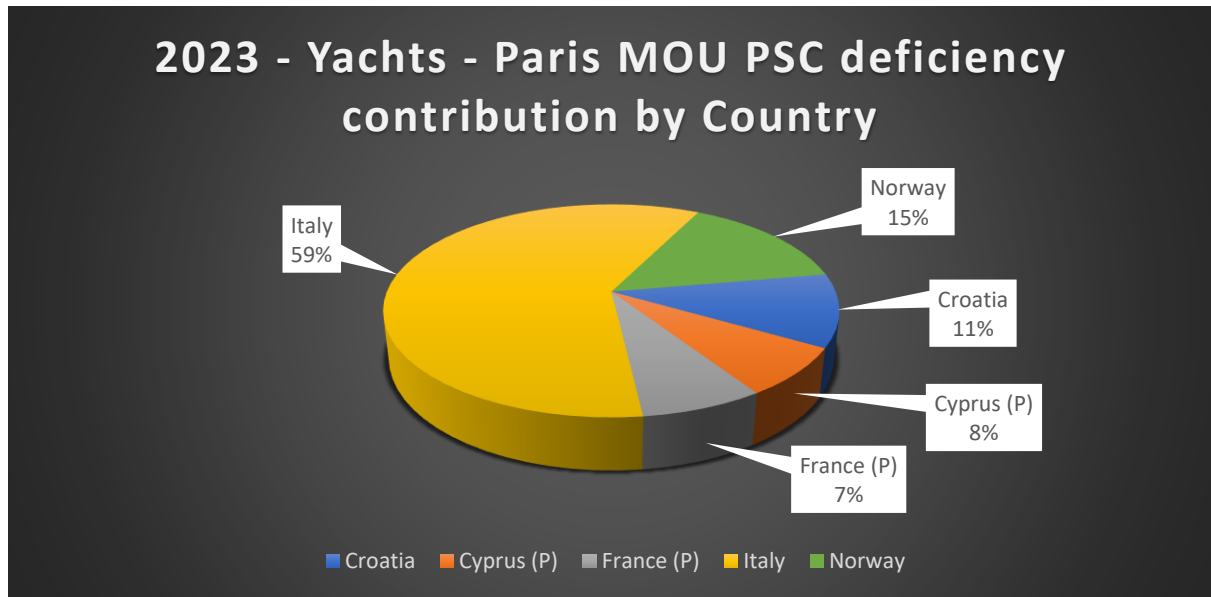
Across all PSC regions the statistics by deficiency area are as below:



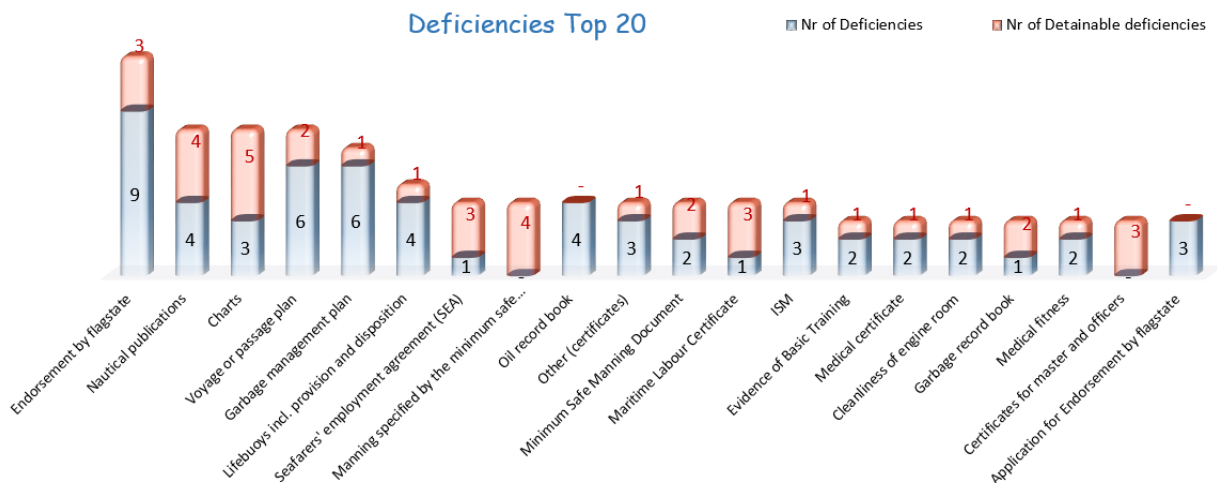
The main contributor of PSC deficiencies was the Paris MoU, followed by USCG.



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



In 2023, the top 20 deficiencies for the Paris MoU were as follows: -



Over the last 3 years the following deficiencies have consistently been in or around the top five: - Endorsement by Flag State, Nautical Publications and Charts, Oil Record Book, Garbage Management Plan and Voyage or Passage Plan

The first 4 items are ‘low hanging fruit’ for a Port State Control surveyor and so greater effort should be placed by all parties to ensure full compliance in these areas.

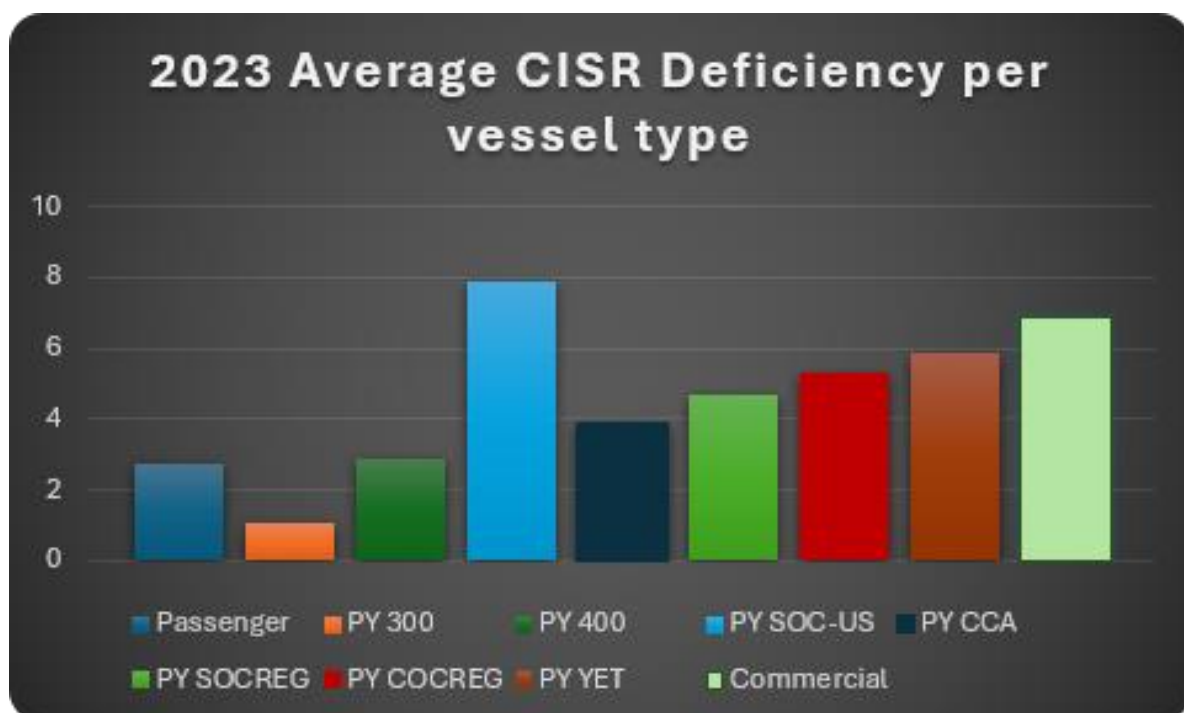
Berth to berth passage/voyage planning remains a considerable concern due to the frequency of groundings and strandings and other related incidents, such as the fatal accident during bridge transit in 2013 reported in [Safety Flyer 01/2013](#). As a reminder to industry in 2023 we published [Safety Flyer 02/2023](#) on ‘The Importance of Proper Planning, Execution and Monitoring of All Voyages’. Furthermore, passage planning was covered as part of our ECDIS Concentrated Inspection Campaign (CIC) in 2022.

6. Flag State Inspections - Coded Yachts

In 2023 the top 5 deficiencies area were Ship Certification, Fire Safety, Life Saving Appliances, Ship Documentation and Safety of Navigation. It should be noted Fire Safety was a Flag State Concentrated Inspection Campaign (CIC) item in 2023. ECDIS familiarity which is often a Safety of Navigation deficiency was a CIC item in 2022.

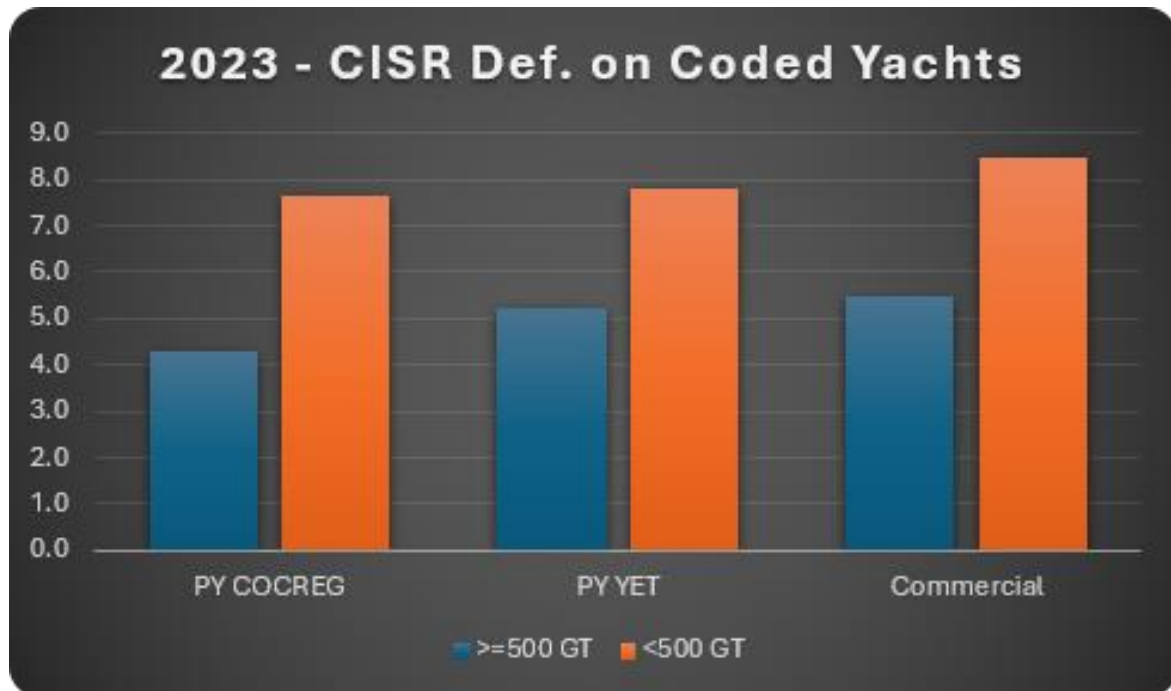


The highest average number of deficiencies per vessel type, weight by the number of yachts, are found on pleasure yacht (private use) being certified to the USCG requirements (PY SOC-US). These yachts are typically <500GT, have no shore-side technical support and have the highest turnover of Masters.



PY 300: Pleasure Yacht <300GT, PY 400: Pleasure Yacht <400GT, PY SOC-US: Pleasure Yacht with Statement of Compliance with USCG requirements for private use, PY CCA: Pleasure Yacht Caribbean Cruising Area Code, PY – SOCREG: Statement of Compliance with REG Yacht Code.

In 2023 we provided additional support for yachts <500GT operating privately in US waters and commercially in EU waters, through some pre-season remote documentation checks. Due to its success, this will continue in 2024. As one would expect, the below graph clearly shows that yachts with ISM management (>500GT) perform better at surveys than yachts without (<500GT).



7. Flag State Enforcement

During 2023 CISR has detained 5 Cayman flagged vessels. Amongst these were 1 Bulk Carrier, 1 Passenger Yacht, 2 Pleasure Yachts and 1 Commercial Yacht.

The Commercial Yacht was detained twice in the same year due to repeat hours of work and rest offences, failure to hold regular safety committee meetings, and failure to conduct fire and abandon ship drills as per the regulatory requirements.

One warning letter was issued to a Master of a Pleasure Yacht for sailing with invalid MARPOL certificates, even after having been informed by CISR of the issue.

8. CISR Concentrated Inspection Campaign (CIC) Items 2024

For 2024 the focus area for the Paris and Tokyo MoUs which is 'Crew Wages and Seafarer Employment Agreements under MLC'.

Additionally, CISR will focus on the quality of Safety Management Systems on yachts less than 500GT. Particular attention will be paid to the standard of risk assessments and the use of personal protective equipment (PPE). From an initial review of the 2023 accident statistics, inappropriate use (or lack of) PPE, especially footwear, is the biggest cause of preventable personal injuries; some of these injuries have been "career ending".

For 2025 the Paris and Tokyo MoUs will carry out a CIC on Ballast Water Management.

Previous Years

The 2023 CIC covered 'fire safety'.

The 2022 CIC covered the following items:

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

The 2021 CIC covered the following items:

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

The 2020 CIC covered the following items: -

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