Ship Registration in Panama, Singapore, Bangladesh Flag: A Comparative Study Approach

Md. Mostafa Aziz Shaheen
Merchant Mariner & Ex-Student, Masters in Port & Shipping Management, Bangabandhu Sheikh Mujibur Rahman Maritime University, Bangladesh

Abstract: Registration is the precondition for a ship to maneuver in high sea and ports worldwide. Many ship registers followed aggressive registration policy permitting non-citizens with flexible tax and fee structure resulting in substantial amount of revenue earning by becoming preferred destination for vessel registration globally. As a maritime nation, Bangladesh has not yet grasped the potentials of ship registry and expand her fleet. In this paper, effort has been made to compare the ship registration among Bangladesh and others top ranked vessel register (Panama, Singapore) concerning policy, revenue structure and incentives for mitigation to get the optimum output in registration market. The study depended on data collected from both the primary and secondary sources. This study identified a complicated ship registration process in Bangladesh relying on national register with nationality as a determining factor for registry resulting in sluggish growth of ship registration. The underlying causes are strict legal frame, paper based process, huge tax burden, inadequate incentive. Therefore, this study mentions flexibility in legal frame, registration process automation, justification of tax structure and investment acceleration through incentives.

Keywords: Ship Registration, National Register, Registration process, Tax structure

1. Introduction

Shipping has been the lifeblood of global trade since ancient. With the flourishment of ocean trade, ship registration has become one of the prerequisite of ship’s operation. Like every person or enterprise, nationality is attributed to a vessel flying the flag of a state. Ship registration ensures freedom of navigation on the high seas, through territorial waters and to enter ports. It brings a vessel within legal regime on national law and international convention. [1] Registration process generates revenue, annual tonnage fees and also creates employment opportunities for nationals. [2]

Panama and Liberia possess aggressive policy to uphold ship registration applying FOC. Revenue generated from Liberian International Ship and Corporate Registry (LISCR), the 2nd world largest open registry, was valued to be almost $18 million in a year and was accounted for 25% of the Liberian national income. [3] Since Panama Flag runs over 19% of total tonnage in the world today, compared to only 13% belongs to Liberia; the income from open registry services of Panama is even much larger. [4]

In 1969, the establishment of Singapore as a flag of convenience state solved employment for Singapore nationals. Recruiting Singaporean crew in Singapore registered vessel enjoys a significant refund in annual tonnage tax. [5] Moreover, financial incentives, in addition to Singapore's reputation as a politically stable and a worldwide consular services network, contributed to her outstanding growth in ship registry market. Shipping tonnage has matured from 0.02 million gross tons in 1966 when the registry was first established to 88 million gross tons in 2016. [6]

By tradition, Bangladesh is maritime nation having 720 km coastline along the Bay of Bengal. [7] Country put emphases on visions of blue economy and aims to be a middle-income country by 2021 and developed economy by 2041. It can be point out Bangladesh has already achieved the criteria of developing country. Bangladesh is on ‘white list’ of the International Maritime Organization (IMO). [8] The nation holds availability of potential seafarers and its huge population to supply in the shipping market. At present, Bangladesh applies national registration system by nature. As a state party of United Nations Convention on the Law of the Sea (UNCLOS III), countries adopted ‘Merchant shipping ordinance, 1983’. This ordinance defines the process and conditions of ship registration under Bangladeshi flag. Country also enacted ‘Bangladesh flag (protection) ordinance, 1982. [9] With existing law & policy, only 35 vessels has been registered in Bangladesh. [10] In contrary, state like Panama, Liberia and Singapore holding 7914, 3321 and 3419 vessels respectively in 2018. [11] These ships aren’t reasonable for the existing trade and finance. Furthermore, Bangladesh is having with a large coastline, enough manpower, enlisted in IMO white list and its upward trade growth sounds having the potential to enlarge market and beneficiary in ship registry business. Though having potentiality, due to national ship registration policy, Bangladesh flag can’t grasp the opportunities of escalating her fleet paralleled to other ship registers.

With this drawback, the purpose of this paper is to compare the existing ship registry policy of Bangladesh with major ship registers to achieve way out for its improvement.

2. Objective of the Study

The main objective of this study is to find out the impediments of ship registry system in Bangladesh and to suggest policy recommendation to overcome those impediments. The expected outcome of this study would be in depth analysis of the impediments for expanding fleet specifically foreign owning vessel registration under existing policy. It is expected that the findings would be included strategies to mitigate identified impediments to get the optimum output in registration market.
3. Methodology of the Study

This research paper is accomplished by various document analysis and interview based on field survey method. This study depended data from both primary and secondary sources. The primary data were collected by the official persons from Department of Shipping (DOS) & Mercantile Marine Office (MMO), Government shipping office, shipping company, people engaged in MET institute, seafarer who are directly engaged in shipping, some other resource persons related to this sector in Bangladesh and other country representative. The Secondary data were obtained from various books, journals, articles, other Maritime University research papers, dissertation, Internet, newspapers, magazines, shipping statistics, market review, relevant published and unpublished materials. In addition, official documents, law and amendments from the website of government shipping office of Bangladesh. Relevant office records, registering statistics from MMO, DOS had been also regarded as the source of secondary data. Simple statistical method is used for data presentation. The statistical data is presented by diagrams, charts, table etc.

Global Merchant Fleet Registration

In general, ships are registered in any of the form among closed, open and hybrid registration. [12] On 1st January, 2018, there are 94,169 vessels trading in global merchant fleet with a combination of total 1.92 billion deadweight tonnage (DWT). More than 70% of the commercial fleet is registered under a flag that is different from the country is termed as Flag of Convenience (FOC) commonly known as open registry. In terms tonnage, more than 40% of world fleet registered in three major open registry flags: Panama, Liberia and Marshall Island. (Table 1) These countries are mostly small island states, such as the Marshall Islands and the least developed countries, such as Liberia. [13]

<table>
<thead>
<tr>
<th>Flag of registration</th>
<th>Number of vessel</th>
<th>Vessel share of world (%)</th>
<th>Dead weight tonnage (1000 tons)</th>
<th>Share of world DWT (%)</th>
<th>Average vessel size (DWT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panama</td>
<td>7914</td>
<td>8.40</td>
<td>335888</td>
<td>17.46</td>
<td>42442</td>
</tr>
<tr>
<td>Marshall island</td>
<td>3419</td>
<td>3.63</td>
<td>237826</td>
<td>12.36</td>
<td>69560</td>
</tr>
<tr>
<td>Liberia</td>
<td>3321</td>
<td>3.53</td>
<td>223668</td>
<td>11.63</td>
<td>67350</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2615</td>
<td>2.78</td>
<td>181488</td>
<td>9.43</td>
<td>69403</td>
</tr>
<tr>
<td>Singapore</td>
<td>3526</td>
<td>3.74</td>
<td>127880</td>
<td>6.65</td>
<td>36268</td>
</tr>
<tr>
<td>Malaysia</td>
<td>2205</td>
<td>2.34</td>
<td>108759</td>
<td>5.65</td>
<td>49324</td>
</tr>
<tr>
<td>China</td>
<td>4608</td>
<td>4.89</td>
<td>84184</td>
<td>4.38</td>
<td>18269</td>
</tr>
<tr>
<td>Bahamas</td>
<td>1418</td>
<td>1.51</td>
<td>76659</td>
<td>3.98</td>
<td>54061</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>35</td>
<td>0.04</td>
<td>1569</td>
<td>0.08</td>
<td>44850</td>
</tr>
</tbody>
</table>

Source: UNCTAD secretariat calculations, based on data from Clarksons Research, MMD (Bangladesh) [14]

Ship Registration in Panama

The Republic of Panama is located in the Isthmus of Central America with an area of approximately 77,000 square kilometers. [15] In 1916, Panama established as open ship register allowing Panamanian companies owned by foreigners. [16] In August 1919, first reflagged vessel was the Canadian ‘Belen Quezada’, transferred to the Panama flag in order to avoid American prohibition laws. [17] This had created a trend as to escape prohibition regulations which banned liquor sale on board American vessels. In 1925, Panama legislated liberal maritime laws with an intention to attract American ship owners as well as foreign citizens. US ship owners enjoyed several incentives in flagging out to the Panama registry including the Canal Zone being under US dominion. Avoiding high labour cost in US and tax exemption from shipping profits were the others motive worked behind flagging out. Gradually, many European vessels were switching to open registers, specifically to the Panamanian flag in the 1930s. [18] From the commencement of World War II to 1947, the Panama register tonnage doubled as it expanded considerable tonnage with the transfer of wartime-built “Liberty-Class” ships. [19] The ITF rejected the Panama flag for allowing cheap crews and sub-standard safety standards. Besides, emerged competitor arose, Liberian International Ship and Corporate Registry (LISCR) to a parallel. The LISCR acquired the lead in 1955, particularly with large crude carriers. Due to Liberian political unit ability, Panama again secured her leading position in the nineties. [20]

The Republic of Panama offers services for the registration of ships engaged in all types of maritime activities. Ship registration process was adopted and updated through the General Merchant Marine Act (Law No. 57 of August 6, 2008). There are four types of taxes and fees such as the annual tax, a single annual tax, inspection tax and accident investigations fee, conferences and participation in international congresses. Several factor acts on the initial stage of ship registration, influence the ship owner to register under Panama flag.

The Panama ship registry has constantly maintained the following advantages:

- Panama flag registration is easy and automated with maximum registration time of four hours.
- Crew Manning. The ship owners may appoint non-national crew subject to compliance of STCW convention. Crew’s income are not subject to income tax. [21]
- Taxation. The income resulting from the commercial operation of merchant ships registered under the Panamanian flag are not subject to income tax in Panama. Panama guarantees tax rates for twenty years when registering. Only taxes and fees on its tonnage have to pay under a system of highly competitive tariffs. [22]
- Panama has no currency restrictions or reporting requirements and imposes no limits on monetary transfers to and from the country.
- The Shipping Department grants special discounts up to 50% on registration fees to any ship-owner. This law depends on the type, size and tonnages of ship.
- There is no minimum tonnage requirement in order to obtain the Panama registration.
- Pre survey is not compulsory to attain the permanent registration if the ships hold valid safety certificates except for the vessel with over 20 years.
- Issuance of provisional patent with six month validity in order to complete inspection. [23]
- Fleet special discount. Under the current regulations, fleets with three or more vessels may enjoy discount on registration rates from 25% up to 65% on the basis of gross tonnage of the vessels with a range of minimum of 30,000 to maximum of 100,000 gross tons. [24]
Presently, Panama is the leading world registry in tonnage and number of vessels. On 1st January, 2018, 7914 registered vessel accounts for 335 million DWT representing 17.46% in DWT and 8.40% in vessel number of world fleet. [26] Marshall Island is second place in registry, does not even half the number of the Panama register (Table-1). The maritime sector of the Republic of Panama contributes with 20% of the GDP. Panama is the leading country in economic contribution to IMO. [27]

Panamanian Law 2/1980 formed the Directorate General of Merchant Marine, assigned to the Ministry of Economics and Finances. This regulation assigned functions to this Directorate General and established all dispositions regarding the registry of the Panamanian Merchant Marine vessels. The Panamanian Ship Registry has more than 64 maritime privative consulates and 9 Technical Offices worldwide, operating on a twenty four basis. Besides to satisfy and attend the particular need of client, Panama established Maritime Regional Offices in Dubai, London, Manila, Seoul, New York, Piraeus, and Panama City. About 100 different International and National Banks have made Panama a leading Financial Centre. [28]

Ship Registration in Singapore

Singapore is an island city state with an area of 721.5 square kilometers located in Southeast Asia. [29] It stands at the crossroads of the world center of commerce as almost all shipping from Europe to the Far East and Australia and the other way around, calls on ‘Port of Singapore’ that made her the one of the busiest port in world. In 1965, Singapore gained independence. Soon after, in1966, Singapore introduced the Merchant Shipping (Amendment) Act which allowed only vessels owned by Singapore citizens or companies could register under its flag. Three years later in 1969, Singapore started its vessel registry owned by any national or company that established Singapore as a flag of convenience. [30] Employment creation for Singapore seafarers was the initial motivation for the opening up of the shipping registry. Initially, vessels recruiting minimum 25% Singaporean crew subject to 50% refund on the annual tonnage tax. Within late 1970s, unemployment were no more problem for Singapore. Moreover, Competitive registration fee and tonnage tax made her serious competitor of Panama and Liberia ship register. [31]

Presently, Singapore is 5th largest register in accordance with vessel’s number and tonnage. On 1st January, 2018, 3526 vessel registered under Singapore flag representing more than 127 million DWT holding 3.74% share of world vessel’s number and 6.65% of world tonnage. Within six years, Singapore merchant fleet tonnage extended close to double. [32] (Figure 3)
Singapore permits all types of ships including offshore vessels, except fishing vessels, hydrofoils and wooden vessels. In general, ships less than 17 years would be considered for registration. [33] Only Singapore Citizens/Permanent Residents or corporate bodies incorporated in Singapore may consider for register as owners of Singapore ships. Also, company incorporated in Singapore with 100% foreign shareholder may consider for registration of a Singapore ship. [34] (Figure 4)


According to Singapore Registry of Ships (SRS) website, the procedure for registering a ship with the SRS is quick and easy, requiring only 5 major steps. (Figure) Furthermore, significant investment in advanced information technologies make the renowned ship register a unique value-added partner for quality ship owners and ship managers.
On 5th February, 1972, he established “Bangladesh Shipping Corporation” (BSC) under the President Order no. 7. Since then, the BSC acquired a total of 38 ships. [44] Broadly, Bangladesh flag registered fleet can be divided into four phases. (Figure 6) Late 70s, some of devoted private vessel owner hosted ocean going shipping sector of Bangladesh like Bengal Liner (Bengal Pride, Bengal Tower etc.), Aquatic shipping (MV Sezan, MV Tehsin etc.), Atlas shipping line (Al salma, Al Sawmruz, Al Sana,MV Safar etc.), Bengal shipping line (Al Tafsir, Al Rahman, Al Tabith, Al Reza, Al Sabrina etc.). From the period mid-80s to early 90s, some of dedicated mariners presented themselves in the industry as vessel owner. Perhaps, this is the only generation symbolized seafarer as vessel owner in Bangladesh shipping history.

Registration under the Singapore Registry of Ships has offered Ship owner the following advantages:

- According to major port state control regimes like Tokyo and Paris Memorandum of Understanding (MoU), Singapore is on ‘White List’ maintaining good safety and PSC record. [35]
- The SRS has having experience close to 50 years as a quality flag. Being an open register, SRS is recognized as a non-flag of convenience registry by both the United Nations Conference on Trade and Development (UNCTAD) and the International Transport Workers’ Federation (ITF). [36]
- Unique, environment friendly and attractive incentive under BTS and The Green Ship Programme (GSP) scheme offers discounted up to 80% on initial registration fee. [37]
- SRS authorizes eight internationally recognized classification societies for surveying and issuing tonnage, safety and pollution prevention certificates to Singapore ships.
- Upon compliance of STCW, non-national crews and officers is freely permitted to Singapore flag vessel.
- Personnel serving on Singaporean ship are not subject to income tax. [38]
- Profit resulting from international shipping operation and charter are exempt from Singapore income tax. [39]
- Employing Singaporean cadets and officers on Singapore vessel will be subject to reimbursement of crews salary. [40]
- Singapore permits foreign officers and engineers holding valid and relevant foreign certificates of competency (COC) without prior approval. [41]

Ship Registration in Bangladesh

Bangladesh is the largest delta on Earth with an area of 147,570 square kilometres located in South Asia. Its maritime territory in the Bay of Bengal is approximately equal to the size of country’s land area. [42] After liberation war and emergence of Bangladesh in 1971, the state of shipping sector was very deplorable. The Pakistan’s National Shipping Corporation took all the merchant fleet. Beginning of 1972, Bangladesh inherited no merchant vessel registered under her flag. [43] Father of the nation Bangabandhu Sheikh Mujibur Rahman realized the importance of shipping sector. On 5th February, 1972, he established ‘Bangladesh Shipping Corporation’ (BSC) under the President Order no-10 of 1972.

1972-80: Initial Phase

1980s-1990: Mariner’s Phase

1990-2008: Container Phase

2008-Present: Bulkier Phase

From 90’s to 2008, some of the business giants (QC and HRC) who later on became private vessel owner. They introduced container shipping in Bangladesh. [054] At present, some of the prominent bulkers such as Brave Royal, Basundhara etc. represent Bangladesh flag through industrial shipping. After freight market recession in 2008, the growth of Bangladesh flag fleet was expanding. At one point, it was touched with 72 vessels in 2014. Soon the dream ruined with...
the market fall. Accordingly, Bangladesh flag register has been surviving with only 38 ships (32 bulk carriers, 3 tankers) [46] (Figure 7)

![Figure 7: Sea Going Vessel Registered in Bangladesh](image)

Source: Compiled by the researcher. Based on data from Mercantile Marine Office, Chottogram

The oceangoing vessels in Bangladesh are registered, surveyed, inspected under the guidelines of the Bangladesh Merchant Shipping Ordinance, 1983 (BMSO). BMSO, 1983 contains eight parts including forty five chapter. According to BMSO, Director General (DG) of Department of Shipping (DOS) is the Register General of Bangladesh ships. Presently, Principal Officer is in charge of Mercantile Marine Office (MMO), at the port of Chottogram and acts as the Register of Bangladesh ships. Part II of this ordinance discusses ‘Registration and Nationality’ applied to all sea going Bangladesh ships exceeding fifteen tons net and fitted with mechanical means of propulsion, but shall not apply to ships registered under any law for the time being in force for the registration of inland ships plying on inland water.

Under clause 3 of chapter 1 defines Bangladesh ships and condition of her ownership “Bangladesh ship” means a ship belonging to a statutory corporation or a ship acquired and owned by a foreign national or company and leased out to the Government or a citizen of Bangladeshi or a Bangladesh company under such an agreement that the ownership of the ship shall be transferred after a specified period of time to the Government or such citizen or company in accordance with the terms of the agreement or a ship owned wholly by persons each of whom is a)

- A citizen of Bangladesh, or

b) A company which fulfills the following conditions, namely:

1) The principal place of business of the company is in Bangladesh,
2) shares representing more than fifty per cent of the share capital of the company or shares carrying more than fifty per cent of the total voting power of the company are held by citizen of Bangladesh,
3) The majority of the directors of the company are citizens of Bangladesh,
4) Either the Chairman or the Managing Director of the Board of Directors of the company is a citizen of Bangladesh.

![Figure 8: Conditions of Bangladesh flagged vessel’s ownership](image)

Source: Compiled by the researcher. Based on BMSO, 1983

Bangladeshi flag vessel registration requires to fulfill the following conditions:
- Vessel age should not be over 25 years (if the vessel is imported) [47]
- Vessel to be verified under Bangladesh recognized classification society
- Vessel to be surveyed by a Surveyor or by any Surveyor of a Classification Society duly authorized by the Government of Bangladesh and complied with maritime legislation such as IMO convention, SOLAS, MARPOL etc.
- Vessel should specify ship’s tonnage and build, deliver certificate and such other descriptive identity ascertained in the prescribed manner to register.

For registering a vessel, ship owner/appointed agent have to face several offices in Bangladesh such as MMO, BTRC, BTCL, NBR etc. (Figure 9) There is no automation and simplified service for registering a vessel. Paper based documentation and process to complete vessel registration. Moreover, there is no simplified guideline/booklet provided in MMO official website. There is no other maritime
At present, taxation at three levels is required for a ship to operate in Bangladesh. For registering a vessel and make it operational, owners have to pay tax during vessel import, vessel operation and on profit generated from shipping operation. Local industry experts highlight that importing a vessel the buyer have to pay 5.0 per cent AIT, 15 per cent VAT and some other taxes, which altogether stands at nearly 27 per cent immediate tax incidence on this high-capital-intensive business. Owners are also subject to payment of tax on freight received from shipping operation. Additionally they are required to pay 35% corporate tax and personal income tax respectively on profit earned. (Table 2)

For example, if a Shipping Company make net profit of Tk.10 lacs in a year, it can retain only Tk. 6.5 lacs to be distributed among directors (owners) after deducting corporate tax of 35%. Again, the individual owner (s) is liable to pay 10% individual income tax from the profit which amounts to Tk. 65,000. In the end, ship owner retains Tk. 5, 85,000 only although net profit was Tk. 10 lacs.

Table 2: List of taxes applicable for ship operation in Bangladesh

<table>
<thead>
<tr>
<th>Level of Tax</th>
<th>Type of Tax</th>
<th>Description</th>
<th>Statutory Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Import</td>
<td>Value Added Tax (VAT)</td>
<td>Imported vessel</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Advance Income Tax (AIT)</td>
<td>Imported vessel</td>
<td>5%</td>
</tr>
<tr>
<td>Operation</td>
<td>Income tax at source</td>
<td>Total freight received or receivable from vessel</td>
<td>5% (for in or out of Bangladesh) 3% (for two or more foreign countries)</td>
</tr>
<tr>
<td></td>
<td>Corporate Tax</td>
<td>Company income</td>
<td>35%</td>
</tr>
<tr>
<td></td>
<td>Advance Income Tax (AIT)</td>
<td>Based on vessel owner/directors income</td>
<td>10%</td>
</tr>
</tbody>
</table>

Source: Compiled by the researcher. Based on data from Mercantile Marine Office, Chottogram

Presently, the vessels that are registered under Bangladesh flag register do not enjoy significant incentive. However, the underlying reason for registering a vessel in Bangladesh is the Flag Vessel (Protection) Ordinance, 1982. Clause 3 of the said ordinance states that at least 40 per cent of the sea-borne cargoes relating to foreign trade of Bangladesh shall be carried by Bangladesh flag vessel. It need to be mentioned that exemption from payment of VAT is available if the vessel fulfils following criteria:

- Vessels with more than 5,000 DWT
- Vessel has be registered in Bangladesh
- Vessels should not be older than 22 years and must be used for carrying freights for at least five years, during which the vessels cannot be sold or transferred
- Double hull/ double bottom vessel
- Every year submission of Proceed Realization Certificate (PRC) from bank to the local VAT office as a proof of their foreign currency earnings.

Table 3: Cost of Registration (Bangladesh)

<table>
<thead>
<tr>
<th>Type of Fee</th>
<th>TK.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisional Registration (for collecting MMSI, Call Sign and Station Licence)</td>
<td>4000</td>
</tr>
<tr>
<td>Provisional CSR (for collecting MMSI, Call Sign and Station Licence)</td>
<td>4000</td>
</tr>
<tr>
<td>Provisional SEC (for collecting MMSI, Call Sign and Station Licence)</td>
<td>4000</td>
</tr>
<tr>
<td>Provisional SRC (for collecting MMSI, Call Sign and Station Licence)</td>
<td>4000</td>
</tr>
<tr>
<td>Final Registration (More than 15000 GT)</td>
<td>175000</td>
</tr>
<tr>
<td>VAT 15% (On Final Registration)</td>
<td>26250</td>
</tr>
<tr>
<td>Maritime Tanning (Gross ton x 1.2)</td>
<td>*****</td>
</tr>
<tr>
<td>Carving and Marking Note</td>
<td>1000</td>
</tr>
<tr>
<td>Registration Cover Fee</td>
<td>1000</td>
</tr>
<tr>
<td>Registration Supervision Fee (2.5% on contracted price)</td>
<td>*****</td>
</tr>
<tr>
<td>Total</td>
<td>TK.****</td>
</tr>
</tbody>
</table>

Source: Compiled by the researcher. Based on data from Mercantile Marine Office, Chottogram

In Bangladesh flag register, there are several fees applicable for registering a vessel such as registration fee, certification fee, VAT, Maritime training, registration supervision fee and other fees. Most of the vessel fee based on the GT except the supervision fee which is based on contracted price.
• Hiring of 70 per cent manpower for the vessels from Bangladeshi citizen.

4. Analysis and Findings

The study finds that to be eligible as a Bangladesh flagged ship, it must fulfill some conditions so as to empower Bangladeshi citizens with more than fifty per cent of voting power/ownership in decision making. Foreign citizens are also allowed to hold share on vessel ownership or solely own a vessel subject to the fulfilment of stringent conditions making it impossible to hold permanent ownership. Whereas, both PMA and SRS do not impose any restriction on foreign ownership.

Taxation is one of the major determinants for ship owner/operator in decision making regarding flag selection. Most of the performing registers do not impose income tax on shipping operation and profit, except tonnage tax that make them economic one to ship owner. Besides, Bangladesh impose taxes and value added service (VAT) on several stages from vessel import to profit derived from the shipping operation. Also, tax is determined on the basis of imported price and fees are based on both vessel size and import price. In contrary, the taxes and fees were determined solely on the basis of vessel size or tonnage by both (PMA and SRS) instead of imported price that are more transparent and straightforward to ship owner. Flexibility on taxation can stimulate vessel owner as well expand fleet flying Bangladesh flag.

Simplification and automation through information technology is the another feature in registration course of the popular ship register. Most of the vessel owner desires to avoid complexity throughout the shipping operation as well as dealing with flag state. In this respect, vessel registration under Bangladesh flag has to face different organisations. Besides, there is no easy guideline of vessel registration ready available to Mercantile Marine Office (MMO) website. Easy and automated process can create an advantage in shipping operation to vessel owner that can promote Bangladesh flag.

Commercial aspect is the key element in international business of Ship Registry. Major flag register offers competitive fees and exemptions through multiple discount schemes. Both the PMA and SRS provide concession upon fleet registration, pollution prevention, employment generation, green ship practice etc. Whereas, Bangladesh flagged vessel is not adequately facilitated with such incentive scheme. Therefore, lack of incentive impinges negatively on vessel registration. Incentivisation on vessel registration can attract owner as well as increase fleet performance and capacity building of Bangladesh flag.

5. Conclusion

Shipping is a global platform, unstable and complex in nature. Ship registration is visualised by the ship's documents and its flag to the world. The flying of the flag is the detectible sign of nationality. Today’s shipping industry is truly commercial, not only because of its prime task of transferring goods globally, but also from a strategic and corporate standpoint. Ship owner tends to handover their ship registration in a country where they get flexibly and commercially satisfying. Keeping this in mind, major vessel registers attract vessel owner with industry friendly policy and flexible fee structure thereby holding outstanding portion of ship registry industry in terms of ship number and deadweight tonnage. Whereas the number of Bangladesh flagged vessel ordinarily voyaged in a small circle since liberation till today. Last but not least reforming institutional architecture, simplifying registration process, investment friendly tax regime and providing policy support are of utmost importance to attract investment and boost up the shipping sector so that Bangladesh is equipped with her reasonable number of flagged vessel.

References

[1] UK Chamber of Shipping (11 May 2012).Flagging and Ship Registration,pp.1