



CHALLENGES AND OPPORTUNITES UNDER THE UAE FLAG



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WHAT DO WE MEAN BY FLAG

- A flag state is the country or governmental entity under whose laws a vessel is registered or licensed. This can be the country in which the owner resides, or more commonly in the superyacht world, an offshore ship registry in a country with laws that are attuned to the complexities of yacht ownership and charter operations.
- The flag state has the authority and responsibility to enforce regulations over vessels registered under its flag, including those relating to inspection, certification and issuance of safety and pollution prevention documents.



How to Select a Flag?

- The place of residence of the owner (EU / Non EU)
- Area of navigation (EU / Non EU, within EU whether in Spain and Greece for instance where specific rules apply, US, Asia...)
- Use (pleasure, commercial or dual)
- Characteristics of the yacht (date of build, length, tonnage, conformity with any commercial code and international conventions)
- VAT/tax status of the yacht
- Place of delivery
- Nationality of the crew
- Finance needs (marine mortgage loan or leasing)



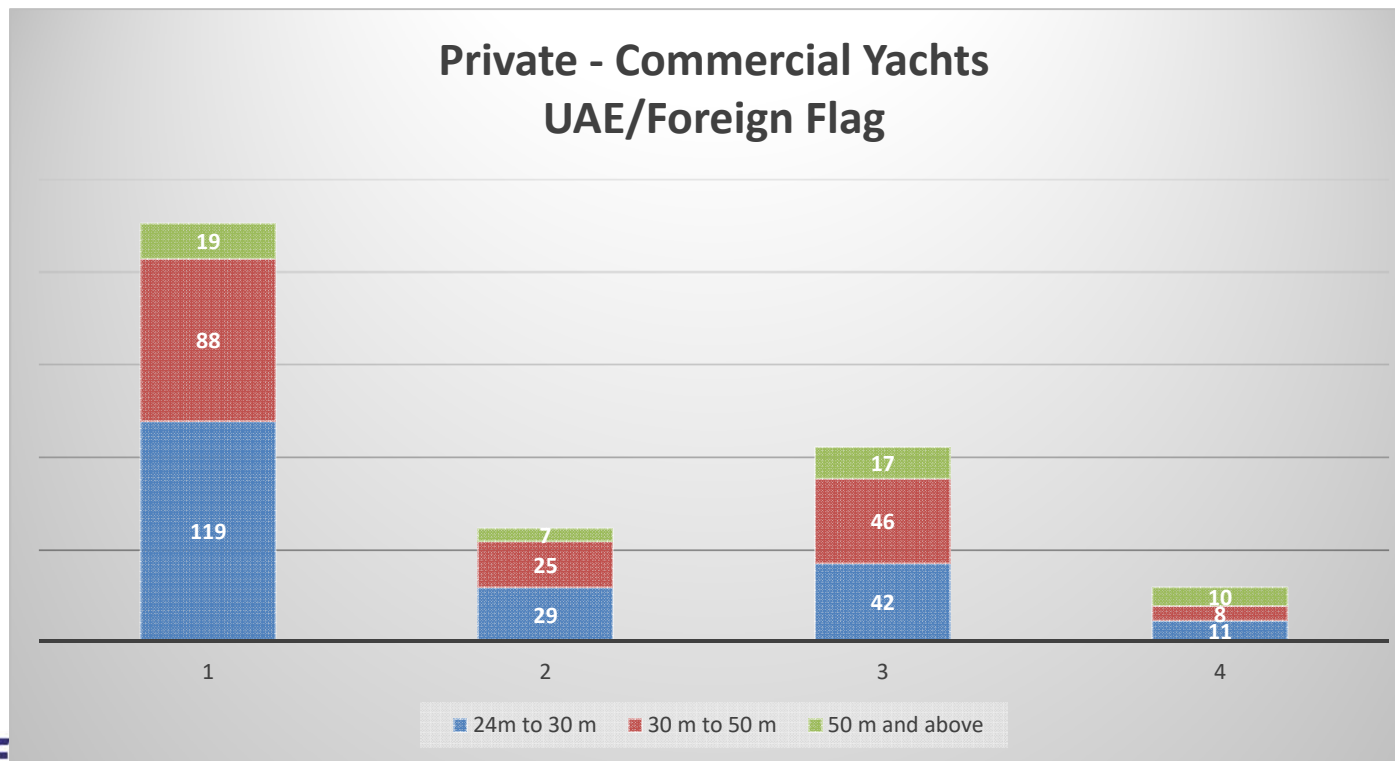
FLAGS THAT ATTRACT YACHT OWNERS

- Approximately 75% of large yachts are flagged in the British overseas territories commonly known as the 'Red Ensign Group', in particular, the Cayman Islands, Gibraltar and the Isle of Man.
- Factors influencing that, prestige, tradition, history, international recognition of high standards, ready availability of a large number of qualified surveyors; protection of British maritime law, commercial confidentiality (the owning companies can be registered in the flag state, rather than the person who owns the yacht).
- The Marshall Islands allows qualified private yachts to charter up to 84 days a year, but subjects them to detailed surveys; heavy on life saving, safety and fire fighting. They also have to have a minimum safe manning certificate for when they're chartering.



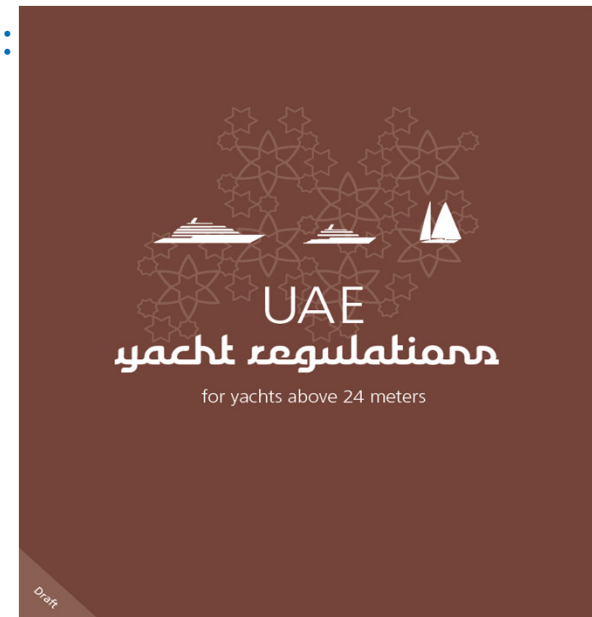
UAE Statistics

	Private		Commercial	
	UAE Flagged	Foreign Flagged	UAE Flagged	Foreign Flagged
24m to 30 m	119	29	42	11
30 m to 50 m	88	25	46	8
50 m and above	19	7	17	10
TOTAL	226	61	105	29

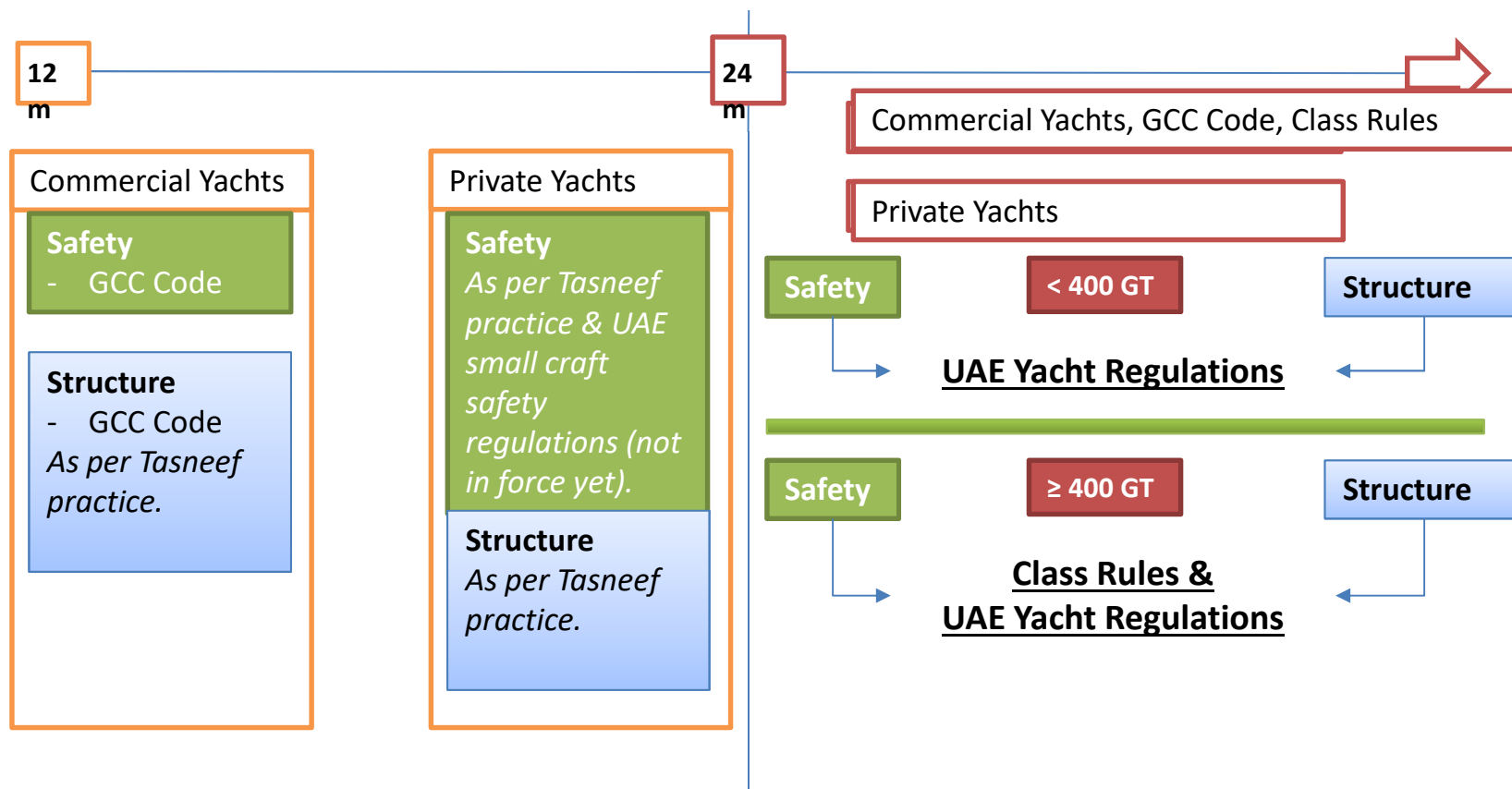


UAE YACHT CODE

- The UAE Yacht Code address the larger size segment of the private yachts, i.e. yachts above 24 meters not intended for commercial use, without any restriction with respect to the number of persons onboard, area of operation, nor to the maximum size/tonnage of the yacht.
- The UAE Yacht Regulations are applicability:
 - New and existing yachts
 - Any type of yacht
(Motor Yacht, Sailing Yacht etc.)
 - Any construction material
(Steel, Aluminum, Composites etc.)
 - Any hull shape
(single / multi hull)
 - Any type of propulsion



UAE REGULATIONS FOR YACHTS



CHALLENGES WITH UAE FLAG

1. Closed registry system (Closed Registers set requirements on ownership, management, manning of a vessel to be registered).
2. Facility for registration of Yacht under construction & chartering facility for Pleasure Yacht as provided by some registries (84 days in a year etc.).
3. Transfer of Registration to UAE Flag from other registries and issuance of cert. with the same expiry dates.
4. Worldwide network of Registrars to provide service in owners time zone and in languages.
5. Applicability of ISM/ISPS to vessels below 500 GT.
6. Option to register yacht for 1 year, 3 year or 5 years. In case of 3 year or 5 year registration, freeing the owner from annual filings.
7. Creating of Yachting Hub



OPPORTUNITIES WITH UAE FLAG

1. Maritime Legislation and Laws & harmonization of regulations
2. UAE Yacht Code brings innovative and comprehensive approach on design and operational aspects.
3. Flexible and innovative approach to the over 12 guests category, depending on areas and modes of operation.
4. Marine Development and govt. incentives for infrastructure.
5. Many water front development projects with marinas, Dubai canal project .
6. UAE Globally is among top 10 yacht manufacturer and services.
7. Demand for luxury yacht in UAE with attractive selling prices and financing facilities



Conclusion

- You need to be with a flag that can provide a solid commercial registration that's accepted in the shipping industry and accepted by the governments of the world.
- A wise starting point would be to choose a flag on the so-called "*White List*"





THANK YOU

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