

**EXPLANATORY MEMORANDUM TO**  
**THE MERCHANT SHIPPING (CATEGORISATION OF REGISTRIES OF RELEVANT**  
**BRITISH POSSESSIONS) (AMENDMENT) ORDER 2008**

**2008 No. 1243**

**1.** This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 This Order substitutes a revised Schedule to the Merchant Shipping (Categorisation of Registries of Relevant British Possessions) Order 2003 (“the 2003 Order”). The effect of the substitution is to re-classify the Category 2 shipping register of the British Virgin Islands (BVI) to Category 1.

**3. Matters of special interest to the Joint Committee on Statutory Instruments**

3.1 None

**4. Legislative Background**

4.1 Section 18 of the Merchant Shipping Act 1995 makes provision for regulating the registration in relevant British possessions of ships by reference to categories of registries established by Order in Council.

**5. Territorial Extent and Application**

5.1 This instrument applies to the United Kingdom and the relevant British Possessions referred to in paragraph 7.1 below.

**6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

**7. Policy background**

**Policy**

7.1 The Red Ensign Group (REG) consists of the United Kingdom, nine of its overseas territories (Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, St Helena and the Turks and Caicos Islands) and its three Crown dependencies (Isle of Man, Jersey and Guernsey).

7.2 Section 18 of the Merchant Shipping Act 1995 provides for the establishment of REG Shipping Registers. Under the 2003 Order two categories of Register are available:

- a. Category 1 – unlimited tonnage, type and length;
- b. Category 2 – limited type and tonnage.

7.3 The BVI currently have a Category 2 Shipping Register which allows for the general registration of ships below 150 gross tonnage and, since 2003 in the case of pleasure vessels, up to 400 gross tonnage.

7.4 Following an extensive period of consultation with the BVI Government and Governor, existing REG Registers and the UK Recognized Organizations (organisations which survey ships for classification purposes), no objections have been raised to the proposed re-designation of the BVI Register from a Category 2 Register to a Category 1 Register. The Maritime and Coastguard Agency (MCA) also carried out a monitoring visit in October 2006 to the BVI where it was found that the BVI Shipping Register met the technical requirements to become a REG Category 1 Register.

7.5 The BVI Government has already completed a 3 year programme to meet REG Category 1 standards, and has invested extensively in new buildings, recruitment of qualified marine surveyors and changes to ministerial portfolios. The BVI have also agreed to all the MCA's prerequisites and have reached a stage where they have the necessary legislation and the infrastructure in place and have recruited the required qualified resources to permit the upgrade to proceed. Moving the BVI register from a Category 2 Register to a Category 1 Register will bring new employment opportunities and additional revenue to the local economy

7.6 This Order re-designates the BVI Register to Category 1 Register status. The way in which the BVI administration will in practice operate the Category 1 Register has been agreed with the Secretary of State for Transport and set out in a Memorandum of Understanding ("MOU"), with the effect that BVI will in fact only accept registration of vessels that can be registered under a Category 2 Register plus General Cargo Ships, including large commercial yachts (mega yachts) of less than 3000 gross tonnage. The BVI Shipping Register may, at any time in the future, seek to renegotiate the MOU with a view to extending the range of vessels that it may register if it can provide appropriate evidence of compliance with all necessary technical requirements.

## **8. Impact**

8.1 An Impact Assessment has not been prepared for this Order as it has no impact on business, charities or voluntary bodies in the UK.

## **9. Contact**

9.1 Vicky Hutchinson at the Department for Transport Tel: 020 7944 5161 or e-mail: [vicky.hutchinson@dft.gsi.gov.uk](mailto:vicky.hutchinson@dft.gsi.gov.uk) can answer any queries regarding the instrument.

