

US vs. Non-US flag vessel regulatory differences

Gulf of Mexico operations

Outside US waters

	<i>US flag vessel</i>	<i>Non-US flag vessel</i>	<i>US flag vessel</i>
Construction	<p>Key equipment must be USCG approved. USCG standards differ from IMO and some are badly outdated.</p> <p>USCG-approved lifeboat of smaller size only available from Chinese source. Low quality.</p>	<p>Key equipment must have IMO Type-approval.</p> <p>EU built quality LB only need IMO type-approval.</p>	<p><Same comments inside and outside US waters unless otherwise noted></p> <p>Much harder & more expensive to buy and install USCG-approved gear when outside USA.</p>
Environmental	<p>EPA Vessel General Permit requirements and potential civil penalty plus MARPOL, plus 33 CFR Subchapter O USCG/EPA Ballast Water Management rules apply plus IMO BWM.</p> <p>USCG Vsl Response Plan. Requires contract with fire/salvage/pollution response contractors.</p> <p>EPA locomotive rebuilding standards for marine vessels & air pollution rules.</p>	<p>If outside of US port (i.e. OCS waters), only IMO MARPOL rules apply.</p> <p>If outside of US port (i.e. OCS waters), IMO BWM rules only, when/if ratified.</p> <p>None if outside of US port (i.e. OCS waters).</p> <p>None. MARPOL Annex VI compliance is considered good enough.</p>	<p>EPA VGP does not apply, but vsl must be in compliance before returning to US waters.</p> <p>Most USCG BWM exceptions don't apply when outside US waters.</p> <p>May not apply, but must comply before returning to USA port.</p>
Certification	<p>Often it is hard to get any or quick answers to questions about unclear USCG rule/policy. Makes design/construction of a new vessel more expensive. Took 3 years to get USCG approval of lifeboat davit.</p> <p>2 exams required, USCG plus Class. Hard to schedule and reduces time earning revenue</p> <p>In depth inspections of US vessel</p>	<p>Class give quick answers to ship owner questions or unique situations. This makes design/construction of a new vessel less expensive.</p> <p>One visit by Class on more flexible schedule (nights and weekends). Increases time vsl is earning revenue.</p> <p>Cursory Port State Control exam, if any.</p>	<p>Must pay for transport/room/board for USCG inspector traveling to/from and while at foreign location.</p>

	USCG examination requires 2-3 weeks notice. Vsl customer does not know schedule more than 7 days in advance.	Class examination available on much shorter notice, days vs. weeks	USCG asks for 30-45 days advance notice to schedule. Vsl customer doesn't know schedule more than 7 days in advance.
	SOLAS/MARPOL applied in strict/impractical manner	SOLAS/MARPOL applied pragmatically or issue exemptions .	SOLAS application varies among USCG inspectors.
Crewing	100% USCG mariner credential holders needed.	3rd world mariners of vsl operator choice	Coastal state often requires use of local labor on OSVs. STCW requires USCG to endorse non-US mariner credentials. No process to do so exists.
	SOLAS Safe Manning guidance applied more strictly by USCG than other flags.	SOLAS Safe Manning guidance viewed as optional/flexible for smaller vessels.	USCG requires OSV to use 100% US mariners to return OSV to USA or to transit to foreign shipyard.
Citizenship	100% US citizen crew and non-crew under revised application of 46 USC 8701.	Zero US crew, non-crew variable under 43 USC 1356 and 33 CFR 141.	Citizenship waiver for all crew except Master for OSV under 1600 tons.
Maritime Security	33 CFR Subchapter H plus ISPS/SOLAS.	Only ISPS/SOLAS.	
General	USCG has forgotten their facilitation of commerce role. Seems more concerned with having the highest standards in the world.	Class and open register flags seek to assist their fleet in operations.	Especially outside USA, facilitation takes back seat to supporting world view of USCG toughness/high standards.
Maintenance & Repair	Repairs to be carried out in U.S. facilities.	Repairs to be carried out by owner-selected providers.	CBP essentially fines (duty applied) vessels operating overseas 50% of all maintenance cost performed in the first six months of an overseas deployment to encourage use of American repair yards.
Extra expenses or hassels	NVDC refuses to issue true copies of CSR to ship owners as required by IMO rules.	Class and others regularly provide certified copies of doc as requested.	

Extra expenses or hassles (cont.) Some OMSA members have resorted to creating and purchasing multiple ISM DOC by region. This extra audit and documentation expense is paid to meet local needs and to avoid US "domestic" fleet requirements impacting international fleet.

Ins. cost (P&I) is 4-5 times higher for US flag vs non-US flag OSV under same owner.

Class required for OSV? No but is required for ACP.

US Flag advantages	MSP, CDS, or ODS payments	Not available to OSVs.
	Tonnage Tax	6000 DWT and over. All OSVs are too small.
	ACP allows equivalents (per USCG report).	OSVs operating long-term in foreign waters forced to import liferafts (LR) annually to meet LR inspection requirement vice using local vendor and local survival supplies (local is IMO but not USCG approved).
	ACP allows equivalents (per USCG report).	OSVs forced to import UL approved washer/dryer as local gear not acceptable to USCG.
	OMSA experience is cost to build OSV in Asia is 50% less than US.	No change requested, just for information on cost impacts.