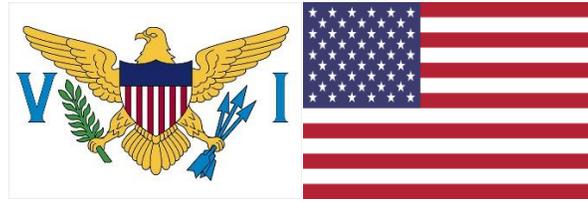


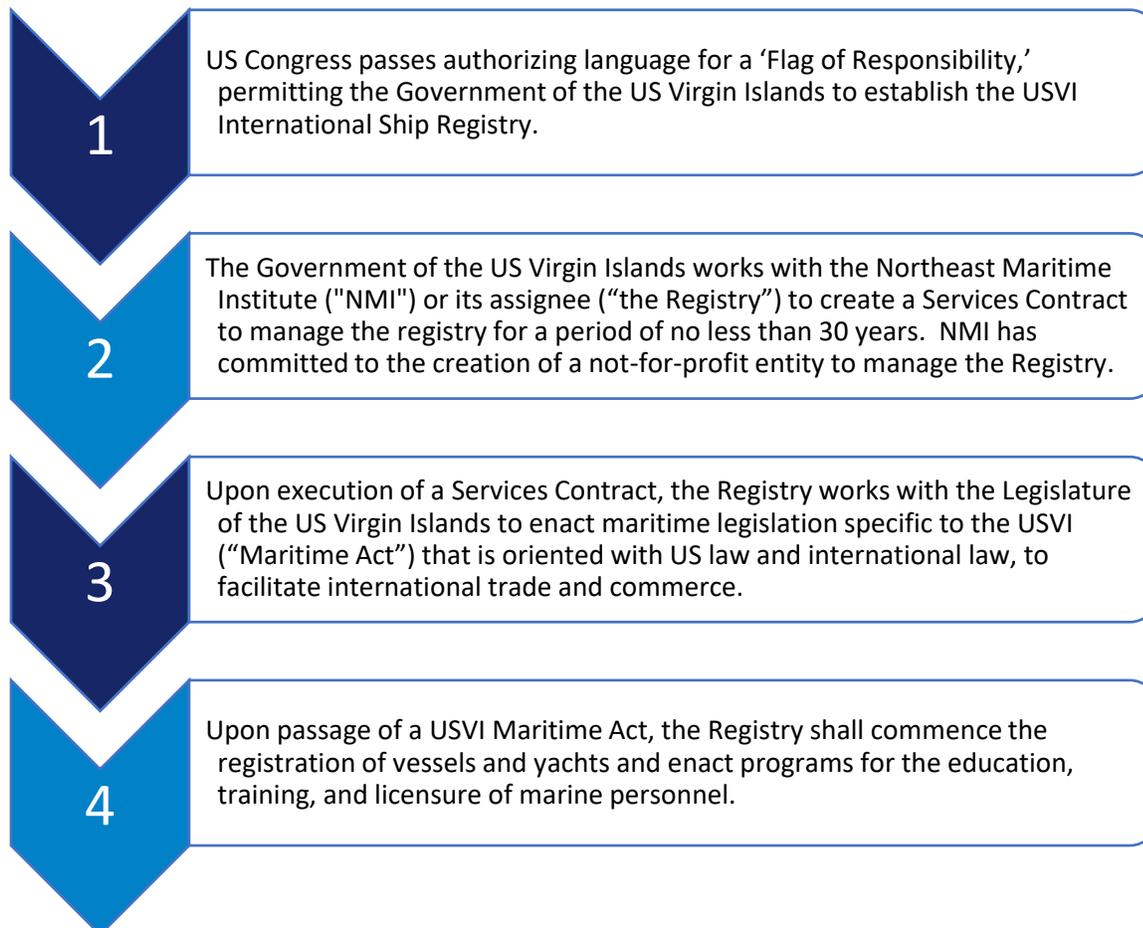


Implementing the USVI International Ship Registry



Establishment of a secondary USVI ship registry, with the intent of serving international trade (“non-coastwise” or “non-cabotage” capacity), would allow the US to compete in international maritime trade. For more information on the USVI International Ship Registry, please visit thecope.org/usvi. This document outlines the steps needed for its creation and implementation of some key elements.

Creation of a USVI International Ship Registry





Implementation of Key Elements

The Registry shall work to establish unique or innovative programs for the advancement of maritime sustainability, green-shipping, cargo security, transshipment in the USVI, economic development in the USVI and greater Caribbean, and growth of the US maritime labor pool. Some of these Key Elements can be established at the outset of the Registry and others will take time to develop the tools and relationships needed to realize their full and complete effect.

Digital Flag

- Implementation of robust digital tools and assets will make the USVI flag a 21st century flag dedicated to transparency and efficiency. This will enable customers to comply with the increasing standards and regulatory environment more easily, as well as provide them with the tools to ethically seek best performance through commitments to ESG or similar practices. A digital flag can easily be achieved through a significant database that collects more data fields and streams than the average flag state. A more significant collection of data will allow the flag to provide improved customer services for both compliance and performance, helping to advance international best practices.

Maritime Economic Residency

- The Registry will seek creation of a maritime economic residency (“MER”) program in the USVI available for Americans working under the US-flag and USVI-flag. The MER would lower income taxes for American mariners, helping to create wage parity between US mariners and foreign mariners. A challenge to the US maritime industry at large has been the higher wage costs of American crew versus foreign crew. American mariners would need to work a minimum of 90-days at sea annually onboard a US-flag or USVI-flag vessel to be eligible for these tax benefits. We believe this can be achieved through legislation in the USVI.

Cargo Security and Transparency

- As part of *A Revitalization Plan for US Maritime Trade, Commerce, and Strategic Competition*, NMI’s Center for Ocean Policy and Economics (“COPE”) has committed to facilitating the creation of a modern and secure cargo transshipment hub located in the USVI.
- A ‘Hub and Spoke’ model located in the Caribbean will allow the US to establish short sea shipping routes, green lane shipping, and cargo transparency for goods arriving to the shores of the Continental United States (“CONUS”). Creation of short sea shipping routes will help grow the US-flag fleet responsible for carrying coastwise cargo along the East and Gulf coast of the United States.
- Through data, digital optimization, and automation, a transshipment hub would enable the tracking and securitization of cargo. The capacity to monitor cargo without the opening of containers will expedite delivery times for shippers. These programs can be facilitated and incentivized by the flag state, the USVI flag, in coordination with the relevant agencies.



Employment Opportunities for the USVI

- The USVI will not only realize direct financial benefit from a portion of the USVI Flag revenues but will realize other blue economic development opportunities. Such examples include employment at a USVI transshipment hub, training, and certification for employment in the US maritime industry, growth of the USVI cruise industry, and participation in a burgeoning global yachting industry. St. Croix needs economic development opportunities and would be well-served to benefit from participating in an economically sustainable global maritime industry.

St. Croix as the Singapore of the Caribbean

- The USVI Economic Development Authority has designated sections of its territory as trade zones. These zones provide tax incentives and economic opportunity for investment in activities such as transshipment. USVI can facilitate international trade to the United States and short sea shipping by providing tax-free transshipment and corporate domicile for foreign companies.ⁱ
- A comprehensive maritime strategy with the USVI as an underpinning can help the United States compete in international trade. A USVI flag, transshipment hub, and positive business climate created by the USVI government will achieve success like the Singapore model.ⁱⁱ

Foreign Maritime Entity and Corporate Transparency

- A business entity incorporated in a state or foreign domicile other than the US Virgin Islands wanting to maintain its corporate status in another state or country may do so by establishing a Foreign Maritime Entity in the USVI to be eligible to register their vessel with the USVI Registry. All vessel owners, irrespective of corporate domicile, will be required to provide a certified copy of Articles of Agreement, Corporate Charter, Disclosure of Ultimate-Beneficial Owners, and a Certificate of Good Standing. This establishes a form of corporate responsibility and transparency not seen with other flag administrations whose typical lack of transparency can provide a haven for illicit activity.

Advisory Board

- The Registry will establish an Advisory Board with participation from a plethora of stakeholders. This shall include but may not be limited to interests from the USVI, shippers, shipowners, maritime labor, US maritime interests, relevant agencies, and NGOs. Participation from these various stakeholders will ensure a registry that is progressive and best-serves the interests of the United States.

Additional Readings:

ⁱ **USVI: A Blueprint for Prosperity Beyond Tourism.** <https://siteselection.com/issues/2021/nov/a-blueprint-for-prosperity-beyond-tourism.cfm>

ⁱⁱ **Promoting Efficient and Competitive Intra-ASEAN Shipping Services – Singapore Country Report.** <https://asean.org/wp-content/uploads/2012/10/Singapore.pdf>