



**REPUBLIC OF CROATIA  
MINISTRY OF THE SEA, TOURISM,  
TRANSPORT AND DEVELOPMENT**

**International Transport Workers' Federation**

**Seafarers' Section Maritime Safety Committee**

**Dubrovnik 18-20 October 2005-10-18**

**Agenda item 6: The impact of international and regional developments on the Croatian flag and the employment of seafarers.**

I. Croatian Flag

1. Based on advice made by the Government of the Republic of Croatia after attacks back in 1991, most of the ships owned by Croatian shipping companies moved under flags of convenience.
2. After international recognition of the Republic of Croatia by the United Nations, as well as after the Republic of Croatia became a member of the International Maritime Organization, the Government of the Republic of Croatia instructed shipowners to register their ships back under Croatian register.

II. Safety of Navigation and Maritime Environment Protection

3. The Republic of Croatia has ratified all relevant international conventions within the framework of the IMO and ILO and has been a full member of the Paris Memorandum of Understanding on Port State Control since 1997. The last convention being ratified was ILO 179 on employment intermediation.
4. New measures related to safety of navigation and maritime environment protection have been stipulated in the Maritime Code adopted in December 2004 and created in a tripartite negotiations. The Maritime Code clearly defines a „genuine link“ between the ship and the flag State, so that continuous monitoring of the standards of Croatian flag vessels in accordance with international conventions and national regulations with regard to safety of navigation, security, environment protection, as well as living and working conditions onboard ships, has been undertaken.
5. Ministry is committed to implement thorough inspections and strict measures both in Flag State Control as well as in Port State Control. Results of such measures with regard to Flag State Control can be shown by continuous improvement of the status of the Croatian flag on the Paris MOU Black-Grey-White lists. Commitments in the Port State Control can be demonstrated by the amount of foreign vessels inspections compared to individual ship's arrivals in Croatian ports, which for the year 2004 equals to 48% (commitment under Paris MOU is 25%).
6. The Republic of Croatia has ratified a major part of the „acquis communautaire“ in relation to maritime transport, and it is anticipated that by the end of 2007 all directives and regulations will be implemented. The last Regulation on the condition of watch keeping, by

which the ILO requirements on hours of work and rest were implemented, was developed by consensus in tripartite negotiations.

### III. Economical Measures

7. With regard to economical measures, the Government of the Republic of Croatia has gradually developed conditions for operation of ships under Croatian flag equal to those of competing countries. Some of specific measures provided in the Maritime Code, in force since December 2004, are as follows:

- Shipping companies operating ships in international voyages are excluded from the obligation of VAT (PDV), without any conditions;
- shipping company conclude a part-time contract with a crew member onboard the ship in international voyage, where a crew member is obliged to cover pension and social security taxes;
- Minister of the Sea, Tourism, Transport and Development issued the "Ordinance on the level of pensionable base of the crew member in international voyage" for the payment of pension and social security taxes, so that they are equal to the bases of crew members in national voyages;
- Minister of the Finance issued the "Ordinance on the non-taxable portion of the income" of the seafarers which equals to 400,00 kn.
- Minister of the Sea, Tourism, Transport and Development has exempted by this act all seafarers from the obligation of participating in the courses in accordance with IMO model courses, for all those seafarers who attended the content of those courses during the regular education.
- In the State Budget of the Republic of Croatia irrecoverable funds have been earmarked for the fostering of ship construction in domestic shipyards, equal to 10% of the contracted ship price. Until now, 12 ships have been built using this model, where only mandatory constraints are Croatian flag of such vessel and Croatian seafarers embarked onboard.
- Except „Jadrolinija“ – the national passenger shipping company which is completely state-owned all other shipping companies in national and international voyages are in majority private ownership, which includes partly present and former employees-seafarers.

### IV. Future Activities of the Ministry

8. In the State Budget for the year 2006 a funds have been requested for scholarships of students and high school pupils, aiming at the promotion of the seafarers' profession.

9. Ministry will provide financial support for the expenses of internship.

10. Further amendments to the legislation will be prepared in order to implement ILO 179 Convention, with the main goal to define precisely the matter of agencies which intermediate in employment of Croatian seafarers on foreign flag vessels.

### V. Conclusion

11. All the above stated measures will be developed by tripartite negotiations (Government-Shipping Companies-Seafarers' Union of Croatia), with periodical involvement of the maritime faculties and highschoools.