

Commercial Yachting: Life Beyond Registration

Merchant Shipping in Malta has in recent years witnessed a significant increase in registration of yachts. This surge is mainly due to the introduction of the possibility of Commercial Yacht Registration under Maltese Law. Some of the most prestigious super yachts in circulation have now been registered in Malta.

This increase is also attributable to other factors such as the extension of the income tax treatment of normal commercial vessel owning companies, to commercial yacht owning companies in view of their activities as commercial yachts involved in the carriage of passengers in international waters. This income tax treatment of owning companies coupled with other tax possibilities applicable under Maltese and European Law has led major stakeholders in the yachting world to propose Maltese commercial registration to clients.

The current scenario

Besides the incentives which have been mentioned, such a surge is understandable when seen in the context of the prestige of the Malta Flag and Malta's membership in the European Union. These factors, though not being technical in nature, are significant when one considers that such vessels habitually cruise European Union waters.

Commercial Registration, just as any specific designation, is granted after a particular yacht is successfully surveyed in terms of the Maltese Commercial Yacht Code. A certificate of compliance issued in terms of such code is then issued by the Maritime Authority. As time passes, prestigious builders are familiarizing themselves with the terms and specifications of this yacht code. In fact yachts are being designed to the code's specifications prior to building. This means that builders have recognized this code and that such registration is destined to grow.

Future possibilities

Notwithstanding the current fuel prices statistics show a clear increase in the purchase of large luxury yachts. Customers are mainly European citizens or residents.. It is no time to be complacent. Malta however faces a particular challenge in retaining its current tonnage and this momentum. Foreign registries will be seeking to attract the increasing tonnage or otherwise seek to create further incentives to retain theirs.

The challenge in this sector is considerable. One must seek to attract further tonnage without sacrificing the various legal requirements set out by Maltese law or by European harmonized legislation. Since trading by yachts which are commercially registered is strictly monitored in European Union countries, one cannot seek to lower the threshold of

compliance in order to attract further tonnage. A constant focus to retain quality at the highest level is necessary.

Life beyond Registration - A holistic view

Whilst seeking to create further incentives is always necessary where possible, this should not be and is not the sole guarantor of improvement and success in this business. Whilst Malta has taken a decisive step in the promotion of all aspects relating to the yachting sector, further effort must be done by all sectors involved in order to enhance this market. Although the registration of such yachts is on the increase, one must further seek to attract these vessels to a physical presence in Malta so that Malta will not only become a registration hub, but it will also become an operational hub for owners, operators, charterers and brokers.

The current tax infrastructure of Malta should be enough to attract these stakeholders to Malta. Attracting these offices and entities would definitely bolster the whole business including the registration of commercial yachts. However, Malta has to be perceived as a centre of excellence for yachting. One must seek to attract yacht builders and yacht design firms. As past experience has shown, if specific courses at university/MCAST are offered in relation to industrial and maritime design and engineering, there will be a human resource potential for designers and builders to bring part of their business to Malta. We have seen other sectors grow when investment in education was made. Similar educational initiatives have to be introduced across board in respect of all services relating to this industry and must be marketed abroad: officer and crew member training with specific focus on the yachting industry is a specific sector which will further enhance the name of Malta in the industry.

Yet again, talks about the redevelopment of the shipyards are currently under way. Exploring the possibility of utilising the shipyard workers and the Senglea and Corradino shipyard areas for the aforementioned purposes should be considered by government. Complete focus on increasing and enhancing all the aspects of this business will bring Malta to the forefront of this industry in all its sectors.

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