



COMDTPUB P167004A  
NVIC XX-12

NAVIGATION AND VESSEL INSPECTION CIRCULAR

Subj: INSPECTION AND CERTIFICATION OF VESSELS UNDER THE MARITIME SECURITY PROGRAM (MSP)

1. PURPOSE. The purpose of this Circular is to provide the marine industry and U.S. Coast Guard personnel with uniform guidance regarding the MSP administered by the U.S. Maritime Administration (MARAD).
2. DIRECTIVES AFFECTED.
  - a. The following are cancelled and replaced by the guidance in this NVIC.
    - A. G-PCV Policy Letter 06-06, Guidelines for Ships Reflagged Under the Maritime Security Program Participating in the Underwater Survey in Lieu of Drydocking Program.
    - B. Message R 061413A MAR 08, Servicing of Non Coast guard Approved Liferrafts on Maritime Security Program Vessels.
  - b. This NVIC supersedes the guidance contained in pages B1-12 thru B1-20 of the U.S. Coast Guard Marine Safety Manual, Volume II COMDTINST 16000.7
3. APPLICATION. This guidance applies to the following categories of existing vessels:
  - a. Foreign flag vessels eligible for a Certificate of Inspection (COI) issued by the Coast Guard under the provisions of Title 46 US Code 53102 or a voluntary sealift support program. For the purposes of this NVIC, the term MSP includes other voluntary sealift support programs administered by MARAD.

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## NAVIGATION AND VESSEL INSPECTION CIRCULAR NO XX-12

- b. Certificated U.S. vessels that obtained an initial COI under the provisions of MSP remain enrolled in MSP.
4. **BACKGROUND.** The Coast Guard Authorization Act of 1996, Section 1137, (later Title 46 U.S.C. 53102 (e) and hereafter referred to in this circular as “MSP law”) established standards for issuance of a COI to a foreign flag vessel transitioning to U.S. flag once eligibility for MSP has been established by MARAD and the U.S. Coast Guard. The parent legislation for MSP provided that a limited number of vessels would receive payment from the U.S. Government for their participation in MSP as a means for establishing a fleet of commercially viable and military useful vessels to meet national defense as well as other security requirements. However, in order to promote further participation in this national defense program, the U.S. Coast Guard and MARAD agree that receipt of the payment is not a precondition for requesting a COI under MSP law, provided the vessel is otherwise eligible in all respects, in accordance with 46 Code of Federal Regulations (CFR) Parts 295 and 296, and the owners demonstrate an intent to enroll in the voluntary intermodal sealift agreement (VISA) program to the satisfaction of MARAD.
5. **DISCUSSION.** Enclosures (1) through (4) contain guidance outlining the conditions as well as the process for foreign flag vessels to obtain initial and continuing certification under the provisions of MSP. Currently certificated U.S. flag vessels are also eligible for participation in MSP, but since no reflagging is associated with their enrollment, these ships will continue to be certificated by the U.S. Coast Guard in accordance with the applicable regulations, irrespective of their enrollment in MSP. Operators of existing (U.S. or foreign) vessels not currently certificated and not eligible for MSP wishing to obtain an initial COI as a U.S. vessel should follow the guidance in NVIC 10-81 CH-1 (Coast Guard Certification and Inspection of Certain Categories of Existing Vessels), and NVIC 2-95 CH-2 (The Alternate Compliance Program) for eligibility and enrollment in the Alternate Compliance Program (ACP).
6. **COMMUNICATION.** Timely communication is key to any successful initial vessel certification process. Vessel owners/operators should provide detailed and accurate information to the U.S. Coast Guard and the Authorized Class Societies (ACS) (defined in 46 CFR 8.100) as early in the process as possible. In many cases, the certification of existing vessels is undertaken with a delivery deadline already established for the operation of the vessel under U.S. flag. Although the U.S. Coast Guard makes every attempt to accommodate scheduling constraints when made aware of them, this does not obviate the need to complete the necessary plan review, confirm construction details, verify materials, establish equipment standards, and complete associated inspections. In the case of MSP, the initial inspection process cannot be undertaken by the U.S. Coast Guard until formal notice is provided by MARAD that the ship has been determined eligible for MSP. MARAD may provide advance notice to the U.S. Coast Guard that a vessel under consideration for MSP will likely to be found eligible based on a preliminary review prior to formal approval. In such cases, MARAD may recommend that the U.S. Coast Guard commence discussion and plan review to prepare for inspection and certification. Although not required, owners/operators may also

## NAVIGATION AND VESSEL INSPECTION CIRCULAR NO XX-12

request meetings with the U.S. Coast Guard to review specific issues of concern prior to certification. Such meeting requests should be directed first to the Commanding Officer, U.S. Coast Guard Marine Safety Center (MSC), Washington, D.C., and later, if necessary, to the cognizant Officer in Charge, Marine Inspection (OCMI) in whose zone the inspection for certification will take place.

7. COAST GUARD AND RECOGNIZED CLASSIFICATION SOCIETIES. MSP law requires that ships reflagged under MSP be “classed by and designed in accordance with the rules of the American Bureau of Shipping (ABS), or another classification society accepted by the Secretary.” A detailed description of the classification society recognition process is provided in 46 CFR Part 8. A list of classification societies that are recognized and their authorizations are listed on the following web page: <http://www.uscg.mil/hq/cg5/acp/>.

When a vessel becomes U.S. flagged, the U.S. Coast Guard will only allow issuance of a certificate on behalf of the United States by a classification society which is recognized by the U.S. Coast Guard and has a specific authorization for the issuance of that certificate. If the vessel for which application is being made is not already classed by a recognized classification society, a transfer of class will be required in association with the MSP reflagging in order to comply with MSP law.

8. A PERFORMANCE BASED APPROACH. MSP law does not specify the scope or manner of the inspections to be carried out by the U.S. Coast Guard to verify that MSP vessels fulfill requirements necessary to receive and maintain a COI. Unlike ACP, MSP law does not prescribe continuous vessel inspection requirements or define the relationship with the recognized class society. Since the inception of MSP, regulatory oversight has been a combination of U.S. Coast Guard inspections together with the results of the surveys conducted by ACSs. This methodology is employed more formally in ACP, which incorporates supplemental rules to ACS rules in order to ensure equivalences to U.S. regulations as an alternate inspection standard. ACP regulations allow the OCMI to rely upon the reports of ACSs. Where the OCMI finds that a vessel enrolled in ACP has a history of repetitive or excessive deficiencies the OCMI may recommend that the vessel be disenrolled from ACP. In the case of a disenrolled ship, the OCMI may not rely upon the reports of the ACS in lieu of Coast Guard inspection for issuance of a COI. Similarly, the U.S. Coast Guard has determined that sufficient authority exists within MSP law for the U.S. Coast Guard to rely upon, in certain cases, the reports and surveys of the ACS to verify continued compliance with the requirements for issuance of a COI, with U.S. Coast Guard oversight.

This NVIC formally establishes two levels of MSP inspection and oversight: MSP (regular) and “MSP Select.” The former mirrors traditional U.S. Coast Guard inspection and the latter is similar to ACP. In order to replicate this ACP-like inspection enrollment process for MSP Select, a performance verification period is necessary to evaluate satisfactory performance and sufficient compliance with the rules and regulations prior to MSP Select enrollment. Also similar to ACP, where an OCMI finds that an MSP Select vessel has a history of repetitive or excessive deficiencies the OCMI may recommend that the ship be disenrolled from the MSP Select program.

## NAVIGATION AND VESSEL INSPECTION CIRCULAR NO XX-12

This two-level approach affords the U.S. Coast Guard the ability to apply traditional inspection methods to newly reflagged vessels while recognizing that a less stringent level of oversight may be applied to vessels which have consistently demonstrated satisfactory performance and substantial compliance with the applicable rules and regulations. Newly enrolled MSP vessels will continue to be inspected by the U.S. Coast Guard similar to traditional Coast Guard inspections. After a period of evaluation (described in enclosure 4 of this NVIC), MSP vessels will be eligible to seek enrollment as a “MSP Select” vessel. MSP Select vessel oversight will consist of a risk-based vessel examinations, periodic oversight, and evaluations of ACS survey activities, with a scope comparable to Port State Control and ACP examinations. U.S. Coast Guard oversight will consist of attendance at annual examinations and re-examinations, and may include attendance at drydockings, underwater surveys instead of alternate drydock examinations (UWILD), ISM Code Safety Management System audits, and audits of the ACS’s quality systems. This approach allows the Coast Guard the opportunity to evaluate the effectiveness of ACSs in carrying out their duties as an equivalent to that of traditional U.S. Coast Guard inspections. U.S. Coast Guard oversight activities have been designed to identify and correct programmatic discrepancies while minimizing duplication of effort and avoiding interruption of vessel schedules.

9. ALIGNMENT WITH CLASS SURVEYS. To promote consistency, the oversight protocol for the MSP Select Program will be much like ACP (See enclosure (4)). Because MSP vessels can retain foreign approved systems and equipment under MSP law, there are no supplements associated with MSP to address the alignment of surveys and testing of equipment to meet the U.S. Code of Federal Regulations. Therefore, while an ACP supplement is not prescribed to be used, to the maximum extent possible for MSP Select vessels, the procedures of the ACS may be used as the basis for inspection or survey, unless an alternative method is used as described herein. Similar to ACP, nothing limits the authority of the U.S. Coast Guard to define the method of testing for any equipment or system or the scope and duration of any inspection needed to verify compliance with the standards contained in MSP law.

For MSP Select vessels, the U.S. Coast Guard will align its examination and oversight activities with the class society survey schedule whenever possible. To do this effectively, the owners/operators must provide the U.S. Coast Guard with sufficient advance notice of survey activities. The U.S. Coast Guard will strive to avoid duplication of effort with classification societies but must also be afforded reasonable opportunity to send a U.S. Coast Guard inspector to any survey. A minimum of fourteen days advance notice for drydocking and other non-emergency surveys is required for MSP Select vessels. If the survey will be conducted in a remote location, or a location outside of U.S., the cognizant OCMI requires a minimum 30 day advance notice to schedule the attendance of an inspector. Failure to provide adequate notice to the U.S. Coast Guard may result in non-attendance at the requested time and/or additional attendance independent of the ACS. The U.S. Coast Guard always reserves the right to attend any survey for oversight and may conduct independent oversight as needed.

## NAVIGATION AND VESSEL INSPECTION CIRCULAR NO XX-12

10. **ACTION**. Enclosures (1) through (4) provide guidance to assist vessel owners/operators and U.S. Coast Guard personnel in executing the MSP program. Enclosure (1) discusses the background and fundamentals of MSP, including a description of eligibility requirements and the application process. Enclosure (2) contains the submittal procedure for plans and documents prior to the initiation of the re-flagging process, and outlines expectations for the initial inspection (re-flag). Enclosures (3) and (4) discuss the regulatory oversight protocol for MSP and MSP Select enrolled vessels for initial and continuing certification. Specifically, Enclosure (3) provides procedures for all vessels enrolled in MSP, and Enclosure (4) provides procedures for enrollment, participation and continuing inspection of vessel in the new “MSP Select” program.

Questions regarding this policy should be directed to Coast Guard Headquarters, Office of Vessel Activities, Domestic Compliance Division (CG-5431) as well as the Class Society Liaison Officer, using the contact information provided in the above letterhead.

11. **DISCLAIMER**. This guidance is not a substitute for applicable legal requirements, nor is it itself a rule. It is not intended to nor does it impose legally binding requirements on any party. It represents the Coast Guard’s current thinking on this topic and may assist industry, mariners, the general public, and the Coast Guard, as well as other federal and state regulators, in applying statutory and regulatory requirements. You can use an alternative approach for complying with these requirements if the approach satisfies the requirements of the applicable statutes and regulations. If you want to discuss an alternative approach you may contact Coast Guard Headquarters, Office of Vessel Activities, Domestic Compliance Division (CG-5431) as well as the Class Society Liaison Officer, using the contact information provided above.
12. **ENVIRONMENTAL ASPECT AND IMPACT CONSIDERATIONS**. After careful review of the program and its environmental impacts, the U.S. Coast Guard has determined that this guidance document is excluded from further analysis under the National Environmental Policy Act by categorical exclusion 33 of Table 2-1, COMDTINST 16475.1D as it implements, without substantive change, the applicable Commandant Instructions or other federal agency regulations, procedures, manuals, and other guidance documents. None of the exceptions listed in Chapter 2 B 2 (b) of COMDTINST 16475.1D apply.
13. **FORMS/REPORTS**. None

PAUL F. THOMAS  
Captain, U.S. Coast Guard  
Acting Director, Prevention Policy

## NAVIGATION AND VESSEL INSPECTION CIRCULAR NO XX-12

Enclosure: (1) Maritime Security Program (MSP) Fundamentals  
(2) Guidance for Initial Certification of MSP Vessels (MSP Reflag)  
(3) Guidance for Inspection of MSP Vessels Subsequent to Initial Certification  
(4) Guidance for the MSP Select Program

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