



Forging the Path Ahead

*Expanding US Coast
Guard Authority*

*Certificate of Compliance
(COC) Exams*



Photo by Petty Officer 3rd Class David Graham - June 1, 2023

What is a COC Exam?	History of COC Exams	Challenges of current COC Exams
<ul style="list-style-type: none"> • An examination mandated by Congress and conducted by the USCG to verify compliance with safety, crew qualifications, regulatory requirements, and security protocols. • A 2-year certificate issued by USCG, with the requirement for an examination to be carried out annually prior to cargo operations. 	<ul style="list-style-type: none"> • Marine Safety is one of the 11 statutory missions of the USCG "...to ensure our Nation's maritime safety, security and stewardship." • Congress enacted the measures to maintain marine safety and compliance of foreign vessels entering U.S. ports 40 years ago in response to multiple marine casualties. • Port State Control (PSC) regimes globally inspect vessels through risk-based targeting. The US is the only country mandating a yearly exam in addition to PSC measures. 	<ul style="list-style-type: none"> • The current law prevents the USCG from optimizing their resources, prevents the use of new tools, and stifles innovation. • Creates delays and \$ millions in consequential impact to the supply chain, increasing costs to the US consumer, and decreasing our global competitiveness. • The USCG is short 400 inspectors and 3,500 overall billets to meet the requirements of the law, which also impedes the flow of commerce in our nation's ports. • Delays lead to increased emissions. • Impacts seafarer work/rest hours. • Increases risks to safety and security of our nation's ports due to additional transits.

RECOMMENDATION

Modify the Code to:

- Amend the 2-year COC certificate up to a 5-year certificate, **at USCG discretion**, in line with international certificate requirements.
- Allow USCG COC program to convert to a risk-based program for all tank vessels subject to the requirement.
- Annual examination frequency replaced with USCG risk-based methodology without cargo restrictions for low-risk vessels.

BENEFITS

- Better use of USCG resources by reducing redundant examinations of low-risk vessels and focusing on high-risk vessels.
- Allows implementation of new risk-based tools and adaptation of the COC Exam program as needed based on safety and examination statistics the USCG already maintains.
- Reduces commercial impacts to the Maritime Transportation System (MTS), thereby reducing costs to the US consumer.
- Improves competitiveness of US ports and goods in the global economy.



What is a USCG COC Examination?

A USCG COC examination is conducted by the United States Coast Guard as mandated by Congress to verify a vessel's compliance with applicable regulations and safety standards. The COC examination is typically performed on vessels engaged in commercial activities, such as passenger vessels, tank vessels and offshore facilities ([46 U.S.C. § 2.01-6](#)). While the focus of this white paper is on gas carriers and other types of tank vessels (hereinafter referred to as “tank vessels”), implementation of a risk-based scheme for all vessels subject to these requirements will bring huge benefits to the USCG and the maritime industry with no negative ramifications towards safety performance.

A USCG COC is a two-year document ([46 U.S.C. § 3711](#)) with a mandatory annual compliance examination ([46 U.S.C. § 3714](#)) of foreign flag tank vessels conducted by the USCG to verify a vessel's compliance. The Coast Guard also conducts Port State Control inspections (as do most countries around the world), which is an international inspection regime for foreign-flagged vessels calling on a port. While somewhat similar, the COC Exam is required by US regulation based on a law passed by Congress 40 years ago.

Concerns with Current USCG COC Legislation

The current USCG COC examination legislation dates to the 1960-70's, designed as a regulatory response to multiple tank vessel accidents within US territorial waters. Oversight of tank vessels has grown exponentially since Congress passed these statutory requirements. The shipping industry responded to this requirement, collaborating to establish vetting and safety regimes in line with international standards and global port state control authorities. **Industry and government programs** have led to **significant improvements** in the performance of the tank vessel sector, which have the highest standards of safety in the industry. USCG port state control **statistics validate this progress** as noted in the Department of Homeland Security, United States Coast Guard, 2022 Annual Report¹. These same statistics were noted in the GAO (Government Accountability Office) report.

Unfortunately, the USCG and the industry continue to be burdened by a statutory requirement that is outdated, inflexible and hinders the USCG from utilizing its valuable assets in the most efficient manner possible to ensure optimal focus on overall maritime safety and security. The recommended changes to the COC Exam requirements will allow the USCG to maintain the same level of oversight and examination authority. The USCG are the experts, and the changes to the statute to allow risk-based examinations will enable the USCG to adapt to new technologies and optimize the use of their resources where most needed to support safe and secure operations throughout our US ports and waterways.

The USCG continues to face a shortage of personnel to meet its critical missions. While the statistics prove high standards of safety, it is important to mention the concern about the limited numbers of inspectors available to carry out the examinations. While there has been a significant increase in vessel trade and thereby vessel traffic, the number of billets² assigned to examinations are not growing proportional to this increase. The current system makes it almost impossible for the USCG to meet its requirements in an efficient manner without increasing port congestion and creating delays which ultimately lead to

¹[Link to 2022 Annual Report](#), Chapter 3, Page 20

² Billet; refers to a specific assigned position. The number of billets assigned to the various areas are evaluation based on various factors but overall strives to balance the organization's operational needs.



increased prices to US consumers and reduce the global competitiveness of our US ports and the businesses shipping their goods via the MTS (Marine Transportation System).

The GAO-22-105432³ study of January 2022 recommended that the USCG perform an assessment of how to adopt a “risk-based approach” for conducting COC exams on gas tankers. The authors of this paper are fully supportive of the findings in this study and the benefits of a risk-based approach. However, we believe the USCG’s statistics fully support that a risk-based approach should be applied to all vessels subject to these requirements, including tank vessels. The chairs of this Lone Star working group also testified to this before the GAO/NAS (National Academy of Sciences) Study panels on this topic during their visit to Houston on March 7, 2023.

Utilizing typical examination lengths and the number of examinations conducted, a rough estimate indicates that the USCG spent **70,000 to 140,000** man-hours on these exams (likely more). The problem is that when it comes to a COC Exam, the USCG cannot select which vessel to attend based on its risk. Instead, they are required to examine every vessel that is due. This is akin to requiring an oil change on a car every month, whether you drive 10 miles or 10,000 miles each month because of a mandate written into the law. Lone Star does not ask to eliminate COC Exams, but instead asks to amend the law to enable risk-based targeting so that these hours are spent examining primarily the vessels that need an examination. It is important to mention that this is not a new idea. Congress has already created other risk-based examination programs. For example, the Container Security initiative targets containers based on risk rather than simply mandating a set examination rate which ultimately prevented the industry from coming to a grinding halt. At the discretion of the USCG, the frequency of inspections will be based on risk, and even low-risk vessels will undergo periodic inspections, although those inspections may be less frequent, take less time, and/or without cargo restrictions.

Per the GAO report, the USCG internally has been discussing implementation of a risk-based COC examination scheme instead of the current fixed scheme since 1991. After 32 years, it is time to revise the statutes to allow the USCG to move towards a risk-based program for all vessels subject to these requirements, including tank vessels. The statistics support the changes, as do the GAO report and the NAS⁴ study. These changes will not have a detrimental impact on the performance of these vessels, but instead will allow a targeted approach led by the USCG, who are obviously the experts in the field. The USCG would also be able to adapt to future changes (within the limits of the law) and conduct any examinations they deem appropriate, even on lower-risk vessels.

Recommendation: Expanding US Coast Guard Authority for COC Exams to risk-based approach

As a move to a risk-based program, the current 2-year COC certificate with an interim yearly examination should be revised to a 5-year certificate which would align with international documents issued to vessels from both Class and Flag State as monitored by the International Maritime Organization (IMO). Interim examinations or assessments would be fully at the discretion of the USCG, and general requirements issued in the Code of Federal Regulations. USCG safety examinations on a particular vessel would take place based on the USCG’s risk assessment in conjunction with the vessel’s performance along with other factors that the USCG already uses in targeting other types of examinations. The USCG should also be

³ [Link to GAO-22-105432](#)

⁴ [Link to study description on NAS website](#)



allowed to conduct random or periodic examinations of any vessel at any time at the discretion of the Captain of the Port (including low-risk vessels). Likewise, delays to cargo transfer operations should be restricted to only those cases deemed necessary based on the risk assessment. Once ready for implementation, the USCG would manage the migration from the 2-year certificate to the 5-year program upon the date of the expiration of the current two-year certificate or upon the vessel's next arrival into the US after its COC expiration (whichever comes first).

As currently drafted, proposed wording to Sec. 324 of the FY24 Coast Guard Reauthorization Act gives the USCG flexibility to adopt a risk-based approach to gas carrier examinations. While the proposed change is applauded, Congress is requested to make the logical progression grounded in the data and studies (GAO and NAS⁵) to include all vessels subject to the requirements in the proposed rulemaking change. The examination statistics provided by the Coast Guard confirm the risk for tank vessels, in particular, is significantly lower than other types of vessels.

The recommended changes will bring COC exams into the 21st Century, allowing the USCG to target based on risk and avoiding any reduction in the effectiveness of the program. The USCG will implement tools developed since the inception of the COC program as part of their risk assessment strategy, and can also adapt further in the future. There are higher risk and lower performing vessels in every segment of the maritime industry, even the tank vessel industry. The USCG will be able to spend less time on low-risk vessels, thus enabling those resources to be allocated to effect change on vessels that pose a higher risk, regardless of the type of vessel. The expansion in policy to include all vessels subject to the requirements would have **an immediate positive impact** on USCG resources **without jeopardizing safety nor proper regulatory oversight**. The increased efficiency would help eliminate delays in loading and unloading at terminals, decrease waiting time at anchorages and reduce unnecessary transits, resulting in reduced emissions in port areas and reduced traffic on waterways. Truly, there are **no negative aspects** to implementing this risk-based approach.

How will this change affect the United States of America?

- Implementing a risk-based approach to USCG examinations will undoubtedly benefit the **safety and security** of U.S. waterways and the flow of international trade by allowing flexibility of USCG resources to target the vessels that pose the highest risk for more frequent examinations.
- Targeting higher risk vessels for increased examinations will **decrease the number of potential substandard vessels** calling on US ports.
- Reducing the length of, or at times eliminating mandatory annual interim exams for low-risk vessels will help **increase the flow of commerce** and **improve safety** in our nation's waterways.
- Migrating the COC certificate up to a 5-year document reduces USCG unnecessary workload, and more importantly, **aligns** in a reciprocal manner **with international programs** enforced throughout the world, ensuring US ports are open to all vessels in compliance with international standards.
- Reducing unnecessary transits and vessel waiting time for exams will **lower the risk of marine incidents and spills** and will also **reduce fuel consumed and emissions** within US waters and ports.
- At a time when ensuring human rights are respected for all, reducing unnecessary exams on good vessels and improving safety/performance on higher risk vessels will enhance mental well-being.

⁵ [NAS final report pending, Dec 2023. Presentation and testimony can be provided, 7 March 2023.](#)





Authors:

This document has been created by a small working group comprised of members of the Lone Star Harbor Safety Committee's COC Working Group. The advice and consent provided by the COC Working Group has been instrumental in the development of this document. These recommendations, if enacted, will provide significant benefits to the USCG and the maritime industry with no detrimental effect to safety in our US ports and waterways.

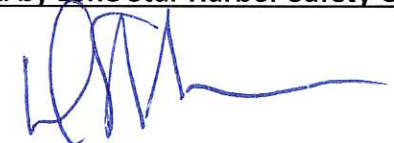
White Paper Working Group Members:

Jeffrey Milstein <i>Vitol</i>	Denise Schaefer <i>Odjell Tankers AS</i>
Mette Gandrup <i>Hafnia</i>	Stephan Jensen <i>Norden</i>
Kate Torpey <i>Association of Ship Brokers and Agents</i>	James Prazak <i>Tricon Energy, Ltd.</i>

Working Group Chairs:

 Jeffrey J. Milstein	 Denise B. Schaefer
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Approved by Lone Star Harbor Safety Committee:


Darren Shelton
Chair, Lone Star Harbor Safety Committee
November 3, 2023

About the Lone Star Harbor Safety Committee (Lone Star): Harbor safety committees are port partners for the US Coast Guard to assist with preservation and upholding our nations prosperity and economic security. Lone Star, founded in early 2012, provides a public forum to address Marine Transportation System (MTS) issues with particular emphasis on navigation safety and facilitation of trade involving the ports of Houston, Galveston, Texas City, and Freeport along with the associated waterways of the Gulf Intracoastal Waterway and offshore lightering zones. As a vehicle facilitating communications between and among public and private sector entities, the Committee draws upon regional expertise and insight to address such issues as vessel traffic management, anchorage management, communications, security, significant/heavy weather preparations, maritime traffic disruption and restoration, process improvements, and any other related topics dealing with the MTS. Membership spans every sector of the maritime industry along with the key state, local and federal agencies, including the US Coast Guard, Customs and Border Protection, MARAD, NOAA and the Army Corps of Engineers.