How the squeeze on standards enables small flags to flourish

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How the squeeze on standards enables small flags to flourish

Nik Winchester of the Seafarers’ International Research Centre looks at the difference between the established open registers and some of the new arrivals on the scene

WHEN we see the flags flown by ships, and the ports of registry painted on their stems, we notice that they are often attached to such places as Panama and Liberia, Bahamas and Malta. We take them for granted because they have become so familiar and so numerous even though we may find it difficult to connect these flags with our understanding of what constitutes a proper registration.

In recent years a number of other flags have arrived on the scene from countries that are not so familiar, such as Belize, Bolivia, Cambodia, and Equatorial Guinea. These new registers display similar qualities to their much bigger brothers and sisters. All of these new flags are less straightforward to operate in the same manner? Well no, they don’t. Not any longer. This is the story of a long series of tanker disasters beginning, perhaps, with the Torrey Canyon in the late 1960s and culminating in March in the two halves of the Kristal adrift off the Norwegian coast. If these new registries are part of the network of international open registers aimed at chasing ships’ comings and goings, perhaps, with the Torrey Canyon, they may well be considered too risky by the Panama and Liberians.

The decision by established open registers to delete ships likely to be detained by port state control is a recognition of the increasingly successful attempts to enforce international standards. Shipowners wishing to avoid deletion must conform to the minimum international standards, and this has cost implications. The net effect of this process has been to increase entry standards in the established open registers, although it has not been without cost. Entry standards have risen considerably across the board. This increase in standards has left a gap in the flag market both for ships that have been deleted, and shipowners who do not wish, or who are unable, to cover the costs of increased regulation. It is this very space at the rock bottom of the market that these new registers enter and fight for among themselves.

While the success of international regulation has been limited, it can be claimed that the established open registers are part of the network of international regulatory bodies. Panama and Liberia are, after all, among the largest due-paying contributors to the International Maritime Organisation. By contrast, the new registers operate outside such bodies, and their success shows, paradoxically, that the enforcement measures that led to the further deregulation of a part of the ship registration market. This, in turn, has had a negative effect on the quality of shipping and rights of seafarers.

Essentially, they make it possible for shipowners to be procured from anywhere in the world; they offer tax regimes that are low or non-existent; they are open to the new flag market paradoxically, that the enforcement measures that led to the further deregulation of a part of the ship registration market. This, in turn, has had a negative effect on the quality of shipping and rights of seafarers.

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