Flag of Convenience Practice: A Threat to Maritime Safety and Security

Hamad Bakar Hamad
A PhD Student in Maritime Security, University of Greenwich: London. UK

Abstract

The skyrocketing number of flag of convenience practices in recent years has been partly due to the existence of loopholes in maritime jurisdictions which are in favour of flag of conveniences and unethical ship owners. Through these loopholes, under flag of conveniences, owners can purposely sail substandard and ungoverned ships, predominantly on the high seas, where an individual state’s jurisdictions cannot reach. Consequently, the ship owners take advantage of the inability of the flag of convenience to govern its own ships, which compromises important maritime safety and security norms. This study investigates maritime safety and security threats posed by escalation of flag of convenience practices. The most serious violations of maritime norms take place in areas relating to marine pollution, abuse of seafarers, concealments of the true identity of ship owners, illegal fishing, drags, human trafficking and maritime terrorism. The study concludes that flagging out for economic reasons is not a problem. Nevertheless, purposely flagging out to the less-regulated flags is what concerns the international maritime community.

Key words: Flag of Convenience; Flag State; Maritime Security; Maritime Safety.
1. The Concept of the Flag State and the Evolution of Flags of Convenience (FOCs)

1.1 What is a flag state?

‘Flag state’ is a professional term used to describe the process of the registration of commercial ships; a country that allows ships to fly its flag is known as a flag state (Mansell, 2010, pp. 18–19). For that reason, the flag a ship flies legally indicates its nationality (Coles & Watt, 2009). Once a ship is documented and registered, it takes the nationality of that flag regardless of where it originated or who owns it. A ship, like a citizen, holds a nationality. In customary international law, a nationality is absolutely essential for a ship to sail on the high seas. A ship with no particular nationality is regarded as a stateless ship: it enjoys no protection on the high seas and will be denied access to foreign ports and, eventually, the ship will not be able to trade internationally (Coles & Watt, 2009). In today’s world, the stateless ship suffers even more severe consequences by being regarded as a criminal’s ship that is attempting to evade jurisdictions (Klein, 2011). Because the high seas are for all mankind, including landlocked states, and are outside the reach of any state’s jurisdiction, ships sailing on the high seas fall exclusively under their flag state’s jurisdiction (UNCLOS, 1982).

1.2 Evolution and Contexts of Flags of Convenience (FOCs)

A Flag of convenience is a nickname for open registry or international registry. In fact, it is sometimes considered to be the dark side of open registry. Open registration is the process of allowing foreign-owned ships to fly a national flag for genuine reasons. These reasons might include obtaining business and economic opportunities in shipping
operations. Savings in shipping overhead costs would eventually make shipping companies competitive in the industry and boost their private revenue. However, if the reason for flagging out is to evade international shipping standards, then the process becomes a FOC.

There are some discussions, however, as to whether the open registry and the FOC carry the same meaning and where exactly a line can be drawn between the two. Its opponents consider the FOC to be a refugee centre for maritime criminals. In that regard, Ozcayır defines the FOC as ‘a flag of a country under which a ship is registered in order to avoid financial charges or restrictive regulations in the owner’s country’ (Ozcayır, 2000, p. 1). Boczek sees the FOC as ‘the flag of any country allowing the registration of foreign owned and foreign controlled vessels under conditions which, for whatever reasons, are convenient and opportune for the persons who are registering the vessels’ (Boczek, 1962 ). The International Transport Worker’s Federation (ITF), which has been arguing against the FOC since the 1940s, provides a more aggressive meaning of the FOC as ‘where beneficial ownership and control of a vessel is found to lie elsewhere than in the country of the flag the vessel is flying, the vessel is considered as sailing under a flag of convenience’ (ITF, 1974).

Butt and others argue that ‘the term open registry and flag of convenience are often used interchangeably, causing confusion; however they are not the same thing’ (Butt, et al. 2013, p.9). While Butt and others think that the FOC is a failed version of the open registry, not all scholars concur. Yujuico argues that the system of the open registration, also known as the FOC, can encourage competition in regulatory laxity among states
that want to attract shipping revenues — a race to the regulatory bottom (Yujiuico, 2014). The distinction between the open registry and the FOC is a matter of interpretation; some vessels may fly what is considered the FOC while the vessel is genuinely owned and operated by nationals of the flag country (FAO, 2003, p. 74).

Scott Bergeron, the CEO of the Liberian International Ship & Corporate Registry, defends the open registration by saying ‘in 2012, Liberia is one of 13 flags which have just been given a clean bill of health by the International Chamber of Shipping (ICS) in its flag state performance table despite being labelled by the ITF as one of the world’s top FOCs. This means it has earned positive indicators from the ICS with regard to its performance in relation to port state control, convention ratification, recognized organizations, age of vessel, IMO attendance, and completion of Standards of Training, Certification and Watch keeping (STCW) and International Labour Organization’ (Charalmbous, 2013). It appears that the failure of the open registry to impose international and local jurisdiction over their ships has nothing to do with ship owners’ reasons for flagging out (Coles & Watt, 2009; Zingwe, 2011). Ozcayr, for example, is more supportive of open registries; despite some of which being considered as the FOCs, by saying that it is absolutely unfair to give the FOCs every bad name under the sun. Ship owners’ common goal is to maximise their profits. Therefore it is not possible for a ship owner to choose a flag without considering the fiscal advantages (Ozcayr, 2000).

A flag state, whether it runs a local registry, an open registry or even a FOC, has non-transferable and exclusive obligations to impose international and its own jurisdiction over ships flying its flag (Zingwe, 2011). Failure to do so signifies a clear indication of the
flag state’s incompetence to enforce international maritime safety and security regulations over its ships (Mansell, 2010). This is perhaps where a line between the open registry and the FOC practices could be drawn. Over the years, even the ITF’s aggressive attitude to ships’ flagging out practices has seemed to change. Initially, the ITF was against any ships attempting to flag out, whatever reasons the shipping companies might have. It is now, however, more concerned with the FOCs than the flagging out. According to the new views of the ITF, the flag states that are incapable of enforcing international regulations over seafarers’ welfare and marine environmental issues are the FOCs.

The shipping industry is the most highly competitive and globalised industry of all, yet it is an undeniable fact that it is also one of the highly regulated industries. For that reason, ship owners have flexibility to choose where to register their vessels based on cost, convenience and the international and domestic regulations that would govern their operations (Goodman, 2009). Nevertheless, this freedom is sometimes abused and somehow ship owners end up in the hands of flag states that are incapable of enforcing international and national jurisdictions over their ships. Once again, these failed flag states are what are referred to as the FOCs (Mansell, 2010). This failure is characterised by flag states (including many of the open registries): a) not ratifying and domesticating important international maritime conventions; b) delegating the flag state’s role to recognised organisations; and c) allowing some commercial companies to represent the flag state in issuing ships’ nationality.
It is the customary international practice, accepted by the international maritime community, that the flag state can delegate some of its obligatory roles to Recognised Organisations (ROs). However, this does not relieve the flag state of its exclusive responsibility over its ships as imposed by Article 94(1) of the UNCLOS provisions which requires that ‘every flag state shall effectively exercise its jurisdiction and control in administration, technical and social matters over ships flying its flag’ (UNCLOS, 1982). It is possible for the flag state to entrust its inspection, surveying and verification functions to ROs. Nonetheless, even if delegation of these statutory functions is made, the administration (flag state) must retain the capability and resources to monitor and verify the work of the ROs (Mansell, 2010, p. 137).

2. A Missing Connection Between the International Registration of Ships, FOCs and the ‘genuine link’

Those against open registration and the FOC practices, led by the International Transport Worker’s Federation (ITF), not only point a finger at the FOCs’ practices, they also claim that even open registration is contrary to a ‘genuine link’ assumption. The genuine link is a maritime buzzword, the meaning of which has never been clear. There must be a genuine link between ships and flag states. There is no problem whatsoever in establishing this link between national registration (local registry) and the ship. Nonetheless, for ages the link between open registration and ships has been a controversial issue. The relationship between the ships and the flag states in the open
registries in general and the FOCs in particular is claimed to be a bluff. It is even worse when one wants to link the FOC and its ships.

Scholars are debating on what constitutes the clear contexts of the term ‘genuine link’ and how it relates to the FOCs or the open registration. The genuine link has its roots in Article 5(1) of the 1958 High Sea Convention (HSC): ‘there must be a genuine link between State and the ships ... ’ (HSC, 1958). The link was further enshrined in Article 91(1) of the UNCLOS, which states that ‘there must be a genuine link between the flag State and the ships’ (UNCLOS, 1982). Nevertheless, both UN treaties ignore completely the need to give a precise meaning of the term ‘genuine link’, leaving the debate to escalate. While the international maritime community refrains from defining it, the United Nation Conference on Trade and Development (UNCTAD) argues that a genuine link means an ‘economic link’ (Pamborides, 1999).

The UNCTAD’s definition of the genuine link is based on the output of its ad-hoc Intergovernmental Working Group, which argued that ‘the following elements are normally relevant when establishing whether a genuine link exists between a vessel and its country of registry: a) the merchant fleet contributes to the national economy of the state, b) revenues and expenditure of shipping, as well as purchases and sales of vessels are treated in the national balance-of-payment accounts, c) the employment of nationals on vessels; and the beneficial ownership of the vessel’ (The Netherland International Law Review, 1983, p. 129). The nexus between the flag state and the ships under the open registration or the FOC established by the UNCTAD clouds the situation even further. It appears that the known connection
between the flag states and the ships is business oriented. This therefore supports the proposition that ships can be flagged out for economic reasons (Ozcayr, 2000). Whether it is called the FOC or the open registry does not make a huge difference in the eyes of the ship owners, as long as their private revenue is guaranteed.

3. Maritime Safety and Security Concerns on FOC Practices

Maritime safety and security are two terms that are closely related but different, and which are very often used interchangeably within maritime affairs (Feldt, Roell, & Thiele, 2013). Maritime safety, on the one hand, applies to accidental, dangerous or potentially dangerous events such as marine pollution and the safety of crews or a ship (Carolin, 2013). Maritime security, on the one hand, relates to manmade risks and hostile acts such as conflict over interstate maritime borders and ocean resources, piracy, terrorism, illegal fishing, human trafficking and the like (Feldt, Roell, & Thiele, 2013: Burger, 2015).

While the FOC practice is prospering, the FOCs are equally criticised for turning a blind eye to the world’s maritime safety and security norms. From their inception, the FOCs were notoriously known for having sub-standard ships. The ITF declared a list of 32 countries that operate international registries which are also considered as the FOC countries (ITF, 2015). The list includes some of the world’s top open registries such as Panama, The Marshall Islands and Liberia. At the beginning of January 2015, these three flags owned more than 41.8 per cent of shares in the world shipping trade, which is over 1.75 billion dwt (UNCTAD, 2015, p. 41). Taking
into account its sheer size and involvement in day-to-day maritime transactions, the list of the FOCs is worth reviewing. Concealment of ownership, insufficient regulation, poor working conditions and environmental effects are some of the maritime safety and security issues directly related to the FOCs (Shaughnessy & Tobin, 2007).

1.3 Maritime Safety Deficiencies

As has been discussed previously, maritime safety in the shipping industry relates to accidental, dangerous or potentially dangerous events such as marine pollution and the safety of crews or a ship (Carolin, 2013). In this area, the main concerns that are associated with the FOCs are insufficient regulations, maritime pollution and the safety of seafarers.

1.3.1 Insufficient Regulations

Article 91 of the UNCLOS gives flag states exclusive and discretionary rights to set their conditions for granting ships nationality (UNCLOS, 1982). The conditions set are in addition to the IMO regulations and international customary practice, all of which are aimed at providing proper governance of ships, most importantly when they are sailing on the high seas. Consequently, any flag state that is incapable of enforcing its own and international standards is considered a threat to maritime safety and security. The insufficiency of many FOC regulations is explained by a number of factors in the shipping industry. The non-ratification and domestication of important maritime conventions, too much reliance on the work of ROs and the practice of
issuing ships nationality through commercial companies (agencies) are the major
deficiencies of the FOCs.

It is a common practice for open registries, including FOCs, to delegate some of their
important roles, e.g. inspection, certification and surveys of their fleets to private
organisations such as classification societies (Pamborides G., 1999, p. 23). This is due
to the fact that most open registries tend to have big fleets that are scattered all
over the world. Reaching and controlling their ships is almost impossible and
operationally uneconomic. As an alternative, the open registries seek the helping
hands of the ROs. As has been discussed previously, it is possible for a flag state to
entrust some of its roles to the ROs; however, if delegation is undertaken, the
administration (flag state) must retain the capability and resources to monitor and
verify the work of the RO (Mansell, 2010, p. 137). The technical capacity of the ROs
(classification societies) has a direct impact on the value of the flag state. It is, in
fact, one of the most important indicators used by Port State Control (PSC) regimes
to target and set the extent of the inspection of vessels. If the technical capacity of
the ROs is not good, it will lead to a higher inspection rate and possibly a higher
detention rate from the PSC regimes. Although the ROs are themselves subject to
the PSC audit, it is the flag state which takes a large share of the blame for
substandard ships.

Additionally, the FOCs face serious accusations of not having sufficient jurisdiction
and capacity to run the registry on their own. Instead, they are delegating the
delicate roles of the flag state to private commercial companies that are more
commercial-oriented entities than maritime consciences. Consequently, there are a large number of substandard ships on the seas which are even not known to the registry. According to the 2014 Equasis report, the world merchant fleet of 100 gross tonnage or more numbers 81,584 ships (Equasis, 2014, p. 20). The report further emphasises that 64 per cent of the world fleet (i.e. over 52,386 ships) is capable of high seas cruising (Equasis, 2014). This indicates how busy and vulnerable the high seas are. The 2014 UNCTAD maritime review report stresses that nearly 73 per cent of the world’s commercial fleets are foreign flagged (UNCTAD, 2014, p. 38) and 22 per cent of foreign-flagged ships fly a FOC (ITF, 2015). Once again, by looking at these numbers, it is definitely not advisable to continue allowing 22 per cent of foreign-flagged ships to sail on the high seas ungoverned.

1.3.2 Marine pollution

Because of the inability of the FOCs to impose international and local standards on their fleets, ships sailing under the FOCs tend to be manned by unskilled seafarers and the ships themselves receive no proper inspections of their seaworthiness. Evidence suggests that ships sailing under the FOCs are believed to be more prone to cause maritime pollution on the high seas and oil spills in coastal states’ territorial waters than those under national registration (Levantino, 1882). Pollution or oil spills from the ships might come about as a result of normal operation or be accidental. According to the GESAMP report, ship-related pollution ranges from sewage, chemical spills, oil spills, operational and shipwrecks and exhaust emissions to natural oil seeps (GESAMP, 2009). In an attempt to combat the problem, IMO issued
the International Convention for the Prevention of Pollution from Ships in 1973, as amended by Protocol 1978: this convention is commonly known as MARPOL 73/78. Non-ratification and non-domestication of the convention is a huge negative indicator to the effectiveness and efficiency of a flag state. The flag states, in particular the FOCs, are blamed for a lack of incentive to enforce MARPOL and are not subject to penalties for not doing so. The FOCs, for example, are more focused on financial gains than enforcing MARPOL on their ships. This may be the main cause for their failure to fulfil their MARPOL responsibilities (Szepes, 2013, p. 89). The flag states are, however, expected to criminalise their ships on oil-spill offences and do as much as possible to prevent maritime pollution from their ships (Pozdnakova, 2013). However, this requires the flag states to be part of the convention in the first place.

Obviously, the majority of maritime pollution, in particular oil spills, is caused by tankers registered in open-registries most likely from the FOCs (Hui, 2011). The rusty, 25-year-old *Erika*, which was flying a Maltese flag, sank on 10 December 1999 off the coast of France. She broke in two and released approximately 30,000 tons of oil into the sea, killing marine life and polluting shores around Brittany (Hewitt, 2000). On 25 September 2012, the French court found the oil company Total to be primarily responsible for the oil spill (RFI, 2012). The 26-year-old *Prestige*, registered in the Bahamas, owned by a Liberian and operated by a Greek company, sank off the coast of Spain on 13 November 2002. It spilled approximately 77,000 tons of oil, which spread thousands of kilometres across the coasts of Spain, France and
Portugal (BBC, 2002). The Spanish court issued its verdict on 13 November 2013 and found no one guilty for the *Prestige’s* massive oil spills. The judge blamed the disaster on a structural fault in the ship due to ‘deficient maintenance and upkeep checks’ but pointed out that it had all the necessary papers to sail (Govan, 2013). In both of these cases, the flag state issues were not raised, despite it being directly mentioned that the ships had structural deficiencies due to lack of proper inspection and the fact that oil companies had economic savings in mind rather than potential environmental impacts.

1.3.3 Working environment

FOC vessels have been reported to have a much lower standard of working conditions compared to other vessels. These include low pay for seafarers and poor working conditions, especially for those coming from developing countries such as the Philippines and Indonesia. This is mainly due to the lesser regulation of such vessels. With ships functioning under the FOCs, there is always a dispute of nation of jurisdiction and rules that apply to the seafarers’ welfares. Seafarers under the FOCs are denied permission to join trade unions and the ITF. Ship owners threaten seafarers with dismissal and blacklisting if they attempt to report anything to the ITF or a port authority (Dimitrova & Blanpain, 2010). This means much lower standards are likely to be maintained on such vessels. Seafarers always run the risk of having to work under extremely dangerous conditions, without proper insurance and compensation.
According to Gary Howard of the International Chamber of Shipping (ICS), ‘One area, on which we would like to see more progress by certain flag states, including some of those with otherwise better performance, is with respect to ratification of the ILO Maritime Labour Convention (MLC)’ (Howard, 2015). This statement signifies that some of the big flags have not yet ratified the MLC. The effects of ratification and domestication are not seen on their vessels. Consequently, seafarers’ welfare has become one of the most difficult parts to be implemented even by clean flag states, despite massive efforts undertaken by PSC regimes worldwide. However, it has to be appreciated that these open registries which some of them called FOCs are the main source of employment to many seafarers from developing countries, who earn comparably little but they are not subject pay as earn taxes, and so manage to make savings and remit some money to their home nations, which is also an economic stimulant for their nations (Dimitrova & Blanpain, 2010).

1.4 Maritime Security

1.4.1 Concealment of ownership

A ship owner can be an individual, a group of individuals or a corporation. It is for ship owners to decide the nationality of their ships. As has been discussed previously, the relationship between a ship owner and his ships is absolutely fundamental to the process of granting ships nationality. For some reason, the FOCs do not prioritise this relationship when granting ships nationality (OCDE, 2003). Ships’ registration through the open registries, more importantly through the FOCs,
can be done remotely within 24 hours. This prevents the registries asking for important documents that would otherwise reveal the real identity of the owners. The real identity of ship owners appears not to be a priority for the FOCs; the ship’s representative could act as the owner and the ship’s nationality could be granted straight away. Therefore, the FOC system is illegally used to facilitate anonymity for unethical ship owners by hiding their true identity. The ship owners mask their true identity for many reasons. Some are hiding for financial reasons, such as a reduction in legal and fiscal exposure, while others want anonymity purely based on their criminal activities such as illegal fishing, terrorism and money laundering (OCDE, 2003, pp. 23–34). It is the hiding of ship owners’ true identity for illegal reasons that mostly compromise world maritime security norms.

Ship owners’ anonymity is, among other reasons, commonly possible when a corporate body is allowed to be a ship owner. This can be through complex corporate structures spread across numerous jurisdictions, all of which make it harder to obtain an audit trail to the true identity of the ship owner(s) (Heidegger et al., 2015, p. 10). Corporate ownership complexity facilitates ship owners’ evasion of responsibility and costs by hiding behind a corporate veil and letter-box companies (Liss, 2011). For instance, it took ages to discover the real owner of the Prestige, which polluted 2,900 km of coastline in Spain, France and Portugal in November 2002. As has been explained previously, the ship had a Bahamian flag, a fake Liberian owner and was chartered by a Swiss-based Russian oil company. The real ship owner was, however, a Greek family company, which had registered the ship
through a front company in Liberia. The costs of the *Prestige* affair were approximately over US$4.3 billion; however, the true owner suffered hardly any consequences whatsoever, and nor did the flag state (Liss, 2011). Without knowing the true identity of ship owners, it is impossible to penalise anyone for wrongdoing. As it can be seen in Table 1, for quite long time there have been a number of ships whose ownership is unknown. It is unfair to associate these ships with any criminal activity at sea; they yet pose a big question to the international community. Although the number is declining, today, there are still some ships whose ownership is not known to anybody. This is a clear maritime security threat that would require great cooperation amongst the world’s flag states and security agency across the globe.

**Table 1: Unknown ships and their tonnage capacity**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Ships</td>
<td>6815</td>
<td>7,179</td>
<td>750</td>
<td>649</td>
<td>717</td>
</tr>
<tr>
<td>Dead Weight tonnage</td>
<td>126,581,435</td>
<td>126,317,181</td>
<td>5,297,140</td>
<td>3,696,000</td>
<td>5,234,918</td>
</tr>
<tr>
<td>% of world tonnage</td>
<td>10%</td>
<td>9%</td>
<td>0.33%</td>
<td>0.22%</td>
<td>0.30%</td>
</tr>
<tr>
<td>Sources: UNCTAD</td>
<td>P. 46</td>
<td>P. 41</td>
<td>P. 43</td>
<td>P. 37</td>
<td>P. 36</td>
</tr>
</tbody>
</table>

**1.4.2 Maritime terrorism**

Maritime terrorism is a politically motivated crime launched by sea. It is sometimes considered as an act of war launched at sea (Bellamy, 2012). Hoffman considers terrorism to be the deliberate creation and exploitation of fear through violence, or the threat of violence, in the pursuit of political change (Hoffman, 2006). Whatever
the definition might be, maritime terrorism is regarded as the deadliest maritime security threat (Bateman, 2009; Murphy, 2007). In the wake of the 9/11 terrorist event on US soil, ships have been regarded as potential threats to maritime security, in particular through terrorism. Ships could be used in a number of ways by a terrorist to deliver the deadliest of attacks ashore. They can be used to transport terrorists under the names of seafarers; ships’ cargoes can be used to hide equipment or weapons; LNG and takers could be used as bombs that would detonate at targets such as shores, large sea ports or offshore installations. The effects of any such event would be the breakdown of the world maritime supply chain. Ships can also be used as a means of raising money to finance illegal business (OCDE, 2003, p. 5).

There were claims that the Al Qaeda terrorist group used to own approximately 15 vessels through the FOCs and its identity took a long time to be revealed. These vessels were also presumed to facilitate the terrorist network by ferrying operatives, bombs, money or communications over the high seas, including facilitating the bombing of the US embassies in East Africa (Mintz, 2002). This is one of the reasons why maritime terrorism, illegal, unreported and unregulated fishing (IUU) and human- and weapon-trafficking events have been flourishing in recent years through the use of unidentifiable vessels.

Approximately 71 per cent of the 9.6 billion tons of world trade is in the form of dry cargo, carried in the form of bulk, general cargoes and containers (UNCTAD, 2014, p. 4). This mode of transportation provides a perfect avenue for planting weapons of
mass destruction (WMD) on board ships, likely those flying FOCs. For instance, of 11.5 million containers that entered US in 2012, only 4.1 per cent were scanned (Bliss, 2012). When a ship is caught at sea, for example, the crew abandon the ship and it becomes very hard to discover the real owner of that ship. For that reason, perpetrators are walking away without any punishment (Shaughnessy & Tobin, 2007). The ITF claims that 73 per cent of abandoned ships were under the FOCs (ITF, 2015).

1.4.3 Illegal, Unreported and Unregulated (IUU) fishing

IUU fishing is estimated by the UN Food and Agriculture Organisation to account for 30 per cent of total catches in some important fishing areas and is worth more than US$1.2 billion (FAO, 2013, p. 1). Approximately 15 per cent of the world’s large-scale fishing fleet are either under FOCs or the identity of the flag is unknown (ITF, 2006). All of these statistics support the allegation that the FOCs could be of one of the dangers to maritime safety and security norms.

4. Conclusion

International trade would be absolutely impossible without the maritime shipping industry: thanks to the world merchant fleets, over 90 per cent of the world’s trade by volume is carried through the seas. While it is an undeniable truth that the FOCs do not pay much attention to seafarers’ rights, the marine environment, the true identity of ship owners and the welfare of the high seas, there is much confusion over a clear
distinction between the FOCs and the open registries. This vagueness has allowed the ITF to maintain a list of 32 FOCs for a long time, without clear evidence of it being revised. In its list, the ITF includes almost all the global major open registries such as Panama, Liberia and the Marshall Islands. However, these flags are part of 13 flags which have just been given a clean bill of health by the ICS. Surprisingly, many more national flags fail Port State Control checks, compared to open registries. It is existing freedom of navigation rights in international maritime jurisdictions, which allow every state to sail ships on the high seas that allow some unethical flags to put substandard ships on the high seas. It is now up to the international maritime community to wake up and say ‘no’ to substandard flag states, in this case the FOCs, and their ships through actions not words. As long as there are some incapable flag states, unethical ship-owners will capitalise on the opportunity and the FOC practices will always prosper. The US, for example, has taken dramatic and aggressive measures against the worst FOCs. Unilaterally, it maintains its own list of the substandard flags and ships that will not be granted access to its ports. If other nations could follow the footsteps of the US, surely the FOC practices would be eliminated and remained with the open registries. The open registration practice by any means is there to stay due to its potential operating cost saving it offers to the shipping industry.
5. Bibliography


BBC. (2002). *Race to contain tanker disaster*. Retrieved June 20, 2015, from BBC:

http://news.bbc.co.uk/1/hi/world/europe/2494013.stm


http://www.bloomberg.com/news/articles/2012-08-13/u-s-backs-off-all-cargo-scanning-goal-with-inspections-at-4-


Southampton: Southampton SOLENT Univerisity.


http://www.tax-


http://www.telegraph.co.uk/news/worldnews/europe/spain/10447185/Prestige
-oil-tanker-sinking-Spanish-court-finds-nobody-responsible.html


BBC: http://news.bbc.co.uk/1/hi/world/europe/592378.stm


from Latest ICS flag state performance table highlights under-achievers:


International.

ITF. (1974). International Transport Worker's Federation (ITF); What are Flag of

Convenience? Retrieved June 6, 2015, from


http://www.itfseafarers.org/defining-focs.cfm


