

**States, Ships, and Secondary Registers:
Examining Sovereignty and Standards
in a Globalized World**

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Abstract

This thesis is an examination of the secondary register phenomenon. Also known as “second” or “international” registers, they exist alongside the national register of a particular flag state, but are subject to a different level of regulation. This study situates the development of secondary registers within ongoing debates about globalization and state sovereignty. It also develops a classification system for secondary registers based on whether they are controlled by a parent state or an autonomous offshore jurisdiction. This thesis compares the regulatory regimes and crewing costs on different secondary/national register pairs using port-state control data and seafarer nationality patterns. It also conducts an in-depth case study of the Isle of Man ship register to determine the processes by which it developed, as well as how it interacts with the UK and other state and non-state actors. The results of these investigations suggest that offshore is not necessarily synonymous with deregulation, that the national scale maintains its relevance and that there is a particular need to ground theoretical discussions in empirical analyses. This thesis further argues that Jessop’s “competition state” possesses the greatest explanatory power with regard to the Isle of Man ship register, but that broader claims require further research.

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INTRODUCTION

*“A ship is a bit of terra firma cut off from the main;
it is a state in itself; and the captain is its king.”*

— Herman Melville, *White Jacket*, 1850

While much has changed about the seafaring tradition since Melville’s time, the idea of a vessel as “terra firma,” a fragment of territory sailing far from its mainland, endures. Indeed, it is an old concept that has been reinforced through modern international law. The 1958 Geneva Convention on the High Seas formally codified this notion of a ship having a nationality, being bound by and subject to the jurisdiction of a particular state through the process of registration (Article 5(1)).

In the half-century since the Geneva Convention was adopted, the merchant shipping industry has undergone a substantial transformation. As in other industries, increased economic competition over the past half-century has encouraged shipowners to seek ways to reduce costs. Given the considerable effect that the choice of register has on a vessel’s operating expenses, “flagging out” from traditional maritime states, which generally require adherence to relatively strict (and, therefore, expensive) regulatory standards, was a logical option for shipowners trying to cut costs; open registers, also known as “flags of convenience” were ready to meet this demand, offering lower fees, decreased levels of regulation, and other financial benefits (Ready 1998).

As shipowners left the national registers of traditional maritime states for open registers en masse, these states responded with various economic and political incentives to try to retain their vessels. One such incentive was the creation of

secondary registers in the mid-1980s.¹ The idea behind these registers was that they would exist alongside the state's national register, compensating for the high levels of costly regulation to the greatest extent possible under a state's political climate. Specific characteristics of these registers differ; for example, the initial advantage for shipowners registering on Norway's international register, NIS, was the ability to evade the costly nationality restrictions associated with the Norwegian national register (Ready 1998). Meanwhile, a newspaper article from 1992 cites the benefit of Denmark's international register: "setting up [DIS] has made Danish shipowners believe that shipping has a future. . .in Denmark, the positive climate it has promoted has led to . . . greater maritime activity than we would otherwise have seen" (Brown-Humes 1992). Thus, while secondary registers may offer different benefits for shipowners, and, it must be noted, were created for different reasons and through diverse processes, the initial objective of most secondary registers was to retain national shipowners who might otherwise "flag out" to open registers.

This aim of this thesis is to examine the secondary register phenomenon, both in the context of the international shipping industry, and with regard to its implications for debates about globalization and state sovereignty.

To this end, the first two chapters set the foundation for the study by providing a theoretical framework and methodological underpinning with which to approach the data collection and analyses. Chapter One explores broad debates about the role and authority of the state in a globalized world, and provides an overview of the history of the modern shipping industry. Chapter Two provides a

¹ It should be noted that there are critical differences in the strategies and functioning of secondary registers established by their parent states as opposed to those that are created by an autonomous, offshore territory. This important analytical distinction is addressed more fully in Chapter Two.

comprehensive introduction to the group of secondary registers considered in this thesis, and develops a system by which to classify them for later analysis.

Chapters Three and Four examine two key considerations – regulatory regime and crewing costs – that can affect shipowners’ decisions to “flag out.” Chapter Three uses port state control data as a proxy for the regulatory regimes present on different flag states, while Chapter Four employs seafarer nationality patterns on different registers as a means to assess crewing costs. Both chapters compare values for individual secondary and national register pairs (for example, the Denmark national register and DIS), and across different registry types (for example, secondary, national, and open). These comparisons enable a determination to be made, not just about how these variables differ between a secondary register and its national counterpart, but also where secondary registers fit into the registry system as a whole.

Chapters Five and Six contain an in-depth exploration of one secondary ship register, the Isle of Man. This case study contains a historical analysis of the process by which the Manx ship register developed, and explores the evolution of the relationship between the Isle of Man and the UK, as well as other state and non-state actors. Chapter Seven draws together the results of these disparate research methods, and attempts to explain their implications for the international shipping industry, as well as the globalization debate more broadly.

CHAPTER ONE

Globalization, States, and Secondary Registers

1.1 Introduction

Globalization is a frequently debated and highly contested topic. A significant amount of academic discourse is centred on questions of whether, how, and the extent to which globalization is occurring. While globalization and its related themes are complex subjects, this thesis is foremost an empirical examination of secondary registers, which are the product of state-based actions stemming from the consequences of international economic competition. As such, this chapter only briefly outlines the nature and characteristics of globalization and the debates surrounding it in order to introduce subsequent questions regarding the role of the state and state autonomy in a globalized world. Different accounts of the modern state are grouped into three categories – “strong state” theories, “weak state” theories, and those that see the state reinventing itself in the face of globalizing forces – in order to serve as a framework by which to understand the secondary register phenomenon.

Individual definitions of globalization vary – and are occasionally contradictory – but most involve the notion of the compression of physical distance. Scholte (2005) identifies five broad definitions of globalization. First, as *internationalization*, referring to exchange between states. Second, as *liberalization*, usually focusing on the lifting of trade barriers and capital regulations but also including state-sponsored facilitation of cross-border movement in any capacity. Third, as *universalization*, through which experiences and objects are transmitted

throughout the globe. Fourth, as *westernization*, “a dynamic whereby the social structures of modernity. . .are spread the world over, normally destroying pre-existent cultures and local self-determination in the process” (16). Fifth, as *detritorialization*, which “entails a reconfiguration of geography, so that social space is no longer wholly applied in terms of territorial places, territorial distances, and territorial borders” (16).

Depending on which definition of globalization is being employed, various financial, organisational, and social factors are cited as symptoms of globalization’s reach, causes of its development, or both. These are generally factors that have developed or manifested themselves in last century. For example, following World War II, trade barriers were reduced and national economic policies were liberalised, causing an increase in global economic integration. Furthermore, technological advances have facilitated communication across increasingly greater distances and allowed for more efficient production and transport methods, affecting social, cultural, and economic spheres. In addition, there has been a proliferation of international organisations and supranational decision-making bodies. These are just a few of the dimensions that are referenced by those engaged in the globalization debate.

These tangible developments give rise to some of the most contested aspects of globalization. One aspect concerns globalization’s reach and effects (Strange 1995) – is it occurring uniformly across different parts of the world and in different arenas? Another aspect that is debated is globalization’s periodisation (Scholte 2005). Is it a completely new, discrete phenomenon, unique to the 20th century? Is it

a collection of processes that has been unfolding in a linear fashion, and, if so, has it reached its zenith? If not, is it a cyclical trend where the developments outlined above represent only the most recent recurrence?

While these issues are too extensive to be fully discussed here, within the ongoing debates about the definition and nature of globalization, there is a specific and complex dialogue taking place regarding the role of the state. For many commentators, globalization has raised questions of the state's vitality and autonomy. Or, as Scholte (2005) phrases it, "how, if at all, has globalization changed the institutions that execute regulatory functions and/or the ways that they operate?" (132). It is the varied answers to this question that are focused on in this chapter.

It is generally accepted that the state, which is traditionally seen as the primary actor in the international system, is at minimum composed of territory, a population, and some kind of administrative authority. Although today's welfare state is associated with an array of institutions, socioeconomic functions, and the provision of other services, the authority of governments over their territory is rooted in the principle of sovereignty.

There are two core facets of the concept of sovereignty, as it is understood today. A state is presumed to have *internal* sovereignty if it has supreme authority over matters within its borders. *External* sovereignty means the non-interference in a state's affairs by other states, which implies that a state is recognised as an autonomous entity (Biersteker 2002). In today's anarchic system², the modern

² This thesis adheres to International Relations convention in which the phrase "anarchic system" is used to refer to the lack of an overarching, global authority.

sovereign state operates as both an “arena of collective action” for and by its citizens, as well as a “source of credible commitments in the international system” (Cerny 2000, 21). This sovereignty is delineated by physical borders that create order out of what would otherwise be anarchy and create a “social contract” between a state and its citizens that allows the former to be “understood as a conscious agent located at the centre of the body politic wielding absolute power and authority” (Camilleri and Falk 1992, 238). This definition and conceptualization of sovereignty as supreme authority over its borders is at the heart of the state-globalization debate.

Before one can begin a discussion of globalization’s effects on state power, it is worth further examining what scholars mean when they talk about sovereignty, and the changes in the institution that are manifest today. The concept of sovereignty is traditionally traced back to the 1648 Peace of Westphalia, a set of treaties that ended the Thirty Years War, with the idea of “Westphalian sovereignty” signifying a state’s absolute jurisdiction over its territory (Sorensen 1999, 591). It is acknowledged, however, that the Westphalian notion of sovereignty, despite serving as the foundation for the concept as it exists today, has never been a practical reality. Pointing to the ramifications of the Great Depression for many states’ domestic economies and Cold War political allegiances as examples of the kinds of constraints imposed by the international system, Barkin explains that “this ideal form has never existed historically; states have never had either the ability or the authority to engage in completely autonomous domestic policy” (Barkin 2001, 43). Biersteker echoes this, citing states’ hypocrisy in intervening in others’ domestic affairs as he notes, “the Westphalian ideal of sovereign non-intervention has always been just that: an

ideal” (Biersteker 2002, 162). Thus with regard to both the internal and external aspects of sovereignty, states have never had absolute authority.

With this caveat in mind, many scholars have examined whether this idea of sovereignty has been continuous, or whether there has been a change in the nature of the institution. Although a full discussion of this debate is beyond the scope of this thesis, it should be mentioned that there are some elements and expressions of sovereignty that are relative to changing times and a dynamic international system. This has led some, such as Castells (2000), to argue that sovereignty is an empty concept. Others, however, put forth a different interpretation. Sorensen suggests that “there is a stable element in sovereignty which marks the continuity of that institution. That stable element is the constitutive core of sovereignty: constitutional independence possessed by states which have territory, people, and government” (Sorensen 1999, 594). Beyond this durable foundation, sovereignty, as well as the state itself, is “defined, and redefined, by the rules, actions and practices of different agents, including in the case of states, by themselves” (Biersteker 2002, 157). Thus the character of the sovereign state is in part based on how it is reproduced in action. As Wendt phrases it, “the sovereign state is an ongoing accomplishment of practice, not a once-and-for-all creation of norms that somehow exist apart from practice” (Wendt 1992, 413).

One important evolution of practice involves the transformation of the way states operate in the international arena, and, in particular, the ways in which they engage with each other. Over the past half-century, there has been a significant increase in inter-state cooperation through multilateral activities (Barkin 2001).

Examples of these activities include the proliferation of bi- and multi-lateral treaties, international organisations such as the United Nations, economic or military alliances like the North Atlantic Treaty Organization, and supranational institutions like the European Union.

This evolution of practice also includes changes in the way that states compete. Strange suggests that “the nature of the competition between states in the international system has fundamentally changed,” noting that “in the past states competed for control over territory and the wealth-creating resources within territories, whether natural or man-created. Now they are increasingly competing for market shares in the world economy” (Strange 1995, 1). In other words, territorial colonialism has given way to a new kind of economic competition as states now fight to attract and retain industry and investment.

As states have engaged in this increased level of international cooperation and new kind of competition, they have necessarily altered their behaviour, along with their economic and political strategies. This has raised new questions about the extent to which the state remains a sovereign entity, and, subsequently, whether and how this affects their role as salient actors in the global system.

1.2 States and Globalization

While it is clear that major changes have occurred in the international system over the past century as economic globalization has taken hold, the implications of these changes are the subject of much debate. The changing role of the state, in particular, is the subject of a large body of scholarly work that is centred on the question of what, precisely, is driving the processes of globalization. This research

can be divided into three broad theoretical categories. The first category sees globalization as dictating the policies of states, thereby resulting in a weakening, or a “hollowing out,” (Held 1995) of the state’s absolute authority. The second holds the opposite position, arguing that the state continues to be a strong entity, as it to some extent creates the conditions that enable globalization to occur without its authority being diminished in the process. The third category takes a different approach to the state sovereignty-globalization debate, either by trying to find a middle ground between the two ideas previously mentioned or by reframing the debate in different terms.

1.2.1 “Weak State” Theorists

For those who suggest that globalization has resulted in a weakening of the institution of sovereignty, the fundamental issue is that global forces—political, economic, and social – are encroaching upon and eroding away the power of the state. As Camerilli and Falk phrase it, “it is as if global processes and institutions are invading the nation-state and as a consequence dismantling the conceptual and territorial boundaries that have traditionally sustained the theory and practice of state sovereignty” (1992, 98). The key issue here is that although states continue to operate as though they still maintain centralized authority, their policies are increasingly driven and determined by a need to remain economically competitive. Authority, therefore, resides with the transnational corporations (including banks, accounting, and law firms) states are trying to entice and keep, as well as the international institutions and non-governmental organizations that set the global rules.

Not all theorists agree on the extent to which this is happening. Some, such as Strange (1995), characterise the state as a “defective” institution, suggesting that in the contemporary world, the ability of a state to make and enforce specific policies has been weakened. It is important to note that for Strange as well as others, this does not necessarily render states “obsolete” – at least not yet. She acknowledges that “collectively they are still the most influential and therefore critical sources of authority in the world system.” (Strange 1995, 2). She contends, however, that as individual actors, states “are increasingly becoming hollow,” that, despite “outward appearances unchanged, the inner core of their authority in society and over economic transactions within their defined territorial borders is seriously impaired” (Strange 1995, 2). Camilleri and Falk concur, noting “the emergence of a complex yet relatively integrated world system which encompasses, and in part operates through the state system, but whose logic and *modus operandi* are no longer subordinate to the will or organizational priorities of sovereign jurisdictions” (1992, 99).

Other theorists take a less compromising approach, suggesting that the state no longer has any real role to play. As Ohmae puts it, globalization has made the state “an unnatural, even dysfunctional, unit for organizing human activity and managing economic endeavour in a borderless world. It represents no genuine, shared community of economic interests; it defines no meaningful flows of economic activity” (1993, 78). From this perspective, the state is more than merely defective or hollow – in the context of the new global economy, it is essentially worthless. In its place, Ohmae envisions a region state composed of areas that possess “in one or

another combination, the essential ingredients for successful participation in the global economy” and differ from the traditional nation-state in that “they gladly sidestep the bunting and hoopla of sovereignty” in exchange for being able to effectively channel economic activities (Ohmae 1996, 81).

For these “weak-state/strong-globalization” theorists, institutions such as international organisations and other multi-lateral endeavours represent a diffusion of state authority, as power is increasingly spread out among other actors ranging from local governments to international organisations. Thus, Strange argues that state authority has “leaked away, upwards, sideways, and downwards. In some matters, it seems even to have gone nowhere, just evaporated” (Strange 1995, 1). Still, if globalization is a trend that is outside of state control, as these scholars argue, then this “formal or implicit transfer of authority” through this and other kinds of “institutional innovation” is one of states’ only options if they wish to retain any relevance at all.

As states seek to retain their relevance, many implement national economic policies that have international implications, which “strong state” theorists point to as a sign of state control. In response, “weak state” theorists such as Camilleri and Falk would suggest that “state intervention in the economy and various forms of mercantilism need not therefore be interpreted as expressions of national sovereignty. They are just as likely to reflect the dynamic of the world market and the interests and priorities of transnational organizations” (Camilleri and Falk, 1992: 84). In other words, it cannot necessarily be assumed that states are acting independently of market and other forces in their domestic economic activities. For

Strange, offshore industries in particular merely represent the inability of states to control their firms as opposed to serving any kind of state-motivated economic strategy (Strange, 1994).

1.2.2 “Strong State” Theorists

In contrast to these accounts, there are a number of scholars who see the process of economic globalization as reaffirming state authority rather diminishing it. Those who subscribe to this camp see the state as remaining strong in the face of globalization, either due to the functioning of state policies to resist globalization’s effects, or because these policies in fact enable the processes of globalization to occur in the first place. While it could be argued that despite creating the conditions in which globalization could thrive, states have since lost control, “strong state” theorists see the state as continuing to maintain its authority.

As with the “weak state” theorists, there is variation in how “strong state” theorists see the state functioning in relation to, and in some cases, engaging with, the forces of globalization. Those who argue that the state is able to act defensively against the undesired effects of globalization suggest that the state can insulate its economic policies and practices to such a degree that it can control the level of international economic integration to which they are subject, and therefore retain their status as sovereign entities. Hirst and Thompson, for example, suggest that “national governments can still *compensate* for the effects of internationalization and for the continued volatility of the financial markets, even if they cannot unilaterally control those effects or prevent that volatility” (1999, 220). In addition to compensating for the forces of globalization, states are able to “opt out” of global

economic structures should they choose to; when they do not, it is “not out of weakness, but out of a conscious consideration of the tradeoffs” (Barkin 2001, 45-46). Thus regardless of whether state power may have weakened over the past century, the state itself “remains a pivotal institution” (Hirst and Thompson 1999, 256).

There are also those who argue that globalization could not have occurred without the active participation of the state, in effect suggesting that states, to some extent, control the globalization process rather than the other way around. These theorists include Helleiner, who contends that through liberal national economic policies, the prevention of international financial crises, and the employment of relatively weak controls on financial movements, the state was in fact responsible for setting up an environment in which global economic integration was able to occur (Helleiner 1995). For Helleiner and others, such as Gilpin, “although economic globalization has been a factor in whatever diminishment of the state may have occurred, ideological, technological, and international political changes have had an even more powerful influence” (Gilpin 2001, 22). Even this acknowledgement of a possible decline in the role of the state, however, does not affect the extent to which Gilpin and others see it as maintaining its position as a central actor that affects how the international system develops. As Gilpin phrases it, “the functioning of the world economy is determined by both markets and the policies of nation-states. . .States set the rules” (Gilpin 2001, 24).

From this perspective, multilateral endeavours such as international institutions and organizations are not seen as interfering with state sovereignty. As

Barkin explains, “this is because, in addition to creating policy constraints, multilateralization and globalization are also reinforcing the role of the sovereign state as the central actor in both domestic and international politics” (Barkin 2001, 45). This position is augmented by evidence suggesting that international commitments do not cause states to behave any differently than they would without them (Downs et al 1996).

1.2.3 Finding a Middle Ground?

There is generally a clear division between those who see the processes of economic globalization as weakening the state and those who view these processes as reaffirming the centrality of the state in the international system. Those on either side of the divide are looking at the same set of economic processes – increased internationalization of national economies through activities such as foreign direct investment, international trade, and the facilitation of the activities of multinational corporations – but disagree on the state’s ability to control what is happening. Perhaps more importantly, at least for this study, these two perspectives are looking at relatively recent changes in state practice – such as increased cooperation between states and individual states’ domestic economic policies – and coming to significantly different conclusions about what these developments represent and their consequences for states, both now and in the future.

There is, however, a third category of theorists who seek a middle ground between the “strong state” and “weak state” accounts of the state-globalization debate, either by trying to reconcile the two positions or approaching the question from another perspective. Rather than see the state as “hollowing out” or withering

away, these scholars instead argue that the state is being reinvented and reimagined, in effect redefining what it means to be a sovereign entity. Following Barkin's argument that "it is misleading to create a specific definition of sovereignty and then speak of the institution getting stronger or weaker in a general sense," they "focus not on how [sovereignty's] strength is changing, but how its meaning is changing" (Barkin 2001, 46). To a large extent, this involves re-examining the traditional idea of boundaries as they relate to sovereignty, and what it means for states to be in control over what happens within them.

Hobson and Ramesh are among those who offer a way to reconcile the strong state/weak state dichotomy presented earlier. In their view, the positions taken by those engaged in the standard globalization debate is an oversimplification of the complex relationship between states and the processes of globalization (Hobson and Ramesh 2002, 7). Their solution is a position termed "structurationist," borrowed from Giddens (1984), which envisions a "spatially promiscuous state" (Hobson and Ramesh 2002, 10). In their definition, the spatially promiscuous state

enables – intentionally and unintentionally – the convergence and integration of the global, regional, national and subnational realms. This is significant because it reveals that states and the global structure are not mutually antagonistic (as in the conventional debate), but are co-constitutive and in fact promote the reproduction of each other" (Hobson and Ramesh 2002, 10).

In other words, neither the state nor the global system is weaker due to the existence of the other. In fact, just the opposite is true, which problematises traditional accounts of sovereignty given the extent to which they emphasise conventional notions of borders. By envisioning reciprocally productive relationships across these various realms, Hobson and Ramesh provide a means of synthesizing the two

perspectives presented earlier, thereby presenting an alternative way in which to frame the role of the state within the larger globalization debate.

Yet Hobson and Ramesh acknowledge that as they converge, these realms inevitably place “constraints” upon each other, potentially limiting what can be accomplished by a given actor or at a certainly policy level. In order to cope with these limitations, Hobson and Ramesh suggest that the state can employ both exit and adaptive strategies in order to minimize the effects of forces beyond its control, or to find a way to make them work to the state’s advantage. These strategies then enable the state to reform or otherwise alter the structure or operations of other realms. Practical examples of these kinds of strategies would include working through international agreements as well as the kinds of economic practices discussed earlier, such as enabling offshore industries.

Another way of phrasing this adaptive strategy is offered by Jessop, who proposes the idea of the emerging “competition state.”³ As he describes it, “the competition state prioritizes the pursuit of strategies intended to create, restructure or reinforce – as far as it is economically and politically feasible to do so – the competitive advantages of its territory, population, built environment, social institutions and economic agents.” (Jessop 2002, 96) Although he acknowledges “the challenges to the primacy of the national state,” he argues that “it still has key roles in organizing the global economy, the global polity and an emerging global civil society. In other words, the national state is being reimagined, redesigned and

³ The notion of the “competition state” was first developed by Cerny (1990), however Jessop’s use of the phrase differs.

reoriented in response to these challenges rather than withering away” (Jessop 2002 9).

Palan (2003) employs a slightly different terminology. He argues that states practice “sovereign bifurcation,” in which some areas are deliberately regulated more stringently than others, as a competitive strategy. Focusing on the rise of offshore industries including tax havens, banking centres, and shipping, he contends,

the state is not disappearing or withering away; rather it is the nation-state – a particular historical formation that emerged in the early nineteenth century – that is in decline. A different ideal-type form of state, more adept at handling globalization and even more capable of surviving the relative decline of the territorial principle is replacing it (Palan 2003, 182).

In other words, by engaging in practices such as the bifurcation of sovereignty, the state remains a relevant actor capable of responding to and managing the forces of globalization.

The theories presented by Hobson and Ramesh, Jessop, and Palan are examples of “alternative” approaches to the traditional state-globalization debate. These three perspectives, combined with the “weak state” and “strong state” arguments presented earlier, provide an overview of the current accounts of the state’s role in a globalized world. True “weak state” and “strong state” theorists envision a zero-sum conception of power between the forces of globalization and the state, while the others present fundamentally different ways to conceptualize the issue. Although each of these perspectives is helpful in terms of providing a framework from which to examine the role of the state, since this study involves the examination of state policy choices – what is motivating them, how they are implemented, and what their implications have been – as opposed to a broader

question of the net weakening or strengthening of state power, the third set of approaches is more useful because it allows for a more nuanced account of state action in a globalized world.

1.3 Sovereignty and Shipping

In addition to its effects on the role of the state, globalization also has the potential to profoundly affect the nature of a state's industries. Faced with increased international competition, firms frequently look to reduce costs (including those associated with regulatory requirements) by moving to wherever it is cheapest to produce. If industrialized states care to retain these industries, they in turn must make policy choices more favourable to such firms or find other ways of inducing them to stay. That state policies could potentially be dictated by business' ability to go wherever production would be least costly is characteristic of the issues at the core of the debate over the changing role of the state in a globalized world. Ultimately the dispute is one about sovereignty – have states' decision-making abilities been subsumed by increasingly internationalized market forces or is the state still in control? Or, to approach the question differently, has there been a reconfiguration of state power and sovereignty amid the forces of globalization?

One industry which has been strongly affected by changes in the economic landscape but has not received much attention, empirically or otherwise, is that of international shipping. Global by both definition and practice, one look at the recent history of the shipping industry reveals a fiercely competitive sector in which the advantages conferred by being “located” in a particular state can make a significant difference in a firm's economic survival. States, for their part, have been

increasingly engaged in the creation of policies aimed at either attracting shipowners whose vessels are currently registered with foreign flags or encouraging domestic tonnage to stay. The apparent looseness of the connection between the state and its ships makes shipping an ideal context in which to examine the relationship between state sovereignty and globalization.

To explain further, ships are required by international law to have a national identity, which is represented by the flag flown by the vessel and whose laws it is subject to. This national identity is gained by registering the vessel in a particular state.⁴ The “flag state,” in turn, has sovereign jurisdiction over that ship and all others on its register, and is responsible for ensuring their compliance with the state’s domestic and international laws (Ready 1998). This concept of a ship requiring a nationality has existed for at least two-hundred years (DeSombre 2006), but was first codified in the 1958 Geneva Convention on the High Seas, which states

Each State shall fix the conditions for the grant of its nationality to ships, for the registration of ships in its territory, and for the right to fly its flag. Ships have the nationality of the State whose flag they are entitled to fly. There must exist a genuine link between the State and the ship; in particular, the State must effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag (Convention on the High Seas 1958, Article 5(1)).

The straightforward language of this law belies the ambiguity contained within this concept of a “genuine link.” Attempts to set a more precise definition outlining the legal connection between a ship and its flag state have failed (McConnell 1985). One such attempt is contained in Article 10 of the United Nations Convention on Conditions for Registration of Ships (1986), which establishes the idea of requiring an economic link, stating that “the state of registration, before entering a ship in its

⁴ The requirements to register a vessel vary by state, as is discussed in Chapter 3.

register of ships, shall ensure that the shipowning company . . . is established and/or has its principal place of business within its territory". The 1986 Convention has yet to receive enough ratifications to enter into force (United Nations Convention on Conditions for Registration of Ships 1986).

Key flag states that oppose further defining the concept of a genuine link in international law do so on the grounds it would interfere with states' sovereign right to determine which entities they recognize as their own nationals (McConnell 1985). This argument reinforces the notion that, regardless of its register, "the vessel is not simply a rights bearer, it is also, in a significant way, a part of the state itself-it is effectively embraced by the flag-state as an extension to the sovereign domain" (Winchester and Bailey 2007, unpublished). This concept of a ship as a piece of a state's sovereign territory, coupled with vessels' inherent mobility, is a critical dimension of the discussion on shipping and sovereignty.

1.3.1 The Advent of Open Registers

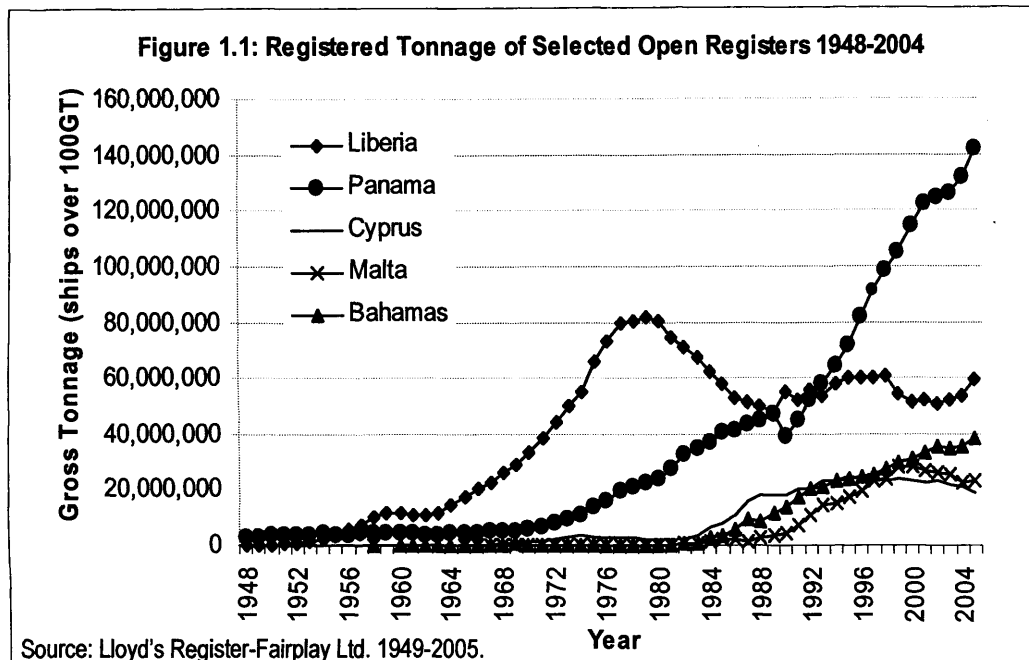
The connection between a ship and its state of registry has evolved significantly over the past century. Until the 1920s, a vessel's home state was usually the country in which the ship's owner claimed citizenship, as the policies of embedded maritime states'⁵ ship registers invariably required that the owner of any vessel registered there be a national. Following World War I, however, two U.S. vessels transferred to the Panama register in order to serve alcohol on board, as this was banned by American Prohibition laws (Stopford 1997). This trend intensified after World War II, when American shipowners re-flagged their vessels in Panama

⁵ The term "embedded maritime states" refers to countries that have historically maintained a strong fleet of ships. This terminology is drawn from *The Global Seafarer* (ILO 2004).

and Liberia in order to avoid the relatively high taxes associated with the U.S. register (Stopford 1997). A proliferation of open registers, which reduced or removed the requirements common to most national registers that there be an obvious connection (normally ownership) between the vessel and the state, followed. These open registers, or “flags of convenience”⁶ as they came to be known, have primarily attempted to attract owners through four kinds of incentives: lower labour costs, reduced taxes, decreased safety and environmental regulation, and freedom from intervention by state government (Ready 1998). In exchange for these benefits, which have the potential to significantly reduce a ship’s operating costs, the owner pays a registration fee to the state.

Stopford has defines an open register as one that has “been set up with the specific aim of offering shipowners a registration service, often as a means of earning revenue for the flag state” (1997, 434). Figure 1.1, below, shows the growth of selected open registers (as measured by gross tonnage) from 1948-2004.

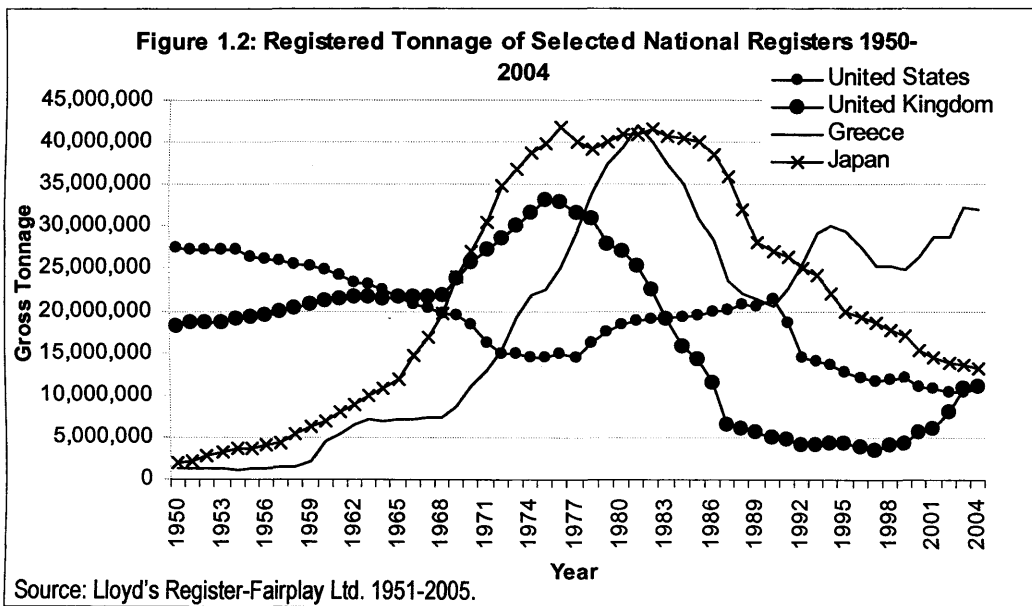
⁶ The general phrase “flag of convenience” stems from the fact that open registers tend to attract shipowners who use them for convenience purposes, rather than because they have a particular connection to the flag state. However, proper usage of the term, “Flag of Convenience,” (FOC) refers to a label conferred on a flag state by the International Transport Federation, the international umbrella organisation for seafarers. The concept of a “genuine link,” as described previously, is a central component of the definition of an FOC, but states must also fulfill several other requirements – ranging from collective bargaining agreements for seafarers to previous safety history – in order to avoid being labeled an FOC (ITF 1999b). FOCs can also be established by the ITF at the request of a state’s national seafarers’ unions or on a ship-by-ship basis (ITF 1999b).



The open registry system has had a profound impact on the nature of international shipping. Just over half of the world fleet, as measured by tonnage, was registered with FOCs as of 1998 (ITF 1999a). While there is a history of vessels registering in states other than that of the owner's origin, the motivation behind today's vessel movements tends to be based on economic interest, as opposed to moving for political or military reasons as was previously the case (Alderton and Winchester 2002). For those states operating open registers, this system has proved relatively profitable. Panama, one of the first open registers, benefited from registration and tonnage fees, which accounted for 5% of the country's revenue for 1995 (Palan 2003, 53). As more states have turned to open registers as a source of revenue, competition for vessels has become more intense, forcing states to adjust their taxation and regulatory policies accordingly. It is this continuing trend that has led Carlisle (1981) to suggest that these open registers have essentially allowed their sovereignty to be auctioned off at whatever price shipowners are willing to pay.

1.3.2 Secondary Registers and the Competition State

Over the past half-century, the national registers of embedded maritime states have watched the size of their fleets decline as their vessels relocate to places where it is cheaper to operate in order to remain viable in the face of international economic competition. Indeed, as of 1997, 55% of the tonnage owned in traditional maritime countries was operating out of flag of convenience registers, used most frequently by shipowners in the United States, United Kingdom, Greece, and Japan (Follow the Flag of Convenience 1997).



In an effort to fight this phenomenon of “flagging out” while still enabling their shipping companies to be economically competitive, embedded maritime states have adopted a number of legislative measures ranging from tax incentives for shipowners and financial assistance in the form of government subsidies to relaxing nationality requirements for crews and allowing bareboat chartering, a practice by which a ship

is leased out for a specific period of time during which it is permitted to fly a different flag (Ready 1998).

Perhaps the most radical response traditional maritime states have had to open registers, however, has been to develop secondary⁷ ship registers that exist alongside the established primary register. In general, the purpose of these registers is to reduce the regulatory requirements and costs associated with the national register, thereby offering “many of the advantages of flags of convenience, but nonetheless retaining a link between beneficial ownership or management and the national flag” (Ready 1998, 29). The aim is to “is to minimize the loss of tonnage from a flag by effectively encouraging a shipowner to remain under the auspices of that State while benefiting from a number of enticements” (ILO 2004, 31-32). These “secondary” registers are frequently referred to as second or international registers. While a precise distinction between the two terms does not exist, second registers tend to be physically located on a state’s offshore territory while international registers operate within the boundaries of the state. A list of secondary registers along with their parent states appears in Table 1.1. Some of these registers, such as TAFF and DIS, can be considered “designer” (Ready 1998) registers in that they were specifically created by states in the 1980s and 1990s in order to address the number of vessels flagging out. Others, including the UK’s secondary registers, have existed for far longer but were restructured in this period in order to meet the

⁷ These registers are generally referred to as “second” and/or “international.” This terminology can be confusing, however, as there is no established or consistent distinction made between these two terms. Therefore, the term that has been selected for use in this study to refer collectively to registers of this type is “secondary.” This label is not meant to suggest that these registers are inferior to national or open ones; rather, it implies that they have derived to some extent as a result of the structure of their parent state, and that they exist alongside and in addition to their national counterparts.

requirements of international maritime conventions. A full account of these registers and their development is given in Chapter 2.

Table 1.1: Established Secondary Registers	
<u>Parent State</u>	<u>Secondary Registers</u>
Brazil	Registro Especial Brasileiro
China	Hong Kong
	Macao
Denmark	DIS
	Faeroe Islands
	Faeroe Islands (FAS)
Finland	Aland Islands
France	French Antarctic Territory (TAFF)
	Wallis and Futuna Islands
Germany	GIS
Italy	Second register
Netherlands	Netherlands Antilles
New Zealand	Cook Islands
Norway	NIS
Portugal	Madeira (MAR)
Spain	Canary Islands (CSR)
Turkey	International register
United Kingdom	Anguilla
	Bermuda
	British Virgin Islands
	Cayman Islands
	Channel Islands
	Falkland Islands
	Gibraltar
	Isle of Man
	Turks and Caicos

*As at December 2004. Source: Lloyd's Register Fairplay Ltd 2005.
Source: ILO 2004.

These secondary registers are an important feature of today's maritime industry, but they have not yet been addressed in any significant way. Using the framework of the state-globalization debate presented previously, the secondary register phenomenon can be understood in several ways. "Weak state" theorists

would argue that these registers represent a challenge to state autonomy by forcing governments to engage in a regulatory “race to the bottom” as they lower their standards in order to attract and retain vessels, as they are competing with open registers to maintain a strong fleet. At the same time, the very existence of these registers – along with tax havens, Export Processing Zones, and other offshore industries that are at least tacitly accepted by industrialized states – demonstrate that shipowners represent the kind of “footloose” firms that are able to evade national regulation and therefore remain beyond their home state’s oversight.

“Strong state” theorists, on the other hand, would charge that far from undermining state sovereignty, second and international registers instead serve to reaffirm it. In establishing a secondary register, traditional maritime states demonstrate that they can effectively utilize their authority to relax the state’s existing rules and regulations in a way that is recognized and permitted by both the citizens of that state and other actors in the international system. Furthermore, these theorists could contend, it was the policies and actions of these states that enabled open registers to become successful in the first place.

Those advocating the third approach would argue that secondary registers represent a reconfiguration of state sovereignty. Hobson and Ramesh might suggest that these registers represent an adaptive strategy, designed to minimize the effects of open registers on the national fleet. Jessop would claim that the creation of a secondary register is an attempt by the state to maintain its competitive advantage in the shipping industry. For Palan, these registers, particularly if located in an offshore

jurisdiction, could be a clear bifurcation of state sovereignty. In any event, in the creation of these registers, the authority of the state is maintained, if reconstituted.

Most of the existing research on international shipping focuses on open registers and their implications both for embedded maritime states and the shipping industry as a whole. Recent research, for example, has demonstrated that open registers are specializing in their acceptance of and adherence to international environmental, labour, and safety standards depending on the amount of tonnage they are trying to attract (DeSombre 2002). This echoes other studies of the regulatory environment of various flag of convenience registers that note great variation in the type and extent of regulation that occurs within the group of states categorized as FOCs (see, for example, Alderton and Winchester 2002). Noting that the main regulatory differences lie between recently created open registers and more established ones, Alderton and Winchester conclude that “these new entrants exercise sovereignty only to negate it,” as they engage in a race to the bottom, hampering regulatory efforts by other maritime nations (Alderton and Winchester 2002c).

Previous research focusing on globalization and state sovereignty within the context of international shipping is even more limited. Notable exceptions include DeSombre’s *Flagging Standards* (2006), which examines regulatory standards on open registers and the effects non-state actors have on the international shipping industry. Winchester and Bailey (mimeo, 2007) examine interactions between states arising from maritime trade. They suggest that “what appears to be the arbitrary resolution of inter-state conflict is upon analysis underpinned by the concepts of

state, sovereignty, and territory” concluding that “the traditional account of sovereignty still possesses extensive explanatory value even under conditions of extensive globalization” (Winchester and Bailey mimeo, 2007).

1.3.3 Conclusions

This chapter has, by grouping and evaluating different accounts of state authority in a globalized world, provided a framework through which to approach specific questions about the international shipping industry. Accounts of the state-globalization debate can be grouped into three categories: “weak state” theorists who see globalization as subsuming state sovereignty, “strong state” theorists who argue that state authority is maintained or reaffirmed, and a third approach, which perceives state sovereignty as being reconfigured in various ways. It is this third approach, with its ability to provide for subtle analysis, which is employed in this thesis.

Beyond the sovereignty debate, there are unanswered questions regarding secondary registers that this study hopes to address. While there is a dearth of research on the international shipping industry and ship registers generally, there is a particular lack of information about embedded maritime states’ secondary registers. What characteristics of a second or international register have made it sufficiently attractive for shipowners to register there? Are they, like open registers, filling a particular niche in the market for vessels? In providing a separate -- and lower -- set of standards on the secondary register than the national one, are traditional maritime states that have secondary registers contributing to a global “regulatory race to the bottom,” or are they providing their vessels with the opportunity to remain

economically competitive while maintaining higher standards than they would be held to on many flags of convenience? An exploration of the creation and functioning of second and international registers, as outlined in Chapter Two, will provide not only a more comprehensive picture of international shipping, but also inform the state-globalization debate.

CHAPTER TWO

An Introduction to Secondary Registers

2.1 Introduction

For the competitive state, second and international registers have the potential to be an important economic and political tool. By offering an alternative to the crewing, regulatory, or tax requirements associated with the primary national register, the state has a means by which to try to compete in an economically unforgiving sector without sacrificing protectionist economic policies or international commitments. The motivation behind the creation of the first secondary registers, TAFF and NIS, was to stem the flow of ships moving from the national register to flags that had more flexible, and therefore less costly, crewing arrangements (Ready 1998). Therefore, France and Norway structured their secondary registers to allow a greater percentage of seafarers to be foreign citizens than was permitted on their respective national registers.

Indeed, most secondary registers rely on relaxed rules regarding the nationality of crew members to attract shipowners. However, there is considerable variation in the extent to which these crewing requirements are loosened. For example, TAFF originally stipulated that one-quarter of the crew had to consist of French nationals. NIS, on the other hand, required only that the shipmaster be Norwegian. Other sources of variation in secondary registers include whether the register is based in the mainland boundaries of the state or on an offshore territory,

or, indeed, whether the register is set up by the state or an autonomous government within the territory itself.

Despite these differences, limited efforts have been made to classify secondary registers beyond separating them from “national” and “open” register types. Winchester and Alderton (2003) include most secondary registers in their *Flag State Audit*, evaluating the regulatory capacity of thirty-seven flag states, but, as mentioned previously, reproducing their methods for the missing states would be too time-consuming. Ready (1998) outlines the development of the different secondary registers and lists different and lists registration requirements and provisions for some, but does not attempt to classify them. Bernfeld (2004) divides secondary registers into “international registers,” “second registers,” and “effective second registers” based on the process by which international laws are applied and beneficial ownership statistics, but the study’s methodology is weak and excessive attention is paid to the actions taken by parent states, at the expense of acknowledging actions taken by autonomous territories that oversee their own flags.

Given the important differences in characteristics among secondary registers and the dearth of previous research on this register type generally, it is both necessary and useful to provide background information and establish a system of classification that can be employed in later analyses. To this end, this chapter provides an introduction to the history, structure, and characteristics of the cases examined in this study, and attempts to highlight systematically key sources of variation within the registers. These sources include: the body responsible for overseeing the *administration* of the register, the *location* in which the register is

based, the level of *openness* of the register in terms of which nationalities are permitted to register vessels there, any *crewing restrictions* regarding nationality requirements for seafarers on a register's vessels, and the nature of the a secondary register's *relationship to its national counterpart*.

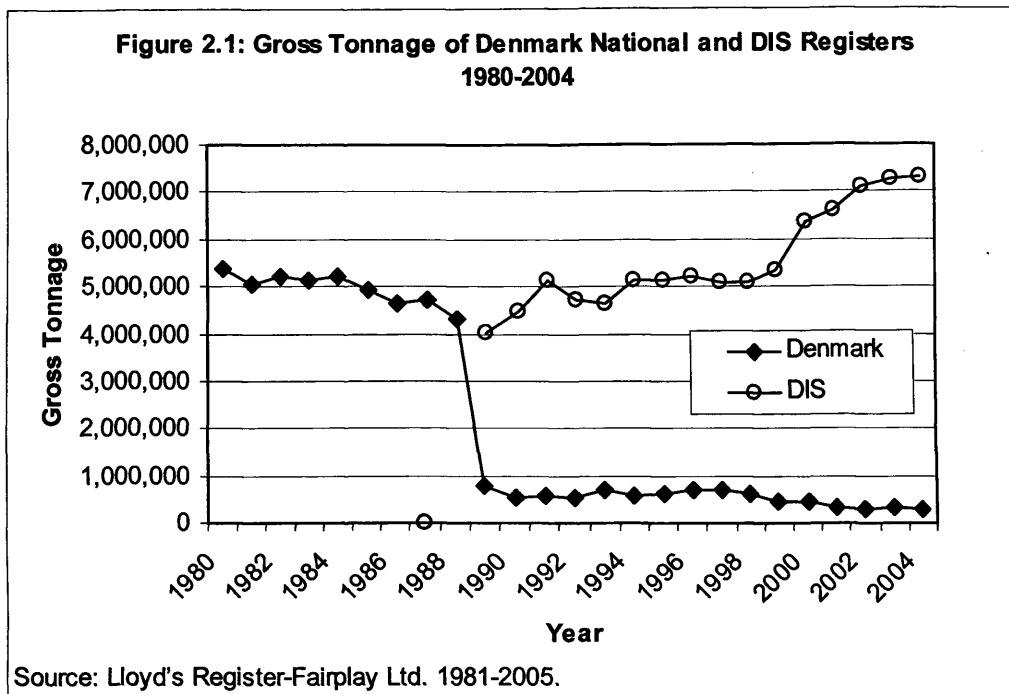
- *Administration*: A secondary register can be administrated by the parent state, by the government of the offshore territory on which it is located, or by a private company.
- *Location*: Secondary registers can be based on a state's offshore territory or within the boundaries of the mainland state itself.
- *Openness*: Registers can limit registration to vessels owned by individuals of or companies incorporated in the flag state, or a specified group of states, such as the EU. If a vessel is jointly owned, then majority ownership is determined by a particular number of shares in a vessel, which is commonly set at 31 out of a vessel's 64 shares. If a flag state allows registration only to vessels owned by its citizens, then it is considered to be "closed." Where there are some citizenship requirements, such as majority ownership of a vessel by citizens of the state or the EU, then the register is considered "partly open." Registers that allow owners of all nationalities are "open."
- *Crewing Restrictions*: The crewing restrictions on individual registers range from requiring that all seafarers on a vessel be citizens of the flag state to permitting seafarers of any nationality. For the purposes of this study, a register is classed as having "few" crewing restrictions

if the nationalities of only several seafarers are specified (i.e. the shipmaster and first mate) and “some” if these restrictions are more extensive.

- *Relationship to the National Register:* A secondary register can either supplement a national register or be in competition with it for vessels.
- *Other:* This section also includes information for each register on what it was created, what types of vessels it allows, and other details such as whether it was created in conjunction with any other economic initiatives and how it has performed since its creation. Such information is noted, but not classified.

2.2 Denmark – DIS

The Denmark International Ship Register (DIS) is run from Copenhagen by the Danish Maritime Authority (DMA), which also oversees Denmark’s national register. DIS was created in 1988 by the Danish Parliament, and is governed by the Danish Merchant Shipping (Masters’ and Seamen’s) Consolidation Act (Winchester and Alderton 2003). Vessels under 20GT, fishing vessels, and pleasure yachts are not permitted (DMA [no date]c). DIS allows vessel registration by citizens and companies of Denmark and any EU member state, although foreign owners must have a legal representative physically based in Denmark (DMA [no date]c). Ships registered on DIS are obligated to uphold all Danish national laws and international obligations (DMA [no date]a). DIS requirements previously stated that the shipmaster was to be a Danish citizen, but this requirement was removed in 2004 (Draper 2004).



The DIS register's mandate, according to the Danish Maritime Authority ([no date]a), is to serve "as a supplement to the ordinary Danish Register of Shipping to improve the international competitiveness of the Danish merchant fleet". Data on the size of the two registers (see Figure 2.1) supports this, as it appears that the majority of early tonnage on DIS transferred from the Danish national register. Thus, DIS was designed to be an extension of the Danish national register catering to internationally trading vessels. One of the major advantages of DIS is that the salaries of seafarers on its vessels are not taxed, which is enough of a savings benefit that shipowners can afford to employ a combination of Danish nationals and foreign seafarers and still remain competitive (Joshi 1998). Although DIS has not been branded a Flag of Convenience by the ITF (ITF [no date]), the Danish Shipowners' Association has engaged in negotiations with national Danish unions regarding the terms of employment for foreign seafarers. As a result of these discussions, in

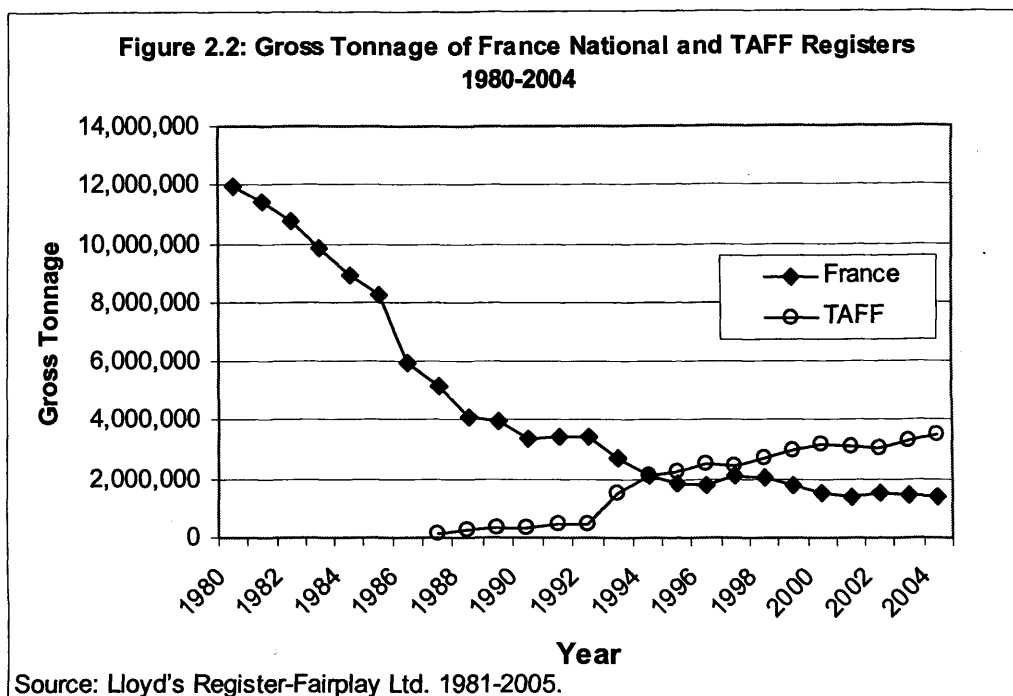
March 2000 the standard work week for Danish crews was reduced from 44 to 40 hours and the duration of a single voyage was limited to a six-month maximum (McMichael 1998).

2.3 France – TAFF Register⁸

France's secondary register, the French Austral and Antarctic Territories (*Terres Australes et Antartiques Françaises* – TAFF), also known as the Kerguelen Islands register, was established by decree of the French government in 1986 (Ready 1998). The TAFF register was administrated by a division of the French department of state, *Direction du Transport Maritime, des Ports et du Littoral*, and based in Paris (Winchester and Alderton 2003).⁹ Although only solid and liquid bulk carriers were initially allowed on TAFF (Ready 1998), the register was opened to all internationally trading vessels in 1993 (Winchester and Alderton 2003). TAFF ownership requirements stipulated that 50% of a vessel's shares be held by French or EU nationals, and all vessels were required to be managed by a French company (Winchester and Alderton 2003). The majority of international laws ratified by France applied to TAFF; while this included the main IMO and ILO conventions, approximately half of the ILO conventions ratified by France were not extended to TAFF (Hamon and Dubois 1999). Crewing requirements stipulated that 25-35% of the crew must be French citizens, which includes either two or four officers, depending on the type of vessel (Spurrier 2000).

⁸ Since the French International Register (RIF) replaced TAFF in 2005, all information here is based on TAFF's registration requirements as of 2004, unless otherwise stated.

⁹ The Kerguelen Islands, part of France's territorial claim to Antarctica, are mostly uninhabited.



The TAFF register was created as a response to French shipowners' desire to reduce their operating expenses, particularly given the relatively high cost of employing French seafarers (Ready 1998). From its inception, TAFF was the subject of much debate by French union and industry officials over this and other issues. For example, the fact that the register, designed explicitly to allow French owners to crew their vessels with foreign seafarers, was created by government decree formed the basis of an official complaint by a seafarers' union. This ultimately resulted in France's Council of State forcing the French government to legitimise the register through legislation (Kerguelen Move Annulled 1995). Additionally, the TAFF register was not recognised by the EU, which meant that vessels on the register did not have access to EU cabotage.¹⁰ Although the TAFF

¹⁰ Cabotage trade is the right to trade between two ports within the same country or, in the case of the EU, economic area. It is likely that the EU failed to recognise the TAFF register because it represented a furthering of France's territorial claim in Antarctica. According to the 1959 Antarctic

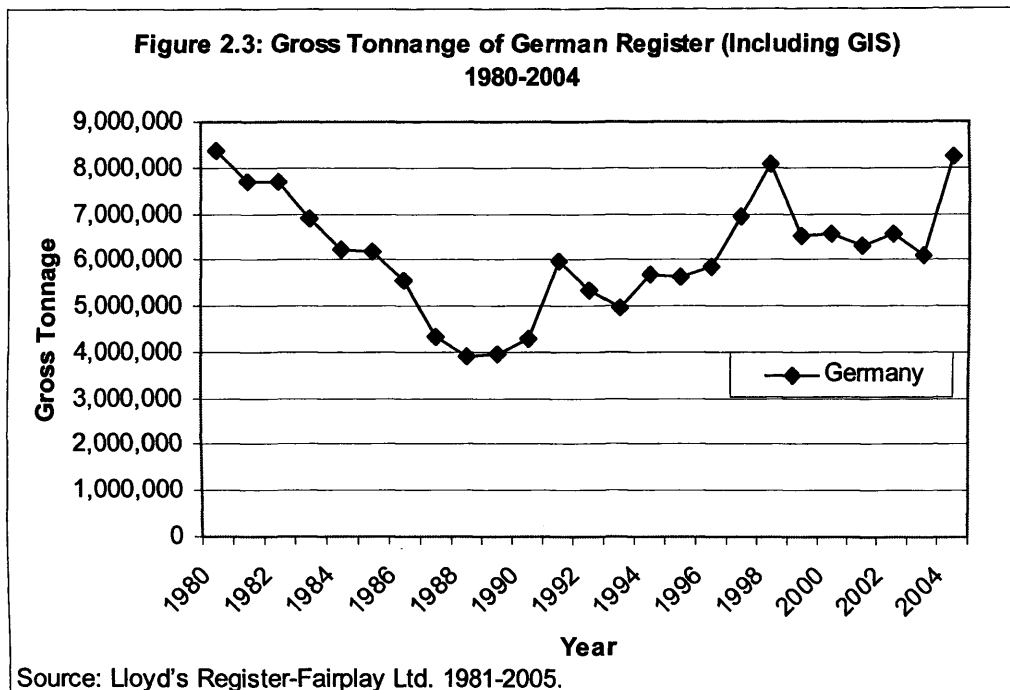
register was never branded an FOC, the French International Register (*Registre International Français* – RIF), which replaced TAFF in 2006, received this designation by the ITF in 2005 (Spurrier 2005). RIF has more flexible crewing requirements than were available on TAFF, requiring that only the shipmaster and one other officer be French citizens, although 25% of the crew must be nationals of EU countries (RIF [no date]a). All internationally trading vessels, with the exception of some passenger ships, are allowed to register in RIF, and are subject to all French domestic laws and international obligations. RIF vessels have access to EU cabotage (RIF [no date]b).

2.4 Germany – GIS

The German International Shipping Register (GIS), which is also known as the International Ship Register (ISR), was established in 1989 and is run from Hamburg by the German Federal Shipping Authority (Winchester and Alderton 2003). Only German-owned vessels are permitted to register on GIS; ships on the German national register can be listed additionally on GIS if they trade internationally (Ready 1998). While GIS vessels are subject to the same domestic and international regulations as those on the German national register (Winchester and Alderton 2003), there are major differences in the crewing requirements of the two registers. GIS vessels over 8,000 GT must employ a minimum of five German seafarers, although wages for foreign crew members are determined by collective bargaining agreements between shipowners and the crews' national unions (Fromme

Treaty, which freezes all member states' territorial claims to the continent, the only acceptable use of the land is for scientific or research purposes (Antarctic Treaty 1959). France has ratified this treaty, and using the Kerguelen Islands as the location of its register is therefore considered a violation of the agreement.

1991). These wages rates are generally significantly cheaper than those of German seafarers, and offer a significant cost savings to shipowners over the German national register, where all crew members receive German rates of pay and full benefits, regardless of nationality (Edelgard 1993). GIS has been designated a Flag of Convenience (ITF [no date]).

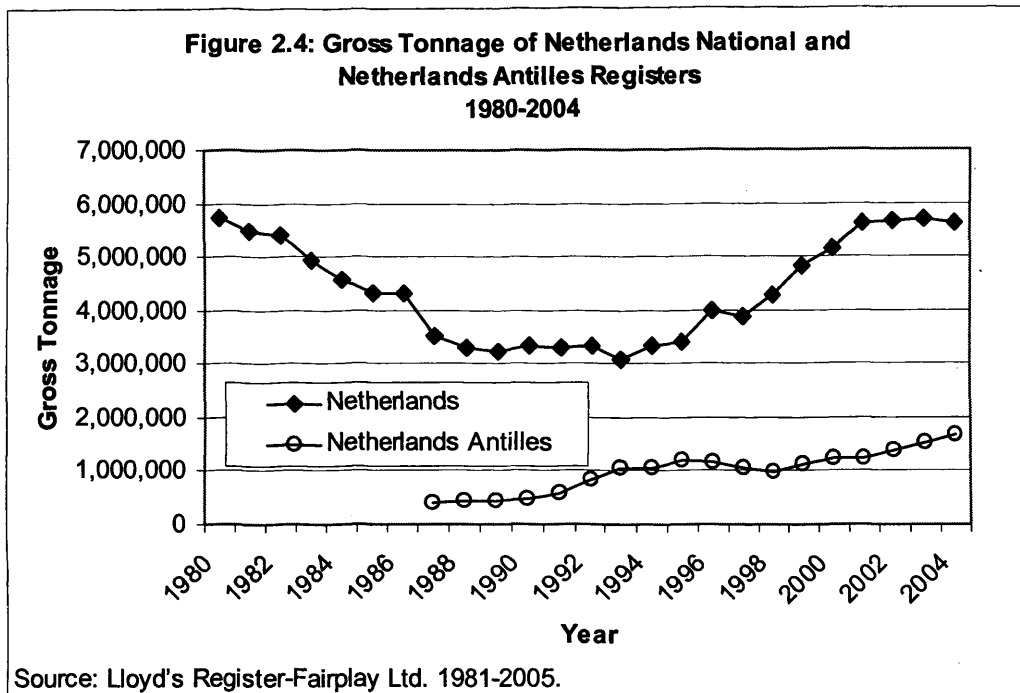


The GIS register was created order to attract German shipowners who might otherwise flag out to open registers, and as Figure 2.3 shows, the establishment of the register in 1989 did reverse the decline in the German fleet.¹¹ Further fluctuations in the size of the register coincide with government subsidies to the shipping industry, which were introduced in 1998 (Fromme 2002) and again in 2003 (Berkenkopf 2003). Indeed, in the latter year, the subsidies were negotiated by German shipowners, who promised to re-flag their vessels on GIS (Luttmer 2005).

¹¹ Tonnage figures for the German national register and GIS are not listed separately.

2.5 Netherlands – Netherlands Antilles

The Netherlands Antilles register is run by the Directorate of Shipping and Maritime Affairs (*Directie Scheepvaart en Maritieme Zaken – DSMZ*), the maritime administration of the Netherlands Antilles government, in Curaçao (DSMZ [no date]d). Vessels registered in the Netherlands Antilles “have the Netherlands Antillean nationality but fly the flag of the Kingdom of the Netherlands” (DSMZ [no date]c). The Netherlands Antilles has had some oversight of its vessels since the 1950s (DSMZ [no date]a), and the register is part of the islands’ broader “portfolio” of economic offshore activities (Winchester and Alderton 2003, 333). It was only in the late 1980s and early 1990s, however, that significant organisational and legislative changes were made to the Netherlands Antilles register that would make it more attractive to foreign shipowners (Gray 1993). To register a vessel in the Netherlands Antilles, a shipowner must be a citizen of or company based in the Netherlands Antilles or an EU state, or utilize a local trust company (Winchester and Alderton 2003). The Netherlands Antilles register has no nationality requirements for crews on its vessels; although the shipmaster is supposed to be Dutch, foreign seafarers are permitted to hold this position (Winchester and Alderton 2003).



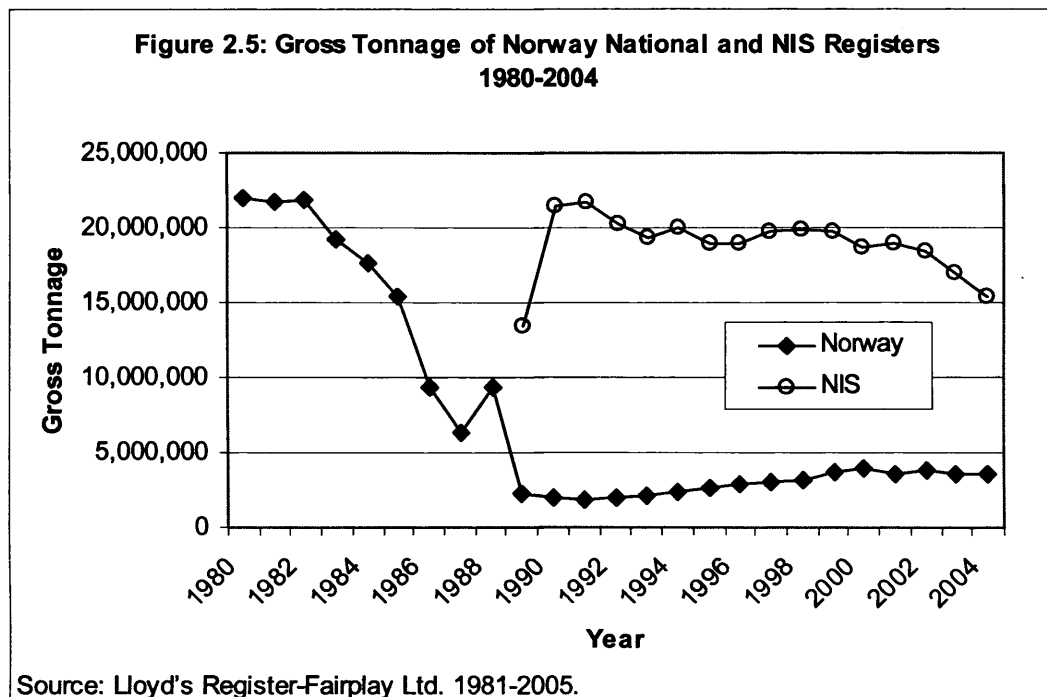
One stated objective of the Netherlands Antilles Directorate of Shipping and Maritime Affairs is “to have a quality shipping register. . .with an increasing number of ships” (DSMZ [no date]b). The Netherlands Antilles register is in direct competition for vessels with the Netherlands national register, and the nearly parallel trends in the size of the two registers (see Figure 2.4) reflect this fact. Lower taxes and more flexible crewing requirements than the Dutch national register made the Netherlands Antilles attractive to shipowners in the early 1990s (Henley 1991) and the introduction of a bareboat charter legislation and expanded registry staff in the mid-1990s were designed to continue to attract owners (McLaughlin 1995). However, the introduction of a tonnage tax regime in the Netherlands in 2000 caused many shipowners to re-flag from the Netherlands Antilles to the Dutch national register, which threatened the sustainability of the former, nearly forcing it to close

(Adriaens 2000). The Netherlands Antilles register has been designated a Flag of Convenience (ITF [no date]).

2.6 Norway – NIS

The Norwegian International Ship Register (NIS) was created in 1987 through the NIS Act (Skipsregistrene 2005). NIS is based in Bergen and is run by the Norwegian Maritime Directorate alongside the national register (Winchester and Alderton 2003). Self-propelled passenger and cargo ships, hovercraft, drilling platforms and other movable installations can all be registered on NIS (Skipsregistrene 2005). The sole ownership requirement is that non-Norwegian owners must appoint a Norwegian representative and engage the services of a company based in Norway to oversee some aspect of vessel operation, such as manning, maintenance, or marketing (Skipsregistrene 2005). All domestic laws and international obligations that apply to the Norwegian national register also apply to NIS (Skipsregistrene 2005). Ratings on NIS vessels must be citizens of countries that are members of the IMO, while officers must be nationals of states on the IMO White List (Skipsregistrene 2005).¹²

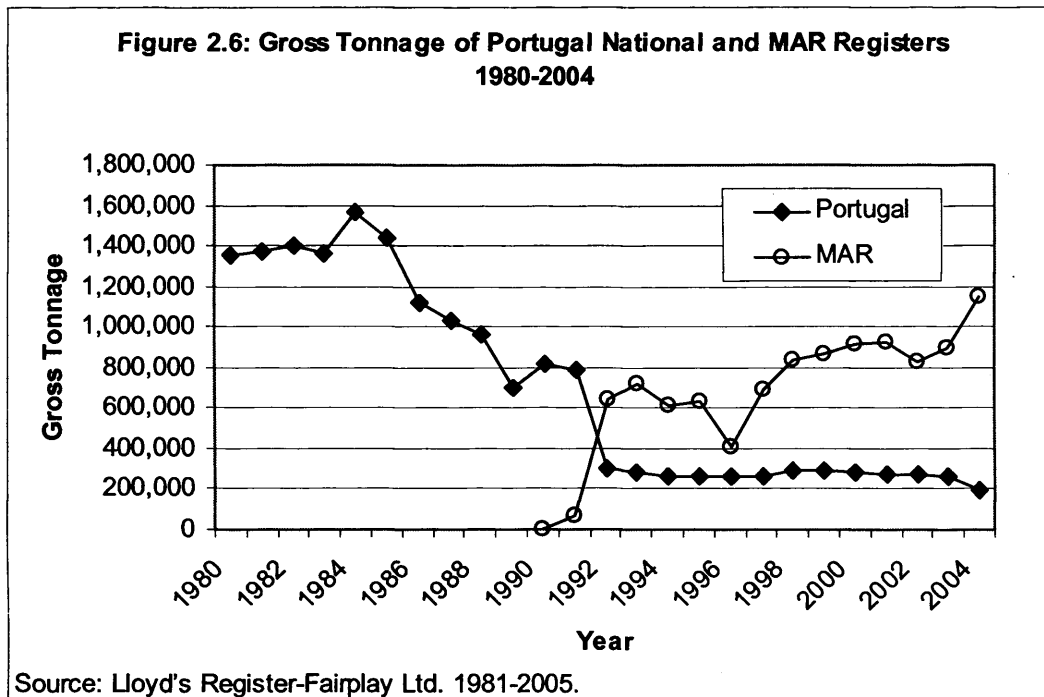
¹² States on the IMO White List are deemed to be fully compliant with the provisions of the 1995 amendments to the International Convention on Standards of Training, Certification and Watchkeeping (STCW), which sets international standards for seafarer training (IMO 2002).



The primary factor in shipowners leaving the Norwegian national register in the 1980s (see Figure 2.5) was the flag's relatively costly crewing restrictions (Ready 1998). NIS was designed both to compensate for national flag's crewing requirements and to attract maritime-related business to Norway, hence the requirement that foreign owners utilize a Norwegian corporation to operate their vessels (Ready 1998). In the wake of NIS' declining tonnage from 2002-2004, the Norwegian government issued a white paper recommending that the tonnage tax system be revised and that NIS vessels be granted access to Norwegian cabotage (Speares 2004), although it is unclear whether these measures were ever implemented. NIS has not been branded a Flag of Convenience, although the ITF and its national Norwegian affiliates threatened to designate it as such as part of a broader campaign against secondary registers in the mid-1990s (Guest 1995).

2.7 Portugal – MAR

Created in 1989 by Portuguese government decree No. 96/89, the International Ship Register of Madeira (MAR) is based in Funchal, Madeira, an autonomous region of Portugal (Winchester and Alderton 2003). MAR is administered by the *Sociedade de Desenvolvimento da Madeira*, a company selected by Madeira's Regional Government to oversee the island's international business activities, although it is ultimately controlled by the Portuguese Ministries of Department and the Sea (International Business Centre of Madeira 2006). There are no nationality restrictions on ownership of MAR vessels, although a local representative must be appointed if the vessel's shipping company is not based on the island (International Business Centre of Madeira 2006). Madeira is automatically subject to all international conventions ratified by Portugal (Winchester and Alderton 2003). Registration requirements state that fifty-percent of the crew, including the shipmaster, must be citizens of European or Portuguese-speaking states (including Russia and Ukraine), although it is noted that this requirement can be removed "whenever it is duly justified" (International Business Centre of Madeira 2006, 14).



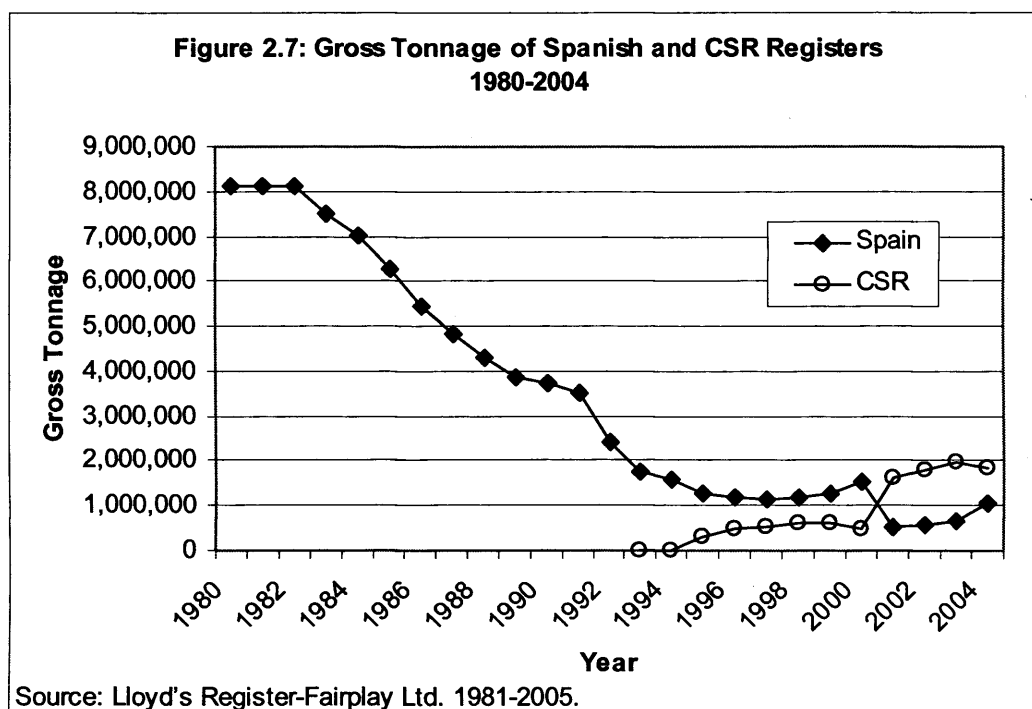
Although MAR is directly overseen by the Regional Government of Madeira, Portugal exerts a “strong influence” on any actions taken with regard to the register (Winchester and Alderton 2003, 282). MAR was established as one component of Madeira’s International Business Centre, as the island was already set up as a Free Trade Zone.¹³ The register’s initial mandate was to help compensate for the number of Portuguese shipowners flagging out to open registers, further develop Portugal’s maritime industry, and drive economic growth (Decree 96/89 1989). As Figure 2.6 shows, MAR did not experience significant growth in its first years of operation, and the register was initially deemed “a disaster” (Poole 1992). However, ongoing changes to the register, including opening it to Portuguese and EU cabotage in 1997 (Fromme 1998), and a gradual relaxing of crews’ nationality requirements in 1993 and again in 2005 (Changes 2005) helped reverse this trend.

¹³ The other components, implemented in 1988, are a free trade zone, offshore finance centre, and other international business services (Murphy 1995).

2.8 Spain – Canary Islands

The Canary Islands Special Register of Ships (CSR) was established in 1992 by the Law on Ports and Merchant Marine Act (Act 27/92) (General Directorate of the Merchant Marine 2007). CSR is based in the ports of Santa Cruz de Tenerife and Las Palmas de Gran Canaria on the Canary Islands, and is part of the Canary Islands' free trade zone, although the register is run by the Spanish government's Ministry of Development (General Directorate of the Merchant Marine 2007). Vessels must be over 100GT in order to be eligible to register on CSR, and foreign ownership of vessels is permitted provided a representative is permanently based in the Canary Islands (General Directorate of the Merchant Marine 2007). All international conventions ratified by Spain are also applicable to CSR (Winchester and Alderton 2003). Nationality restrictions on CSR vessels stipulate that the shipmaster and first officer must be Spanish, and that at least 50% of the rest of the crew must be Spanish or citizens of EU states (General Directorate of the Merchant Marine 2007). Previously, exceptions to the latter condition were permitted if a shipowner's "economic viability" was threatened (Winchester and Alderton 2003, 95); it is

unclear whether this is still allowed.



CSR was created not only to reverse the mass flagging-out that was occurring on the Spanish national register, but also to draw foreign vessels from other states (Tinsley 1992). Although a Canary Islands secondary register was not a sudden development – the Spanish shipowners’ association, Asociación de Naveiros Espanoles, lobbied unsuccessfully, for the creation of an additional register in 1986 (Figaredo 1993) – CSR’s growth was slow (see Figure 2.7), and by 1994 the register listed only five vessels (Tavner 1994). This lack of interest from shipowners may have been due in part the register’s crewing costs; in 1996, it was found that maintaining a vessel on CSR, taking full advantage the opportunity to have a 50% non-EU crew, was less cost-effective than employing a fully Spanish crew on a foreign flag (Second Register Aiming to Be More Competitive 1996). By the late 1990s, however, concessions in the form of reduced tax and social security payments

(Fromme 1997b), and the opening of CSR to Spanish cabotage (Register Hopes Unfulfilled 1995) helped to attract greater numbers of vessels. CSR has been designated an ITF Flag of Convenience, but it was removed from the list in 2002 (ITF [no date]).

2.9 United Kingdom – Category 1 Red Ensign Registers

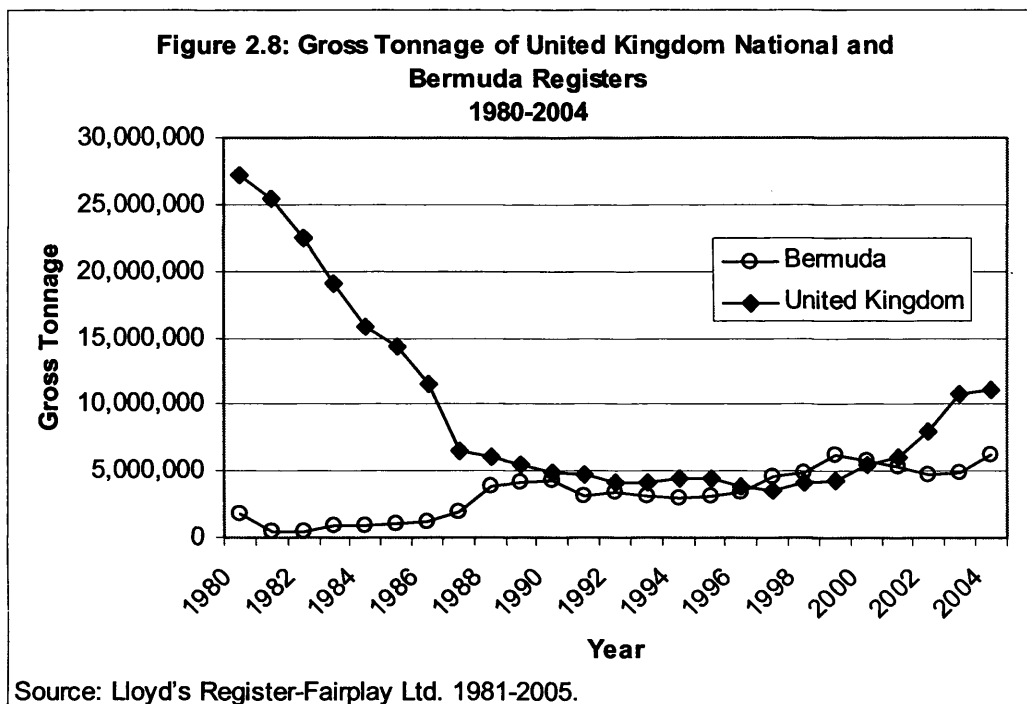
The registers of the United Kingdom and its overseas territories and crown dependencies are, collectively, known as the *Red Ensign Group*. Included in this group are the registers of Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Guernsey, St. Helena, Isle of Man, Jersey, Montserrat, and Turks and Caicos (Red Ensign Group 2005). While these registers generally operate autonomously from the UK (although the extent to which this is the case varies by register), they cannot be administered in such a way that contravenes UK law and their vessels are considered to be British ships and fly the Red Ensign flag, or a variation thereof (Red Ensign Group 2005). This connection to the British register has distinct advantages, including access to a well-developed maritime legal system, technical support from the UK's Maritime and Coastguard Agency, and protection from the British navy in times of crisis (Blaxill 1991).

The UK's 1988 Merchant Shipping Act (which was later incorporated into the 1995 Merchant Shipping Act) divides these secondary registers into two groups, Category 1 and Category 2, based on the tonnage, size, and vessel types that can be registered (Merchant Shipping Act 1988). There are no limits on the tonnage, type, or length of vessels on the Category 1 registers, which are Bermuda, Cayman Islands, Gibraltar, and Isle of Man (Red Ensign Group 2005). In addition, a

Category 1 designation requires adoption and implementation of specific IMO Conventions, including LOADLINE, SOLAS, MARPOL, STCW, and TONNAGE, as well as ILO Convention 147 on Merchant Shipping (Minimum Standards) (Winchester and Alderton 2003). Category 1 and Category 2 Red Ensign states meet yearly to review any policy changes (Red Ensign Group 2005).

2.9.1 UK -- Bermuda

Although the Bermuda register has been in existence since 1789 as a British Register of Ships it was not until 1974 that it took on its present form (Government of Bermuda 2007b). The Bermuda register is based in Hamilton, Bermuda, and is administered by the Department of Maritime Administration, which is an independent division of the island's Ministry of Transport (Government of Bermuda 2007a). Ownership requirements stipulate that a vessel must be at least half-owned by British or Irish nationals, or companies incorporated in the UK or any of its overseas territories. Crewing restrictions state that masters on strategic ships (including passenger ships, product tankers, and ro-ro vessels) must be nationals of the UK or its dependencies, Ireland, an EU or NATO state, or Norway; there are no nationality requirements for junior officers or ratings (Winchester and Alderton 2003).

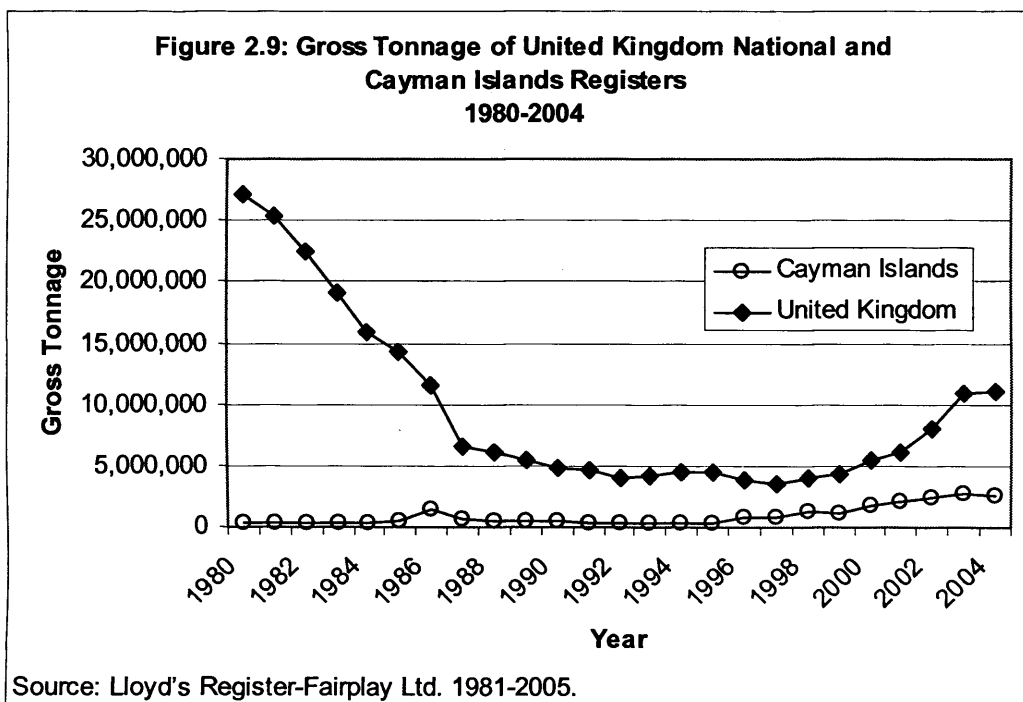


The increase in Bermuda's tonnage in the late 1980s (see Figure 2.8) coincides with its being granted Red Ensign Category 1 status (Ormes 1991). Officials on the Bermuda register, however, argued that the UK's requirement that the shipmaster and first mate be British citizens, a condition which also applied to the Bermuda register, discouraged shipowners, which could explain the slow growth (Ormes 1991). It is less clear what caused the register's tonnage decline in the early 1990s and subsequent gains a decade later. More recent growth can be attributed to "high value" vessels like liquefied natural gas carriers and passenger ships (Register Attracts 13 Newbuildings as Tonnage Leaps 1m Tons in a Year 2006). The Bermuda register has been designated by the ITF as a flag of convenience (ITF [no date]).

2.9.2 Cayman Islands

The Cayman Islands ship register has been in existence since 1906, but it was not granted Red Ensign Category 1 status until 1991. The register is based in

Georgetown, Grand Cayman and owned by the Maritime Authority of the Cayman Islands, but operated by the private company Genesis Trust Company Marine Department (Winchester and Alderton 2003). Vessels on the Cayman Islands register must be at least 50% owned by nationals or corporations of the UK, EU, or overseas territories; corporations are additionally required to maintain a “place of business” in one of these states. There are no nationality requirements for crews (Cayman Islands Shipping Registry [no date]).

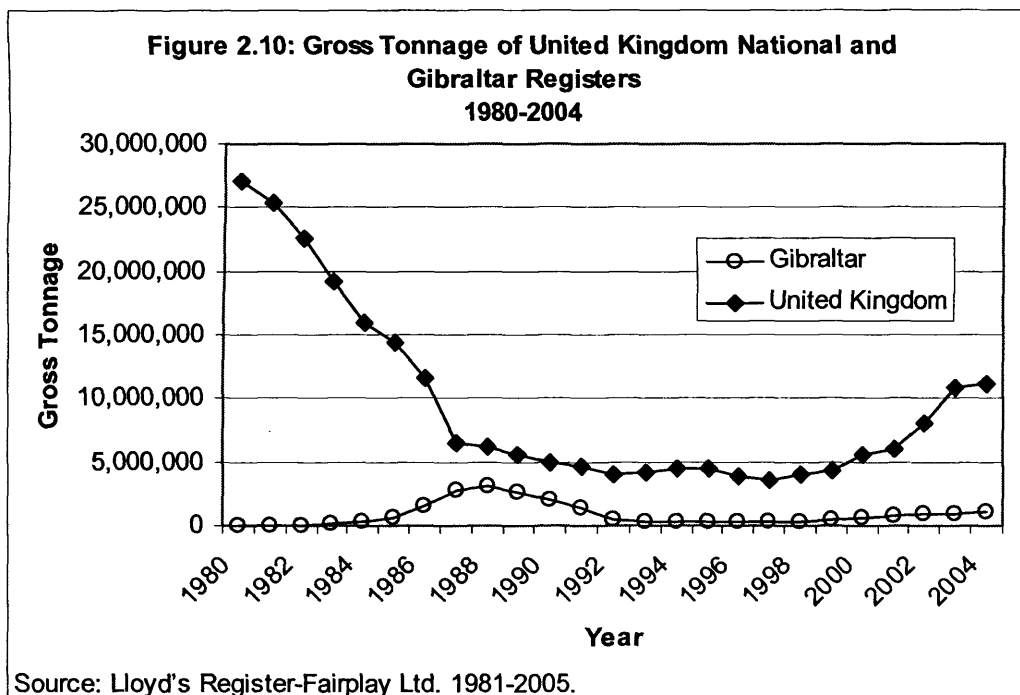


Despite the Cayman Islands' long history as a register, it was not until the islands adopted the UK's 1998 Merchant Shipping Act that it was able to manage its vessels according to the standards of the UK and international maritime law (Blaxill 1991). Gaining Red Ensign Category 1 status in 1991 does not appear to have attracted a significant amount of tonnage (see Figure 2.9); indeed, this may have initially had a deleterious effect as the register removed a number of ships from its flag for “persistent non-compliance” with safety and labour standards (Landells

1991). The register began actively marketing itself in 1994, and originally focused on attracting European shipowners, including vessels owned by Norway or managed in the UK (Gray 1997). Cayman Islands are listed as Flag of Convenience (ITF [no date]).

2.9.3 Gibraltar

The Gibraltar ship register is run by the Gibraltar Maritime Administration, under Gibraltar's Ministry of Maritime Affairs (Gibraltar Maritime Administration 2007). All vessels except nuclear-powered ships and fishing vessels are allowed on the register (Fromme 1996a). Ownership of vessels on the Gibraltar register is permitted by British, Irish, and EU nationals, and companies of EU states that either have a place of business in Gibraltar or appoint a local representative (Gibraltar Maritime Administration 2007). There are no nationality requirements for seafarers serving on Gibraltar vessels (Gibraltar Maritime Administration 2007).



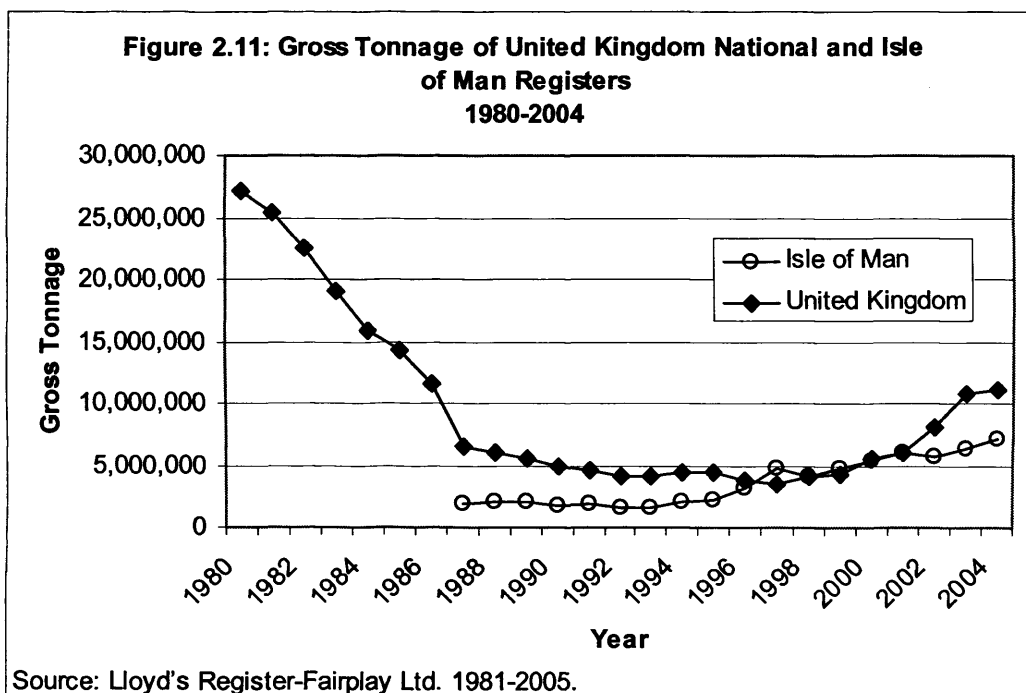
Like the Cayman Islands, the Gibraltar register also decreased in size after international maritime conventions were extended to the island from the UK in 1988 (see Figure 2.10); many vessels willingly left the register to escape the new restrictions, while others were expelled for not complying with regulations or tax payments (Truscott 1991). Following disputes with UK maritime administrators, Gibraltar voluntarily relinquished its status as Red Ensign register under the 1988 Merchant Shipping Act in 1992, which limited the vessels that could join the register to ships under 150 GT, including yachts (Fromme 1997a). The register was re-introduced in 1996, with Category 1 status, following a lengthy negotiation process with the UK regarding vessel surveys (Fromme 1996a). Gibraltar is unique among the UK's secondary registers in that it is part of the EU, allowing its vessels access to EU cabotage, which, coupled with the island's fiscal advantages, makes it particularly attractive to shipowners (Special Report – Gibraltar: Buoyant Shipping Register Boosts Trade 2000). The ITF lists Gibraltar as a Flag of Convenience (ITF [no date]).

2.9.4 Isle of Man

The Isle of Man ship register is run by the Manx Marine Administration¹⁴, a division of the island government's Department of Trade and Industry. The register, which is based in Douglas, took on its present form in 1984 (Isle of Man Ship Registry 2007e). It is open to all vessel types except passenger ships (Isle of Man Ship Registry 2007b). The majority of a vessel's ownership must be comprised of individuals citizens or companies of the UK, EU, or EEA states; or a limited partnership based in a prescribed state, including Australia, Bahamas, Canada,

¹⁴ The Marine Administration changed its name to the "Isle of Man Ship Registry" in February 2007.

China, India, Japan, Liberia, New Zealand, Pakistan, Panama, Russia, Singapore, South Africa, United Arab Emirates, or the United States (Isle of Man Ship Registry 2007d). Any company that has its primary place of business in the Isle of Man is also permitted; and all vessels must be controlled or managed by an Isle of Man company (Isle of Man Ship Registry 2007c). There are no nationality requirements for crews of vessels on the Manx register, but officers must hold a certificate of competency from the UK or another approved state (Isle of Man Ship Registry 2007a).



While the Isle of Man register is a member of the Red Ensign Group, Manx maritime administrators claim, “we are independent from the UK and do not see ourselves as a second register. . . We are an international British register and are not in the same league as second registers” (Ward 1997, 6). It is also interesting that the Isle of Man shipping register is designed as a loss-leader, intended to attract finance-

and shipping-related business to the island rather than draw a profit itself (Isle of Man Register Proves Its Worth 2006). The development of the Isle of Man ship register, particularly as it relates to that of the UK national register, is discussed in-depth in later chapters.

2.10 Towards a System of Classification

As these descriptions of secondary registers show, there is a great deal of variation among these secondary registers. Some, like NIS, were established in the 1980s following losses to the national register. Others, such as the UK's secondary registers, have been in existence for over a century but reformed their ways of operating in the last few decades. They are based onshore, offshore, and, until recently, in Antarctica, and their mandates vary from attracting foreign vessels to retaining national vessels to attracting *and* retaining shipping-related financial business. Table 2.1 summarises the key characteristics of these registers.

Table 2.1: Summary of Cases Characteristics

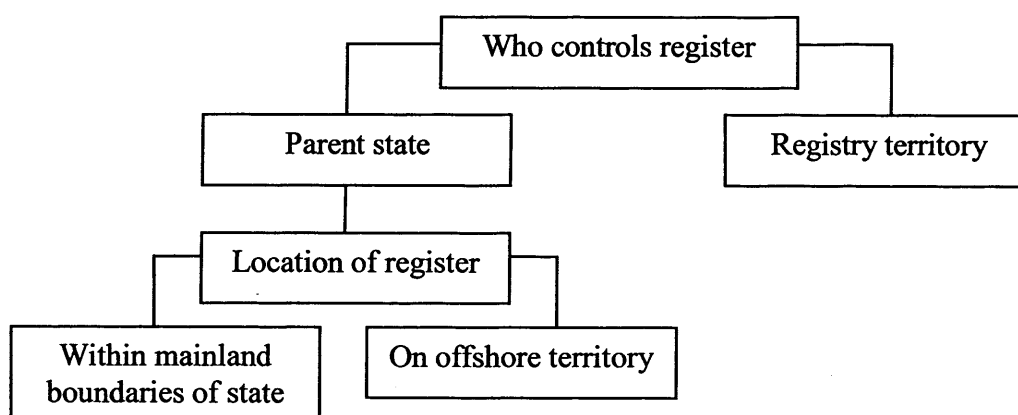
Secondary Register	Administrator	Location	Openness*	Crewing Restrictions*	Relationship to National Register	FOC**
TAFF	Parent state	Offshore	Partly open	Some	Supplements	N
MAR	Parent state	Offshore	Open	Some	Supplements	N
CSR	Parent state	Offshore	Partly open	Some	Supplements	N
DIS	Parent state	Within state	Partly open	Few	Supplements	N
GIS	Parent state	Within state	Partly open	Some	Supplements	Y
NIS	Parent state	Within state	Partly open	Some	Supplements	N
Netherlands						
Antilles	Territory	Offshore	Open	None	Competes with	Y
Bermuda	Territory	Offshore	Partly open	Few	Competes with	Y
Gibraltar	Territory	Offshore	Partly open	None	Competes with	Y
Isle of Man	Territory	Offshore	Partly open	None	Competes with	N
Cayman Islands	Territory but privately operated	Offshore	Partly open	None	Competes with	Y

* Based on SIRC methodology. Source: Winchester and Alderton 2003.

**As of 2007. Source: ITF [no date].

For the purposes of this study, which is concerned with sovereignty and state action in a globalized world, it is most logical to classify registers based first on whether they are primarily controlled by the parent state or the offshore territory. Such a distinction accounts for variation in other register characteristics, as decisions made about the register, including openness, crewing restrictions, and whether to engage in union negotiations (which partially determine ITF Flag of Convenience status). From there, it is further necessary to distinguish between registers that are located within the mainland boundaries of a state and those that are offshore. Thus the final list of registers by category is as follows: *Controlled by register territory*: Bermuda, Cayman Islands, Gibraltar, Isle of Man, and Netherlands Antilles. *Controlled by parent state and located within mainland boundaries of state*: DIS, NIS, and GIS. *Controlled by parent state and located on offshore territory*: CSR, MAR, and TAFF.

Figure 2.2: Classification of Secondary Registers



2.11 Conclusions

This chapter provides an overview of the history and structure of the different secondary registers included in this study. Information about particular characteristics of these secondary registers was collected with the goal of providing a useful context from which to interpret findings from the evaluation of regulatory regimes and crewing costs conducted in the following two chapters. These characteristics provide the basis for a classification system of secondary registers that can be employed in future analyses.

CHAPTER THREE

Regulatory Regimes and Port State Control

3.1 Introduction

Over the past century, there has been an increase in both international economic competition among industries and the international regulatory framework designed to manage them. Given a modern state's potentially conflicting interests of maintaining competitive, and therefore economically viable, industries and its role in setting international regulatory standards, there are those who are concerned that states might be engaged in a regulatory "race to the bottom" in terms of a downward harmonisation of regulatory standards (Braithwaite and Drahos, 2000).

These competing interests are particularly felt in the merchant shipping industry. Over the past half-century, and particularly with the advent of the Inter-Governmental Maritime Consultative Organisation in 1948, which would become the International Maritime Organisation (IMO), there has been a steady increase in the number and scope of international conventions directed at maritime safety and environmental issues (Kasoulides 1993). This study has previously explained how shipowners are generally free to choose the flag state on which to register their vessels. Stopford (1997) notes that the extent to which a register complies with maritime safety conventions is one of four main factors that can affect a shipowner's decision. Certain costs, such as equipment and fees for vessel surveys, can potentially be avoided by flagging on a register with a relatively low level of regulation, as the register will either not have ratified certain international safety conventions or does not (or lacks the capacity) to enforce them. Ultimately, as a

report by the Organisation for Economic Cooperation and Development determined, “considerable scope exists for shipowners to determine the operating standards of their vessels and to deliberately avoid compliance with international rules and standard,” resulting in financial benefits (OECD 1996, 9).

The principal body responsible for regulating a vessel is the flag state in which that vessel is registered (Stopford 1997). It is well known that the extent to which safety standards are enforced on open registers varies (Kasoulides 1993). Less, however, is known about the regulatory regimes present on secondary registers. Generally, secondary registers are bound by a similar level of regulation as their national counterparts, as they are subject to the same international conventions and comparable, if not identical, domestic legislation (Winchester and Alderton 2003). Alderton and Winchester (2002) found that second and international registry states have on average ratified 55% of IMO conventions, which is only slightly below the 61% ratified by national registers’ embedded maritime states. What is less clear is whether and how the level of enforcement of these conventions differs between secondary registers and their national counterparts. Since there is no consistent application of international regulations by flag states or classification societies, which frequently conduct vessel surveys both prior to and after a ship has joined a register, port state control is now seen as a critical “policing mechanism” for the shipping industry, which. . .[acts] as a ‘safety net’ for the flag states” (OECD 1996, 23).

This study uses inspection and detention data from the Paris port state control MOU as a proxy for the regulatory regime present on a given flag state.¹⁵ The first section of this chapter outlines the effectiveness of port state control (PSC) as a regulatory regime, while the second and third sections use previous research to develop hypotheses regarding the regulatory regimes present on secondary registers. The fourth section examines these hypotheses by comparing the level of regulation on individual secondary registers to their national counterparts, while the fifth section looks at how secondary registers compare to the other flag states inspected by the Paris PSC regime. The sixth section compares the detention rates of different register types, while the final section looks at the results of these comparisons more broadly.

3.2 Regulatory Regimes and Crewing Costs

Port state control, as a way of regulating substandard shipping, is not without its deficiencies. Özçayir (2004) notes that the determination to detain a ship is somewhat subjective, as it is determined by a port state control inspector's judgement as to the severity of the vessel's deficiencies. Bloor et al (2006) identify further shortcomings in the port state control system through their observations of the PSC inspection process at ports in India, Russia, and the UK. The authors found that consistent application of PSC practices across countries is made difficult by differences in institutions and cultures. They note that "this form of inconsistency is *systematic* rather than simply idiosyncratic. Different national inspection regimes will command different reputations in terms of trust and perceived competence"

¹⁵ Please see Appendix G for an explanation of the port state control inspection process and the different MOU bodies.

(Bloor et al 2006, 548). Although the authors do not extend their argument to this point, it is possible that shipowners could target their vessels to different regimes based on these inconsistencies as a way to gain potentially more lenient inspections.

Nevertheless, previous research has shown port state control to be an effective tool in addressing substandard shipping. Payoyo (1994) provides an early evaluation of the port state control regime in his study of the Paris MOU's enforcement of specific international conventions. He found PSC to be a "qualified success" in reducing substandard shipping, noting that PSC has helped to identify more precise areas in which substandard shipping is occurring, and that it is an effective tool in enforcing certain existing international regulations. Cariou et al (2007) concluded that the number of deficiencies detected on a vessel falls by 63% between its first inspection and subsequent ones.

Knapp and Franses (2006) evaluate the effect port state control inspections have on the probability that a vessel will have a serious casualty such as loss of the ship, loss of life, or serious pollution. Based on data from nearly 200,000 port state control inspections conducted over six years, the authors found that states whose vessels are subject to port state control inspections do better than states whose vessels are only inspected by their flag state, and that detained vessels are more likely to have casualties as compared to vessels that are inspected but not detained and vessels that are not inspected. Knapp and Franses (2006) note that a vessel's flag state is not the only factor to affect the probability of it suffering a casualty; ship type, age, and tonnage (which, they note, correlates with ship type) also affect it.

3.3 Previous Research

DeSombre (2006) uses port state control data prominently to evaluate flag states' regulatory regimes specifically in the context of secondary registers. In the course of her broader investigation of the effects of globalization on maritime environmental, safety and, labour standards, she uses time-series data from the published annual reports of three port state control bodies – the Paris MOU, Tokyo MOU, and U.S. Coast Guard – to compare the regulatory levels of different registers. Her analysis, however, is limited by the reporting methods of the port state control bodies. As noted in Appendix G, only data for the Netherlands Antilles and the UK's secondary registers (Bermuda, Cayman Islands, Gibraltar, and the Isle of Man) is listed separately from that of their national counterparts. For the rest of the secondary registers, including NIS, DIS, Canary Islands (CSR) and Portugal (MAR), the published data on inspections and detentions combines vessels on both the secondary and national register. This thesis seeks to fill this gap in the research by using the vessel identification information collected as part of each inspection to determine whether a particular vessel is flagged on the national or secondary register, and group this data accordingly.¹⁶

Still, DeSombre's study gives a useful indication of the relative regulatory environment of the secondary registers listed. She finds that secondary registers are

¹⁶ Because of the differences (outlined in Appendix G) between the total number of inspections and detentions between the published PSC data and the data that was collected from the inspection database directly, the latter is used for analyses throughout this chapter, including for those secondary registers (Netherlands Antilles, Bermuda, Cayman Islands, Gibraltar, and Isle of Man) for which published data is available. Those flag states that had fewer than five inspections in a given year were removed from analysis. A full listing of both the published and collected port state control data for individual flag states can be found in Appendix C.

likely to have higher detention rates¹⁷ than their respective parent states' national registers for all years and across all three MOUs studied (2006). She notes that although these detention rates for secondary registers are sometimes higher than the regional average for a particular MOU, they are well below the level at which they would be "black-listed" and therefore targeted for additional inspections in the future (2006, 101).

3.4 Hypotheses

Based on the findings by DeSombre (2006), it would be expected that the detention rates for the secondary registers not included in her study (NIS, DIS, CSR, MAR, and TAFF) will follow a similar pattern to those that are. It is therefore hypothesised that these secondary registers' detention rates for the Paris MOU are higher than those of their respective national registers, but that they are generally below the regional average for a given year. Given the connection that has been found between the results of port state inspections and the probability of vessel casualty (Knapp and Franses 2006), and the differences in casualty rates for vessels on different register types (Alderton and Winchester 2002), it is expected that the average detention rates for secondary registers as a group is less than that of open registers, but higher than that of national ones.¹⁸ Whether there are differences among secondary register sub-groups (those that are controlled by an offshore

¹⁷ In this thesis, as well as DeSombre's (2006) study, *detention rate* refers to the percentage of inspected ships that are detained, while *detention ratio* refers the detention rate divided by that year's average detention rate for the MOU. The latter measure standardises flag states' relative detention rates across different years and port state control regimes, which facilitates comparison of their performance. A detention ratio value that is greater than "1" indicates that a register's vessels were detained more frequently than that year's average for that particular PSC regime, while a value less than "1" indicates that a register's vessels were detained less frequently than the average.

¹⁸ A full listing of registers and their categories can be found in Appendix B.

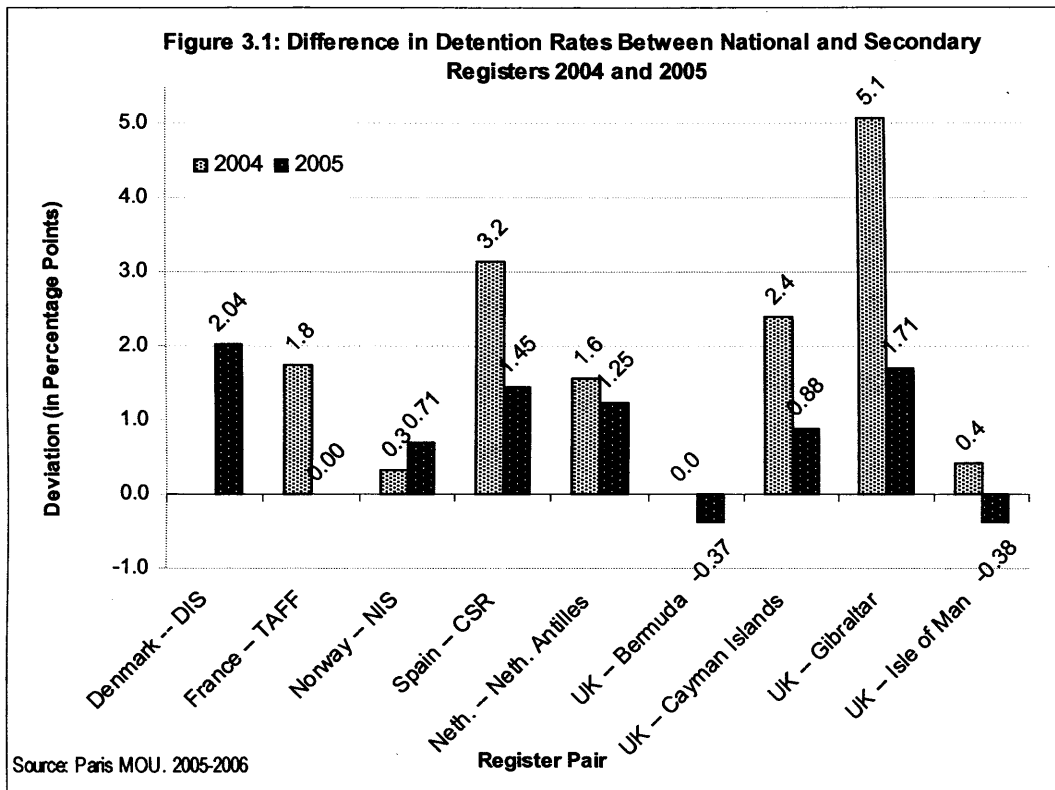
territory and those that are controlled by the parent state, whether located on- or off-shore) remains to be seen.

3.5 Comparison of Detention Rates on National and Secondary Register Pairs

This section compares the detention rates of secondary registers with that of their respective national counterparts. Figure 3.1, below, shows the difference, in percentage points, between the detention rates of each secondary and national register pair. For example, the graph shows that in 2004, the Isle of Man register's detention rate was .4 percentage points higher than the UK's, meaning its vessels were detained more frequently. In 2005, however, the Manx register's detention rate dropped below that of the UK, to .38 percentage points lower.

As Figure 3.1 illustrates, the 2004 and 2005 PSC data confirms the primary hypothesis that secondary registers are detained more frequently than those on the parent state's national one. The exceptions are the Bermuda register in 2004 and the TAFF register in 2005, which have the same detention rate as their parent states, and the Bermuda and Isle of Man registers in 2005, which have lower detention rates than their parent states. Interestingly, there is considerable variation in the detention rates among the UK's secondary registers. Bermuda and the Isle of Man's detention rates for both years are much closer to that of the UK's than the Cayman Islands or Gibraltar. While this could indicate different levels of regulation present on the different flag states, it could also be due to the fact that the UK's various secondary registers tend to attract different types of vessels, and some vessel types are more likely to be inspected than others. Additionally, the detention rates for Norway and NIS, one of the register pairs with the most robust set of data (152 inspections for

Norway and 780 for NIS), are relatively similar. This could suggest that a similar level of regulation is enforced on the two registers.



It is difficult to discern whether there are any differences among detention rates of secondary registers based on the broad categories outlined in Chapter Three. The group of secondary registers controlled by their parent state (DIS, TAFF, NIS, and CSR) have, for the most part, higher detention rates than their national counterparts. Since these registers are, technically, bound by the same safety regulations and surveyors as their national counterparts, these results could indicate differences in characteristics of the vessels flagged on the secondary register versus the national one.

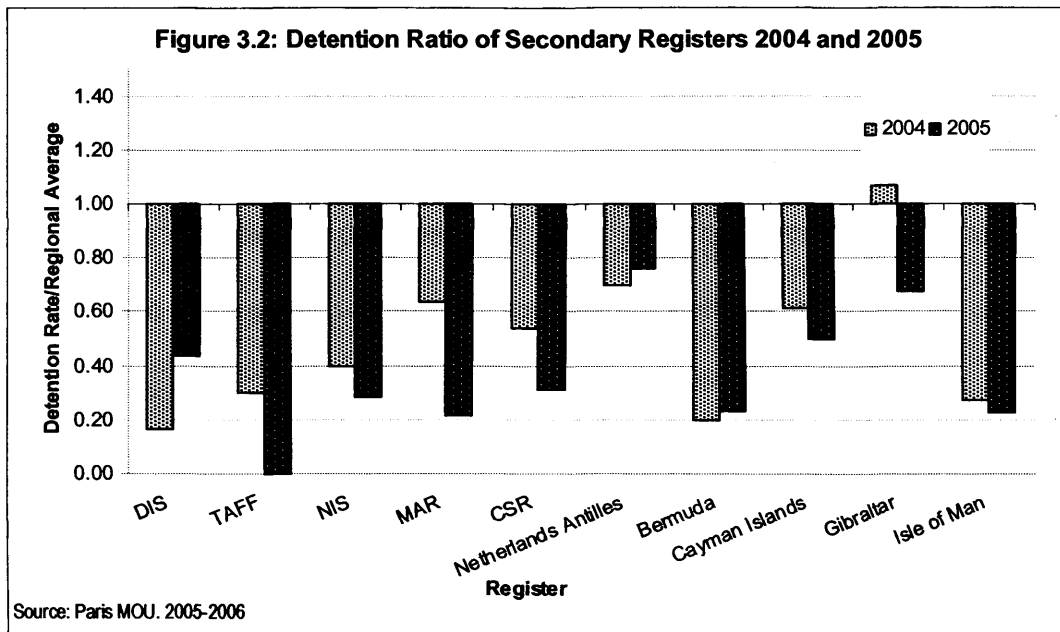
For those secondary registers controlled by an offshore territory, there is greater variation in the relative difference in detention rates among

secondary/national register pairs. While this could again reflect the type of vessel found on a particular flag, the different deviations in detention rate between the UK and its secondary registers might point to either different levels at which regulations are enforced or different strategies employed by the registers with regard to their port state control records. The Isle of Man, for example, “places great emphasis on the monitoring of port state control performance” in determining which vessels to accept on to its register (Revamped Isle of Man Looks to Aim Even Higher 2007).

3.6 Detention Rates of Secondary Registers Compared to the Regional Average

While a comparison of the detention rates of secondary registers to that of their respective national ones is useful in examining the extent to which a regulatory regime is consistent across a state’s jurisdiction, this measure does not give a sense of how the level of regulation on secondary registers compares to other flag states generally. This section uses the Paris MOU’s regional average detention rate¹⁹ (which was 5.84% in 2004 and 4.67% in 2005) as a benchmark by which to gauge how individual secondary registers compare to the other states evaluated by the Paris MOU regime for the given years by analysing the detention ratios of the secondary registers.

¹⁹ Each MOU has its own regional average detention rate, which is determined by taking the total number of detentions as a percentage of the total number of the vessel inspections conducted by that MOU’s member states in a particular year. For example, in 1999, Paris MOU states carried out 18,399 inspections, resulting in 1,684 detentions; thus the Paris MOU’s regional average detention rate was 9.15% for that year.



Detention ratio data further confirms the hypotheses outlined previously. As Figure 3.2 shows, for both 2004 and 2005 the detention rates for all secondary registers were well below the regional average. The single exception was Gibraltar, which in 2004 had a detention rate .41 percentage points higher than the regional average. In 2005, Gibraltar's detention rate dropped below the regional average.

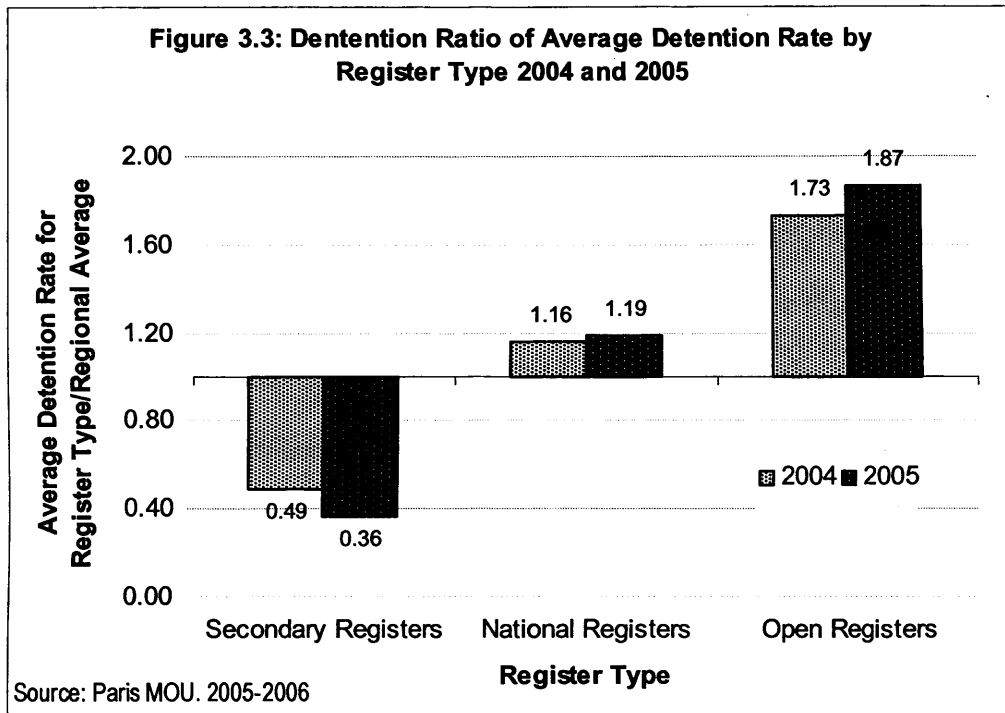
These results are interesting for two reasons. First, they indicate that there is generally a higher level of regulation present on secondary registers than flag states on average. Second, they suggest that secondary registers, like open registers (DeSombre 2006), consciously manipulate their fleets in order to achieve a certain detention rate. After exceeding the regional average detention rate in 2004, Gibraltar actively worked to reduce it, removing ten frequently detained vessels from its register over the course of 2005 (Reyes 2005). It is not clear whether this move resulted from pressure from the UK or was done of Gibraltar's own accord, but it does suggest that port state control records matter to some flag states, and that these records can be employed as a strategic tool.

3.7 Average Detention Ratios by Register Type

The previous two sections examined the regulatory regimes of individual secondary registers in the context of their respective parent states and as compared to the flag states covered by the Paris MOU. However, the port state control data can also be used to more broadly explore the relative levels of regulation on different types of registers. Figure 3.3, below, shows that the average detention rate for secondary registers is below the regional average for both 2004 and 2005, which is expected given the results of section 3.6. It is notable, however, that while the detention rates for those national registers that have secondary counterparts are below the regional average (see Appendix C), the mean detention rate for all national registers is above the regional average. This difference could be explained by the characteristics of vessels registered on different flags; if national registers are left with older vessels or types that attract a greater number of inspections, perhaps because the shipowners have no incentive to move or because no other register will accept the vessel, then their detention rates would be higher.

Overall, this comparison of detention ratios by register type runs counter to the hypothesis about the role of secondary registers in the broader registry system. While it is anticipated that open registers would have a higher average detention rate (and, therefore, a higher detention ratio), than either secondary or national registers, it is not expected that secondary registers would collectively have the lowest average detention rate of the three register types. These results lend further support to the idea that open registers have the lowest level of regulation as compared to other register types, but indicate that the regulatory environment may, in fact, be better on

some secondary registers than national ones, and that more subtle analysis is required in making broad claims about regulatory standards on different groups of registers.



3.8 Conclusions

This chapter has used port state control detention rates as a proxy for level of regulation enforced on a register. In evaluating the regulatory regimes of secondary registers as compared to national ones, the general hypothesis was confirmed as it was found that vessels on secondary registers are detained more frequently than those on their respective national counterparts. In assessing the level of regulation of secondary registers to those of all flag states covered by the Paris MOU inspection regime, it was found, as expected, that vessels on secondary registers are detained less frequently than the regional average. This supports the view that secondary registers, taken together, are subject to a more stringent regulatory regime than most flag states. In comparing regulatory levels for different register types, however, it

was found that vessels on secondary registers are, on average, detained less frequently than vessels on either national or open registers, which is not what would be anticipated. Drawing more specific conclusions than these from the data is difficult given the complex association between the characteristics of vessels flagged on different registers and the effect that these characteristics have on port state control inspection results. However, these results provide an important comparative measure between several secondary and national register pairs that is not found in any known published sources. They also add to a picture of secondary registration which is far more complex than had been hitherto supposed.

Generally, these results demonstrate that although vessels on secondary registers are detained more frequently than those on their respective national counterparts, the level of regulation on secondary registers is higher than that of most flag states. This has particular importance for accounts that have stressed the potential for global economic competition to cause a downward harmonisation of state standards, as these findings suggest that the presence of secondary registers in the registry system is resulting in a higher overall level of regulation than would be present if these registers did not exist. If shipowners flag out to secondary registers instead of open ones (or, indeed, some national ones), then the regulatory standards to which the vessel is held are likely to be higher.

More interesting, perhaps, is the way that port state control appears to have been co-opted as a strategic tool by some flag states. While causal relationships are difficult, if not impossible, to discern, it makes sense that for those states whose national and secondary register inspection data is grouped together (DIS, NIS, CSR,

MAR, and TAFF), the parent state would want to reduce (and have sufficient control over the register to force such a reduction) the detention rate of vessels on its secondary register in order to minimise the chance that all vessels on both flags would be targeted (although if the detention rate is sufficiently low so as not to be targeted, the parent state may not care). It is perhaps paradoxical, then, that some secondary registers, particularly Bermuda and Isle of Man, that are controlled by offshore territories and whose data is listed individually, have such low detention rates compared to their national registers. That some of these secondary registers, for example, the Isle of Man and Gibraltar, appear to be using their port state control records strategically and permit or disallow vessels on their registers accordingly, seems to represent a kind of “competition micro-state.” Whether the motivation to reduce or maintain a low detention rate comes from the secondary register or the parent state, however, is difficult to determine, and is an issue that is explored further in the case study in Chapters Five and Six.

CHAPTER FOUR

Crewing Costs and the Global Labour Market

4.1 Introduction

Within the context of the globalization debate, there is a small, yet no less significant, discourse regarding the division and geographies of labour. Framed initially as the “New International Division of Labour” by Frobels, Heinrichs, and Kreye (1980), these arguments reframe the notion of comparative advantage to reflect employers’ outsourcing of jobs for less-skilled workers in response to increased global competition (Castree et al, 2004). Although the evidence of Frobels and his colleagues is based on changes in production and in manufacturing, their arguments can be related to the development of secondary registers by embedded maritime states. This comparison is facilitated by one of Frobels et al’s case studies: in it, they suggest that Federal Germany was facing “a dilemma which is determined by the conditions of the world market for labour and production sites. It is, quite simply: either lower real wages and social benefits, low enough to make [the state] an attractive site for the valorisation of capital once again, or continuing high unemployment” (Frobels et al 1980, 167). As with shipowners who leave national registers for the lower costs of open ones, these authors cite foreign investment and relocation of production as the consequence of a situation where “the survival of more and more companies can only be assured through the relocation of production to new industrial sites, where labour-power is cheap to buy, abundant and well-disciplined; in short, through the transnational re-organisation of production” (Frobels et al, 1980, 15).

That geography influences patterns of employment and economic activities, which in turn shapes the forces of globalization (and vice versa), is a central principle for those who argue that it is necessary to have a more sophisticated account of labour that takes into account scalar relations. “Scale” can be defined as the “middle term between space and place” relating to “whether and how local. . . scale events and actions reverberate across space (and vice versa)” (Castree et al 2004, xii). In this context it is appropriate to speak of processes of “rescaling” in terms of “changing [of] scale(s) of action, and the blending of scales to produce new geographical scales and places” (McGrath-Champ 2005, 328). As applied to the changing nature of work and employment, rescaling literature treats heavily the idea of a *spatial* division of labour, and the forces, processes, and institutions which shape it. One aspect of this division of labour present in today’s merchant shipping industry relates to the geographical split between low-skilled jobs and managerial/research/development jobs (Massey 1995). This is embodied in the divide between the geographical source of “skilled” officers and relatively “unskilled” ratings crewing vessels on most registers, which is at once both discrete and shifting. Thus rescaling arguments provide a context in which to understand and interpret findings regarding the nationality patterns of crews on vessels of different flag states.

Working from this theoretical foundation, this chapter begins by discussing labour costs generally and explains why the cost of employing a particular crew is directly linked to the nationalities of that crew’s seafarers. Then, comparisons in seafarer nationalities between national and secondary registers are made, first by

exploring typical crew compositions according to conventional wisdom, and then by looking at data on seafarer nationalities broken down by seafarer rank and home region.

4.2 Labour Costs

Overall, labour costs are one of the most expensive aspects of maintaining a shipping vessel. Indeed, seafarers' wages are *the* key variable cost for shipowners. A recent report examining the costs associated with running a vessel found that crew salaries are a ship's single greatest flexible expense, accounting for an average of 34% of total operating costs (Shipping Industry Group 2002). Taking into consideration other labour-related expenses, such as expenditures for provisions or medical care, this figure increases to 40%, and, for some types of ships, even higher.

Many shipowners argue that labour costs have become prohibitive on closed national registers,²⁰ which typically require relatively large crews of mostly national seafarers who must be paid comparatively high wages, in addition to payments for social security and other taxes.²¹ These requirements, shipowners argue, leave vessels unable to compete with open registers, whose crews can potentially be smaller and paid at a lesser rate (Stopford 1997). Thus comparisons of crew size and wage rates, two variable elements of labour costs that depend strongly on a vessel's flag, are worthy of exploration in the context of the secondary register phenomenon.

A recent study evaluates average crew sizes of ships on different types of registers. The 2006 publication by Winchester et al (2006) uses crew lists collected from 3,969 vessels as part of the 2003 SIRC Global Labour Market Survey to

²⁰ Please refer to Appendix B for a list of registers and their categories.

²¹ See, for example "Shipowners Play a Waiting Game," *Lloyd's List*, 2000.

analyse both the total number of crew members as well as officer and rating groups separately in order to determine whether crew levels are affected by the size of the vessel or the kind of register it is flagged on. Since minimum crew sizes are established by the governments of individual flag states, and often determined by an agreement between a shipowner and the register's regulatory body (Boisson 1999), higher crewing levels on equivalent vessels could logically be seen as an increased commitment to safety and seafarer welfare by the register (or the shipowners on it).

Overall, the study found that the flag of a ship does have an effect on the size of the crew, with some results confirming common perceptions regarding conditions on secondary registers as compared to national or open ones. For example, the study found that larger crews and greater numbers of ratings are carried by small tankers flagged on a national register than those on a secondary register (although open registers have the biggest average crews). For smaller ships (1,000-2,999gt) and large ships (>100,000gt), this pattern holds for officers as well.

Other results from the study, however, run counter to the conventional wisdom of the registry spectrum. The report found that the smaller-sized categories of tankers and dry cargo vessels on open registers have larger average crew sizes and greater numbers of ratings than on those on secondary registers. In fact, secondary registers frequently had the lowest average crewing levels when compared to national and open registers. Taken together, these results suggest secondary registers cannot automatically be presumed to have a more stringent regulatory environment with regard to safety and seafarer wellbeing than open registers. The study's findings also provide support for the idea that these broad register categories obscure

important differences within register types. Whether an analysis of wage rates on different registers will result in the same diverse set of conclusions is the subject of the rest of this chapter.

4.3 Previous research

This thesis is not the first to analyze patterns of seafarer nationalities based on lists of crew members. This method of researching the seafarers' labour market was pioneered in Lane's *Crewing the World's Merchant Fleet* (1996), which examines nationality and age compositions of crews using data collected in 1992 and 1993 data from 1,070 vessels. Among the report's findings are a confirmation of the significance of Filipino seafarers in the global labour pool and an observation as to Russia's increasing role as a labour source for non-Russian-owned vessels. In his commentary, Lane also notes the existence of "inter- and intra-regional preferences" that seem "to be a residue of historic imperial associations" (Lane, 1996, 34). He cites examples of only finding Indonesian seafarers on Dutch ships and West Africans on British ones. Additionally, he comments on the regional associations, including an Egyptian-Greek grouping and preponderance of Polish seafarers on German and Norwegian vessels. These geographical connections are an important precursor to the kinds of patterns that emerge in this chapter based on data collected a decade later.

Although the study does not specifically compare secondary registers with open and national ones (instead including them in the "flags of convenience" category, as appropriate), it does allege that, despite that the Manx, DIS, and

Luxembourg²² flags more or less reflecting their links to national registers, the employment of national seafarers is becoming less of a priority for secondary registers.

Building on this pilot study, the Seafarers' International Research Centre published a report based on crew lists collected over the period 1997-2000 (Lane et al. 2002). Although the majority of the report is focused on creating a profile of seafarers serving on cargo ships internationally (rather than on a profile of the nationalities on various flags), one component is an examination of crew compositions according to regional nationality. Looking at all vessels on secondary registers, the report finds that seafarers on vessels with single nationality crews tend to be overwhelmingly from OECD or Far East states. Of crews with two nationalities, approximately one-third of vessels have seafarers from a single region (mostly from the Far East), and where they are from multiple regions, the senior officers are almost always OECD nationals while junior officers and ratings are from a mix of regions. This trend holds true for vessels with more than three nationalities serving on board as well (Lane et al. 2002), which suggests that secondary registers have not wholly joined their open counterparts in replacing national seafarers with cheaper foreign ones at all crewing ranks.

Additionally, data listed in the report for a sample of secondary registers show slightly different crewing patterns among the Cayman Islands, DIS, and NIS registers. For instance, nearly 70% of senior officers on the Cayman Islands register are from either OECD or Eastern European states, while over half the register's

²² Luxembourg was effectively considered to be Belgium's second register from the mid-1990s until 2003, when the Belgian flag was revived (*Lloyd's List*, 2004).

junior officers are from the latter. DIS, on the other hand, is crewed mainly by senior and junior officers from OECD states. NIS' senior officers are a more diverse group, with 36% from OECD states, 31% from the Far East, and 18% from Eastern Europe, but over half of the register's junior officers are from the Far East. Patterns of ratings' nationalities on the three registers also vary, but most are from Eastern Europe and the Far East (Lane et al. 2002).

Tying many of these trends together is *The Global Seafarer* (ILO 2004), which reports the continuation of several patterns noticed in the early 1990s (Lane 1996), including inter- and intra-regional preferences for certain nationalities and crewing relationships based on historical associations. The report does note, however, that "nationality choices are more likely to be made on the basis of availability and price than on sentiment or cultural familiarity" (ILO 2004, 72). On the subject of secondary registers specifically, *The Global Seafarer* observes that "crewing patterns . . . are similar to those found in the other major European second registers of Norway (NIS), Denmark (DIS), and Germany (GIS) and these, in turn, are very similar to those found aboard the ships of the FOC fleets" (ILO 2004, 71). This is despite the nuances mentioned above regarding secondary registers' crewing patterns.

The remainder of existing literature that addresses the issue of crewing and secondary registers – a relatively small category – also employs the three broad categories of register types without empirically examining them for potential disparities. For example, in their treatment of secondary registers, Selkou and Roe (2004, 103) refer to second and international registers as "a sort of halfway house to

Open Registries,” designed to allow shipowners the reputation of a national register with the reduced costs of an open one.

4.4 Hypotheses

Based on previous research, it is possible to lay out several hypotheses concerning secondary registers and seafarer nationalities. Overall, it is presumed that shipowners on secondary registers are substituting national for foreign labour to the greatest extent that the register’s regulations will allow. Therefore, it is expected that the proportion of nationals employed on a secondary register will be less than that of a national register and greater than that of an open one. It is also expected that, for all registers, the crew ranking most likely to be made up of non-nationals are ratings, followed by junior officers, then senior officers.

In comparing secondary and national register pairs, it is probable that the latter employs a greater percentage of nationals across all crew rankings, with non-nationals more likely to come from EU or OECD states, than its secondary counterpart. However, it is likely that analyses of individual registers will reveal a complex set of results about how secondary registers compare to each other as well as to their parent registers, which are obscured when evaluating the registers as a group. As for exploring the source of non-national labour, it is likely that the dataset will reflect existing trends such as an increase in seafarers from Southeast Asia and Eastern Europe, particularly at the junior officer level, and may show some of the regional and historical associations noted by Lane (1996).

4.5 Examples Seafarer Nationalities on Different Register Types

The broad proposition that secondary registers represent a middle ground between national and open ones is supported by the Seafarers Database. For illustrative purposes, Table 4.1, below, shows the position and nationality of each member of a 10-person crew on a general cargo ship. One vessel each was selected from the “national” and “open” register categories, as well as the so-termed “international” and “second” register groups. Although the latter two are classified in the same “secondary” register category for all analysis in this thesis, they are listed separately here to demonstrate the variety of crew compositions that can occur. All crew listings are drawn from the SIRC Global Labour Market Survey (2002).

Table 4.1: Seafarer Nationalities on Different Register Types

No.	National Register		"International" Register		"Second" Register		Open Register	
	Position	Nationality	Position	Nationality	Position	Nationality	Position	Nationality
1	Shipmaster	Finnish	Shipmaster	Lithuanian	Shipmaster	Dutch	Shipmaster	Ukrainian
2	Sr Officer	Finnish	Sr Officer	Lithuanian	Sr Officer	Croatian	Sr Officer	Ukrainian
3	Sr Officer	Finnish	Sr Officer	Lithuanian	Sr Officer	Filipino	Sr Officer	Ukrainian
4	Sr Officer	Finnish	Sr Officer	Norwegian	Sr Officer	Danish	Jr Officer	Polish
5	Jr Officer	Finnish	Jr Officer	Russian	Sr Officer	Polish	Rating	Polish
6	Rating	Finnish	Rating	Lithuanian	Jr Officer	Polish	Rating	Polish
7	Rating	Finnish	Rating	Lithuanian	Rating	Polish	Rating	Polish
8	Rating	Finnish	Rating	Russian	Rating	Polish	Rating	Ukrainian
9	Rating	Finnish	Rating	Lithuanian	Rating	Polish	Rating	Ukrainian
10	Cadet	Finnish	Rating	Lithuanian	Rating	Polish	Rating	Ukrainian

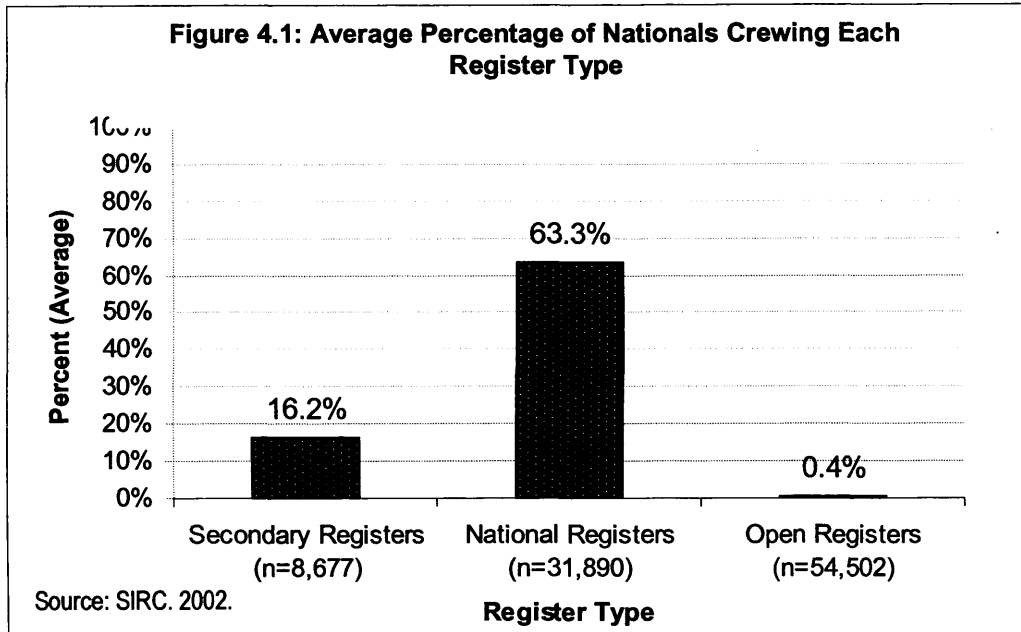
As this table shows, these crew compositions suggest what would be expected for each register type based on previous research. The vessel on the national register, in this case Finland, is crewed by its own citizens. Ships on secondary registers NIS and Isle of Man, on the other hand, employ more non-nationals from lower-wage economies. For the vessel on NIS, this replacement of nationals with foreigners occurs quite clearly at the ratings level; one Norwegian officer is retained. On the Manx ship there are no British nationals, although the

shipmaster and a senior officer are from high-wage EU states. The remainder of the crew is mostly comprised of Polish seafarers, who can be paid lower wages than their Western European counterparts. The vessel on the Bahamas register consists entirely of Ukrainian and Polish citizens. The extent to which these ‘illustrative’ cases represent the crewing patterns on secondary registers is discussed in the following sections.

4.6 Comparison of Seafarer Nationalities by Register Type²³

Moving to a direct analysis of data from the 2002 Global Labour Market Survey, the assumptions regarding crew nationalities found on each register type provide a basis from which to predict how broader crewing patterns might look. If these assumptions are correct, then it is expected that the similar strategies adopted by states – secondary registers with relaxed nationality requirements for crews – would result in similar effects. In other words, crewing patterns on second and international registers should be converging, both in terms of the percentage of nationals employed as well as origin of the foreign labour supply, while diverging from that of their parent states’ national registers.

²³ Given the way in which the SIRC Global Labour Market database is set up, two kinds of measures are used in this chapter. One measure considers the overall patterns found on individual registers or register types, and this looks at characteristics of all seafarers in the database sample of a particular register and is expressed as a proportion of a flag state’s total crew. The second measure considers patterns on individual vessels of a register; this measure is useful because it can indicate how shipowners use different registers. In this case, the Global Labour Market database has ascribed a primary nationality for each of three crew rankings (senior officers, junior officers, and ratings), and the measure is expressed as a proportion of vessels on a particular flag state.



Results from this sample's data on overall crew nationalities reflect what previous anecdotal and empirical research have suggested: open registers have few, if any, nationals crewing its vessels; national registers tend to have nationals as a majority of their crews; and second and international registers fall somewhere in-between (Figure 4.1). Once again, however, these broad categories obscure important variations within the register groups. For example, Lebanon, an open register, has nationals making up 9% of the register's crews (n=100), while some national registers, including Luxembourg (n=400) and Saudi Arabia (n=120), are crewed entirely by foreign nationals. For secondary registers, which are the focus of this thesis, the proportion of nationals on each register's crews range from 1.8% (Gibraltar, n=325) to 48% (DIS, n=1,388) (mean = 16%, SD = 17.5 percentage points).²⁴

²⁴ In this data sample, vessels on CSR, Spain's secondary register, are crewed entirely by nationals. This unusual effect may be due to the limited number of cases in the dataset (n=5), which is why CSR

This spread of values of the average percentage of nationals on secondary registers suggests that the effects of reduced nationality restrictions for crews are converging to some extent, but not as much as would be expected based on existing literature. Although this initial analysis is relatively superficial, it does hint at the complexity of the trends that are likely to come out in more detailed breakdowns of the seafarer nationality data. The following sections explore seafarer nationalities on various secondary registers by crew rank and by home region of the seafarer, opening a window into the role these under-researched registers play in the global labour market for seafarers.

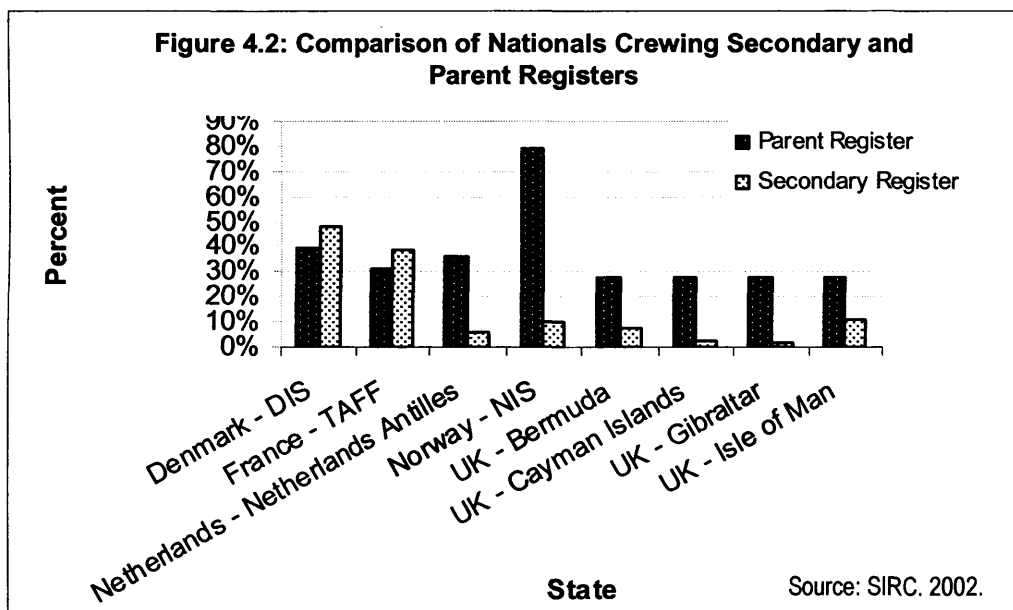
4.7 Seafarer Nationality by Crew Ranking

This section examines seafarer nationalities on secondary registers according to rank. This breakdown is necessary due to the segmented nature of the labour market for seafarers. To explain further, crew members fall into one of two categories: officers or ratings. The former group, which is split into senior and junior officers, includes positions such as shipmaster and engineers, while the latter consists of able (AB) and ordinary (OS) seamen, cooks, wipers, oilers, and fitters. The training, skills, and educational level required to be an officer are greater than that of ratings, and trainee officers (known as cadets) tend to enter the field directly at that level, rather than starting as a rating and working their way up through the ranks. These strict hierarchical divisions of labour are a common feature of the majority of merchant vessels (ILO 2004). Overall, officers tend to be paid more than ratings, although wages vary among different ranks within each group as well (ILO

is excluded from all subsequent analysis. No data are available for MAR, Portugal's secondary register.

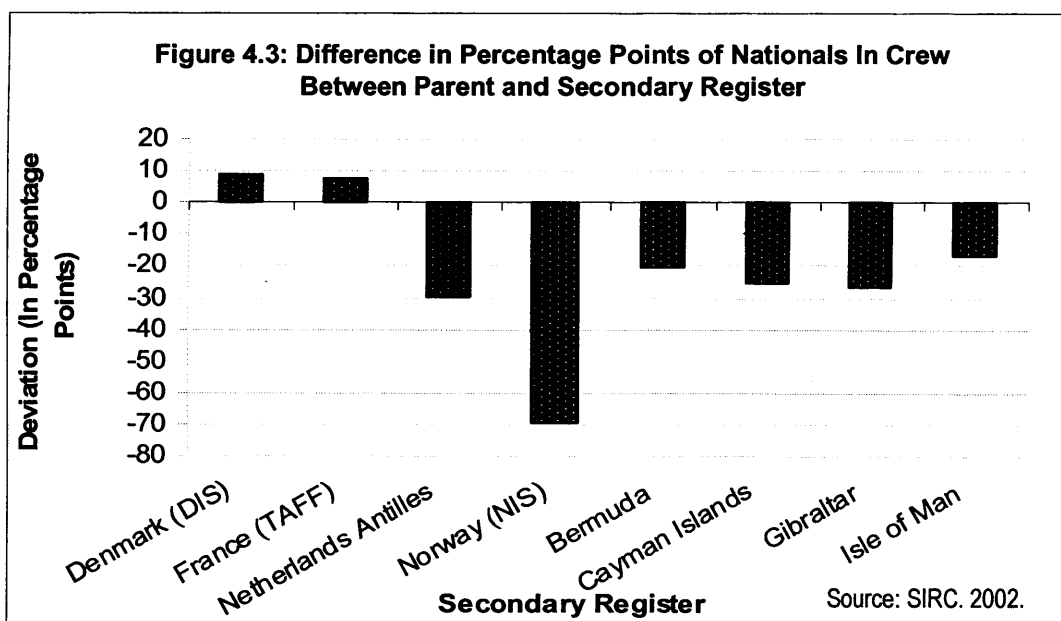
2004). Additionally, officers' contracts tend to be for shorter periods of time and allow for longer leave periods than those of ratings.

As noted at the beginning of this chapter, however, crew rank and contract length are not the only determinants of seafarer's pay. The seafarer's country of origin also plays a major part; as the *Global Seafarer* points out, "contracts as well as wages are stratified by nationality and this applies to all ranks" (ILO 2004, 116). These stratifications mean that the cost of hiring a seafarer for a specific position can vary widely depending on their nationality. Thus, in order to accurately understand the way in which shipowners are using a state's secondary register and what cost-benefits are being derived from it, it is necessary to analyse the nationalities of senior officers, junior officers, and ratings separately as seafarer ranking serves as an additional proxy for cost.



Considering all crew rankings together, Figure 4.2. shows the overall percentage of nationals crewing vessels on each secondary register alongside that of

its parent register. Denmark and France are the only two states for which the percentage of crew that is national is greater for the second or international register than the parent one. For the rest of the states, the national register has a higher proportion of the crew that is national than does the second/international flag. However, the extent to which this is the case varies. These variations are more clearly expressed in Figure 4.3 below, which shows the deviation of the secondary register from its parent one. Here the data is expressed in terms of difference of percentage points between the two registers, rather than as a difference in absolute crewing numbers, as this facilitates comparison of the differences in crewing patterns between the secondary register and its national counterpart. For example, while Figure 4.2, above, displays the percentage of nationals crewing vessels on the Denmark national register and DIS as two separate bars, Figure 4.3, below, illustrates this data as a difference of ten percentage points between the Denmark and DIS registers, with DIS vessels employing a greater percentage of nationals.



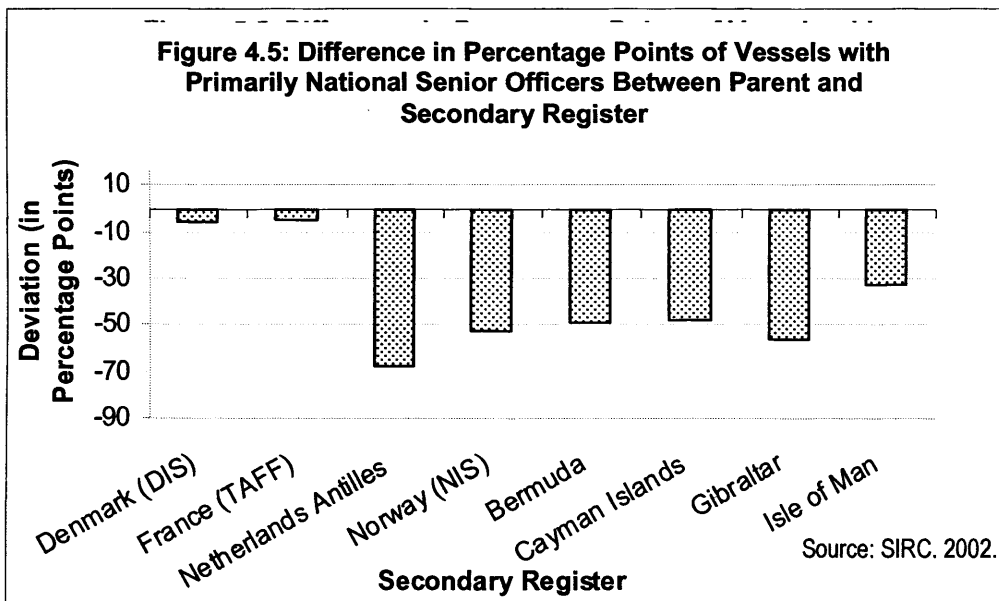
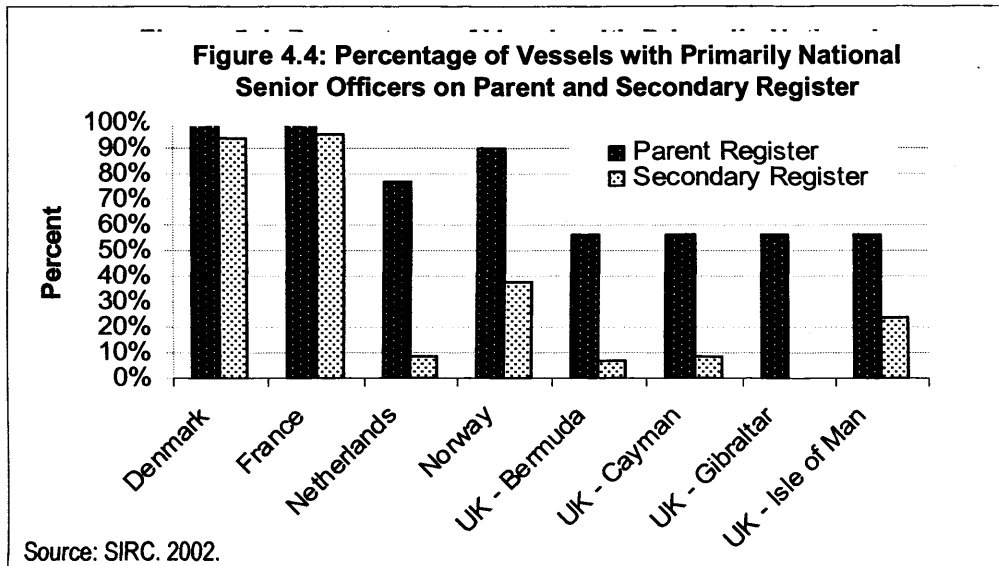
The chart above indicates the differences that exist in overall crew compositions between the secondary/parent register pair across the range of cases that fall into this register group. All results are statistically significant, except for that of the France-TAFF comparison.²⁵

At minimum, then, these results lend support to the argument that second and international registers cannot be treated analytically as entirely similar entities, and that there are important differences among individual registers that can and should be explored. For example, DIS and NIS, which are frequently classified together as international registers, have entirely different relationships with their parent registers with regard to crewing patterns (nearly 10 percentage points more nationals and close to 70 percentage points fewer, respectively).

It is important to note that the previous two figures, which compare the percentage of nationals on secondary registers to that of their parent registers, use individual seafarers as the unit of analysis, meaning that the data shown represents values for the register as a whole (ie. of all the seafarers on Norwegian-flagged vessels, 80% are Norwegian nationals). For the remainder of the section, the unit of analysis is the individual vessel within a fleet, meaning that the figures refer to the composition of seafarers within a given crew on the register. For example, in Figure 4.4, below, all ships on the Norwegian national register have primarily Norwegian

²⁵ A significance level of 95%, the standard acceptable level of significance, is used for this test and all subsequent tests. Results for this and subsequent chi-square tests in this section can be found in Appendix D.

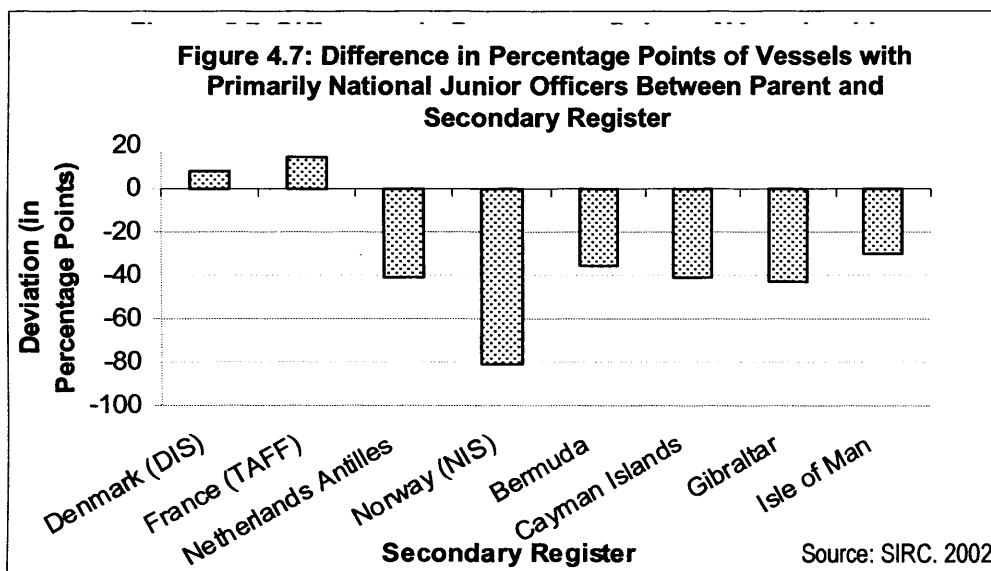
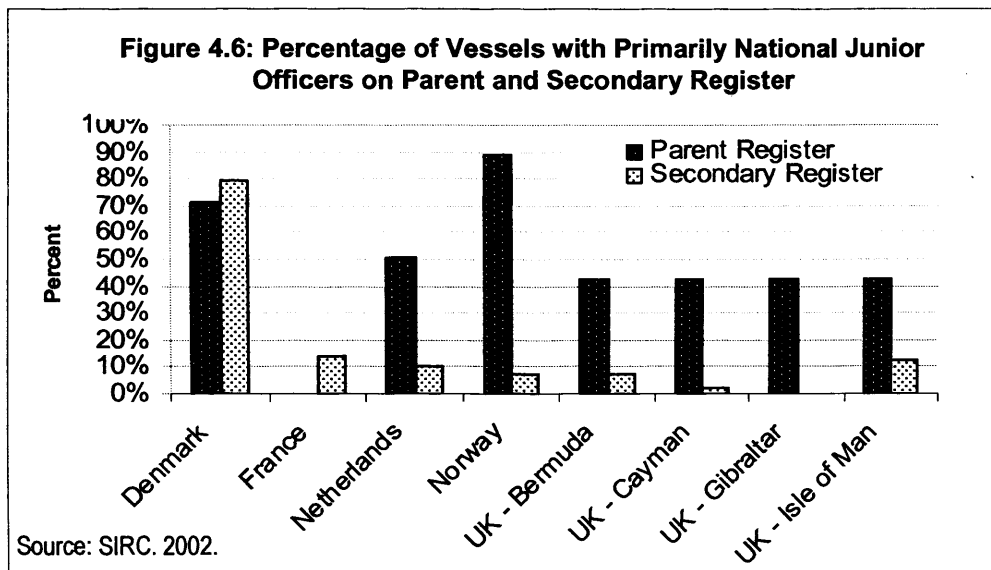
senior officers, while approximately 5% of vessels on the NIS register have senior officers that are mainly of other nationalities.²⁶



²⁶ The determination as to whether a vessel was crewed by national or non-national seafarers at a particular crew ranking was made according to the dominant nationality on board each vessel. For example, if a vessel is crewed by ten seafarers – two national senior officers, one national junior officer, four non-national ratings, and two national ratings – then the vessel is considered to be primarily “national” for senior officers, “non-national” for junior officers, and “non-national” for ratings. In the case of a vessel having equal numbers of seafarers of a given nationality, one was chosen at random.

Figures 4.4 and 4.5, above, examine seafarer nationalities on secondary and national register pairs for senior officers only. Statistical tests reveal significant results for all states except Denmark-DIS and France-TAFF. All cases, including these two, show that there are fewer vessels with a majority of national senior officers on the secondary register than on the national one, with a difference in percentage points ranging from 30 (UK-Isle of Man) to nearly 70 (Netherlands-Netherlands Antilles) (mean = -50.9, SD = 11.7). This result supports the notion that shipowners use secondary registers as a means by which to employ non-national labour, thereby saving costs.

These graphs also reveal important distinctions about senior officers on the United Kingdom's secondary registers. Although all four registers differ from the British register by approximately 30-50 percentage points, Figure 4.4 reveals that while the Bermuda and Cayman Islands registers have similar compositions of senior officers (~9% national), Isle of Man has over 20% national but Gibraltar's are entirely foreign. Interestingly, these differences could partially be explained by geography: the Isle of Man's proximity to the United Kingdom might make it more attractive for British seafarers or the shipowners employing them than Bermuda or the Cayman Islands. In this way, geography could be seen as continuing to assert itself in a globalized world. Also, Gibraltar has greater status within the European Union than the other three territories, and it is possible that the non-national labour is coming from EU states, which would represent a kind of "upscaling" of the national to the supranational. The source of registers' non-national labour, including Gibraltar's, is explored in later sections of this chapter.

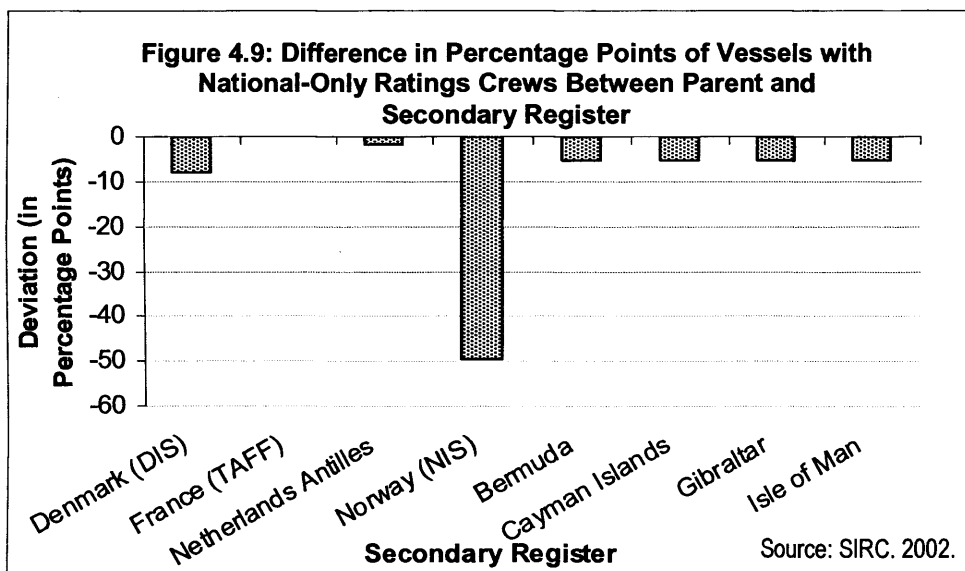
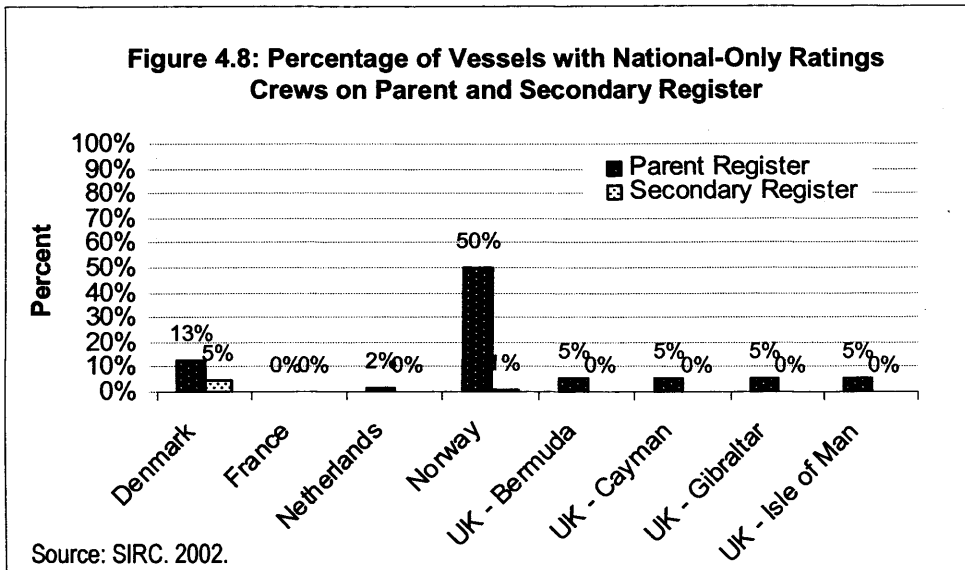


Primary nationalities of junior officers crewing vessels on different registers are shown in Figures 4.6 and 4.7. Denmark-DIS and France-TAFF, the only states to show a greater percentage of nationals on the parent register than on the secondary one, are also the only two states not to pass statistical tests for significance.²⁷ As Figure 4.7 shows, for all other states, the secondary register has a lower percentage

²⁷ This may be due to the low numbers of cases for these two registers.

of vessels with mostly national junior officers than does the parent register, again supporting the idea of secondary registers as more permissive with regard to crewing than their parent ones.

Additionally, a comparison of parent registers in Figures 4.4 and 4.6 reveals that, across the board, the percentage of vessels with primarily national junior officers is lower than that of senior officers by approximately 10-20 percentage points. This result could reflect the decline in national seafarers capable of filling these positions, forcing shipowners to find foreign labour, a situation that has been noted with some alarm by BIMCO and those in the shipping industry. (BIMCO/ISF 2000; Hand 2005). It could also be a manifestation of the level of economic competition in the shipping industry, where shipowners want to remain on national registers but still must find ways to cut costs. In either case, this replacement of national with non-national labour would occur at the junior officer level suggests that ratings are already being supplied by foreign regions (see Figure 4.8 below), and that the preference many shipowners have for senior officers from OECD states (ILO 2004) may not be possible to maintain as there will not be enough OECD junior officers moving up through the ranks to replace retiring senior ones (Lane 2002).



Having examined crew nationalities at the senior and junior officer levels, Figures 4.8 and 4.9 are concerned with those vessels containing ratings groups that consist entirely of nationals. Statistical tests reveal significant results for all states except Denmark-DIS, France-TAFF, and Norway-NIS. All states have a lower percentage of national-only ratings groups on the secondary register than on the national one. One important caveat with regard to these results, however, is that

while there appears to be a difference of between 5 and 10 percentage points between most second/international registers and their parent registers (Figure 4.9), this disparity appears to be more significant than it actually is for all register pairs except NIS-Norway. As Figure 4.8 shows, secondary registers with crews of national-only ratings are practically non-existent except for DIS; other than the 1% of vessels on NIS, vessels on all other secondary registers have mixed or foreign ratings groups. What these results show, then, is that any substitution of national labour for foreign labour at the ratings level has already occurred, for both secondary and parent registers.

4.7.1 Discussion

Taken together, these analyses of crew compositions by seafarer rank confirm a number of the hypotheses regarding the global labour market for seafarers. In examining seafarer nationalities at individual crewing levels, the category of senior officers has both the highest percentage of nationals on the parent register, as well as the greatest disparity in percentage between national and foreign national crews within individual registers. This suggests that national labour is indeed being maintained at the senior level, at least on the parent registers.

For junior officers, the percentage of vessels on parent registers with primarily national seafarers is slightly lower than that of senior officers. However, this figure is still above 40%, while on the secondary registers it is lower than 15% (excluding Denmark and France). These results indicate that, as with officers at the senior level, junior officers are also being protected to some degree on the parent register, but substituted on the secondary one. Nationals-only ratings groups are

more or less absent on all registers, including parent ones. There is also almost complete replacement of nationals with theoretically lower-paid non-nationals for the lower-skilled ratings jobs, with the position of junior officers moving in the same direction. This could result in further restructuring of the labour market for seafarers as higher-skilled and better-paid positions become available to seafarers who were previously unable to access them due to protectionist policies.

Finally, these results indicate that more attention needs to be paid to the differences that exist among secondary registers, both as a group as well as in terms of their relationship to a parent register. This is particularly true of the United Kingdom's four second registers, which are similar only at the ratings level. Also, out of all the second and international registers, NIS has the greatest disparity between it and its parent register on all but one crewing level, which puts it in a markedly different category than DIS, which has crewing patterns that more closely resemble its parent register. From a broader perspective, these results reveal the various ways in which secondary registers are being used by shipowners to remain competitive in the face of increased economic competition. This lack of convergence suggests the need for more subtle analysis of secondary registers, demonstrating that state strategies for dealing with the processes of globalization can develop in multiple ways and have different consequences even if they seem identical at the outset.

4.8 Seafarer Nationality by Region

Having compared the proportion of national to foreign seafarers on secondary registers to that of their parent states, it is logical to investigate further the source of

non-national labour. Are European registers merely opening employment opportunities to other EU states? Or are nationals of high-wage states being replaced by foreign nationals from those countries with low wages? Given the fact that non-national crew members are paid based on a wage scale negotiated in their home states (with the exception of those vessels bound by ITF collective bargaining agreements, as mentioned earlier), it is necessary to pinpoint the origin of vessels' foreign labour in order to get an accurate sense of the way in which shipowners are reducing labour costs.

There are several ways an analysis of home regions of a register's crews can be framed. Returning to the account by Frobels and his colleagues of The New International Division of Labour (1980), they specifically identify two shifts of relocation of production:

- 1) from the United States to Western Europe and Latin America; from Western Europe to Southern Europe; and from Japan to South Korea and Taiwan; and
- 2) to Eastern Europe, South America, Central Africa, and South Asia.

While moving the location of production is slightly different from a shipowner looking to a new source of labour, both have the same effect of potentially allowing a company to cut costs drastically while at the same time promoting the kind of uneven development cited in rescaling arguments.

For the purposes of this analysis, seafarer nationalities are broken down by home region based on the system used by Lane et al (2002). The authors' regional classifications are useful because they separate out key areas of the global labour

market for seafarers (such as Eastern Europe and East Asia), but are also simple enough to be able to identify trends and potentially have enough cases to meet the requirements for the application of statistical tests. Also, using a similar classification system also facilitates comparisons between the 2002 dataset used in this thesis and the ones used by Lane et al. The authors group seafarers' home countries into five regions: OECD, Eastern Europe, Far East, South Asia/Middle East, and Latin America/Africa. In order to provide a more detailed analysis, South Asia can be separated from the Middle East and Latin America from Africa. Additionally, since this thesis is more concerned with national versus non-national labour than issues related to multinational crews, the OECD category is collapsed into three separate groups to allow for the identification of patterns based on EU membership: national, non-national European Union, and other OECD states. Because EU classification is being used as a proxy for labour costs, only "old EU" states are included in the "Non-National EU category," as these have traditional high-wage European economies.²⁸

²⁸ The list of "old" EU states includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Spain, Sweden, and the United Kingdom. A full list of states and their analytic categories for this chapter can be found in Appendix E.

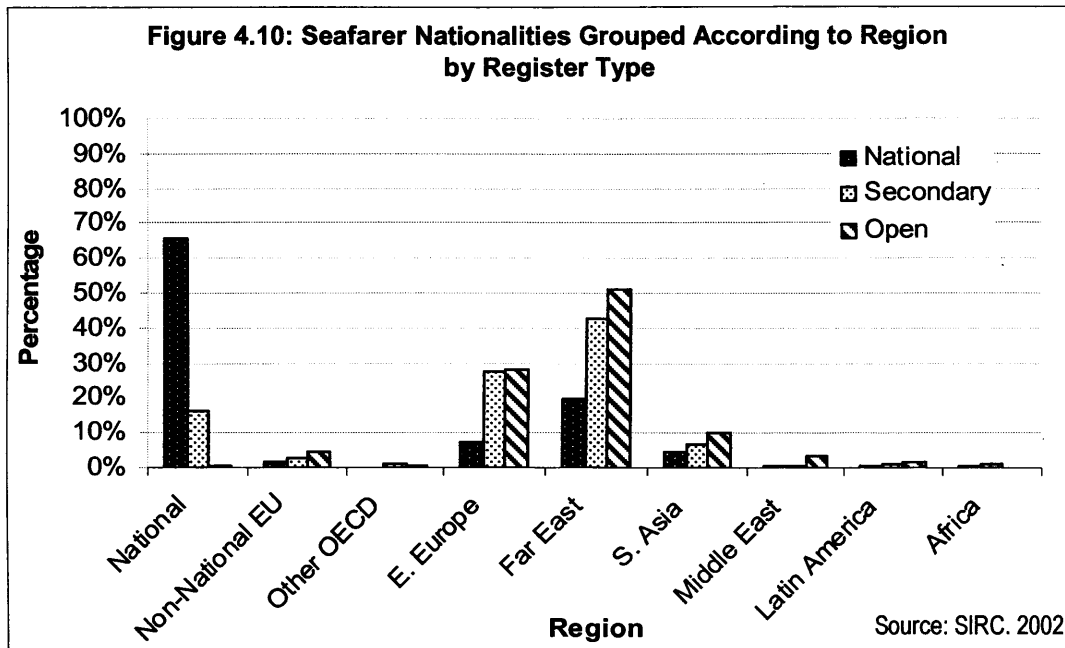
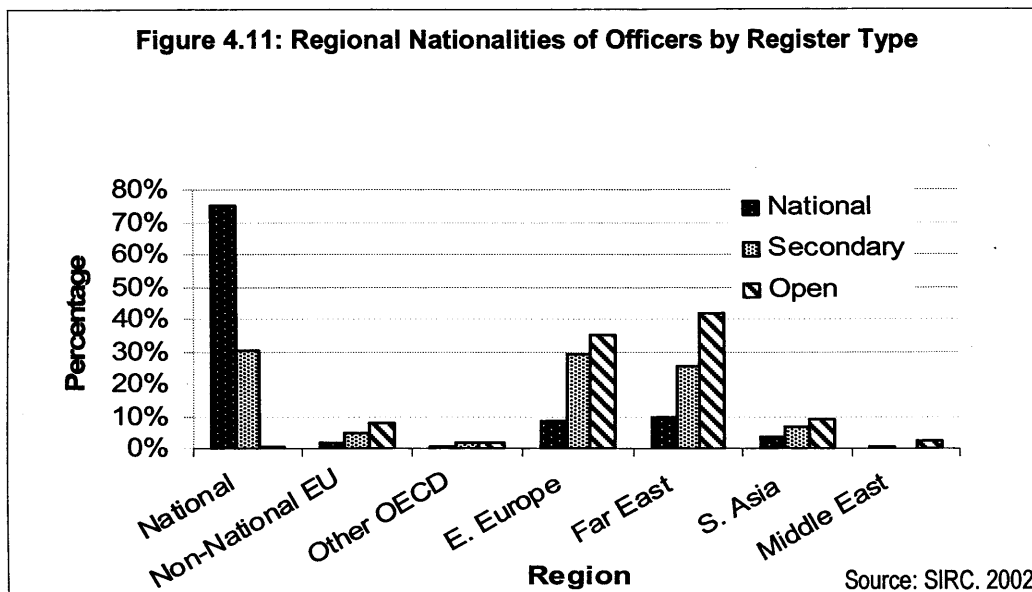
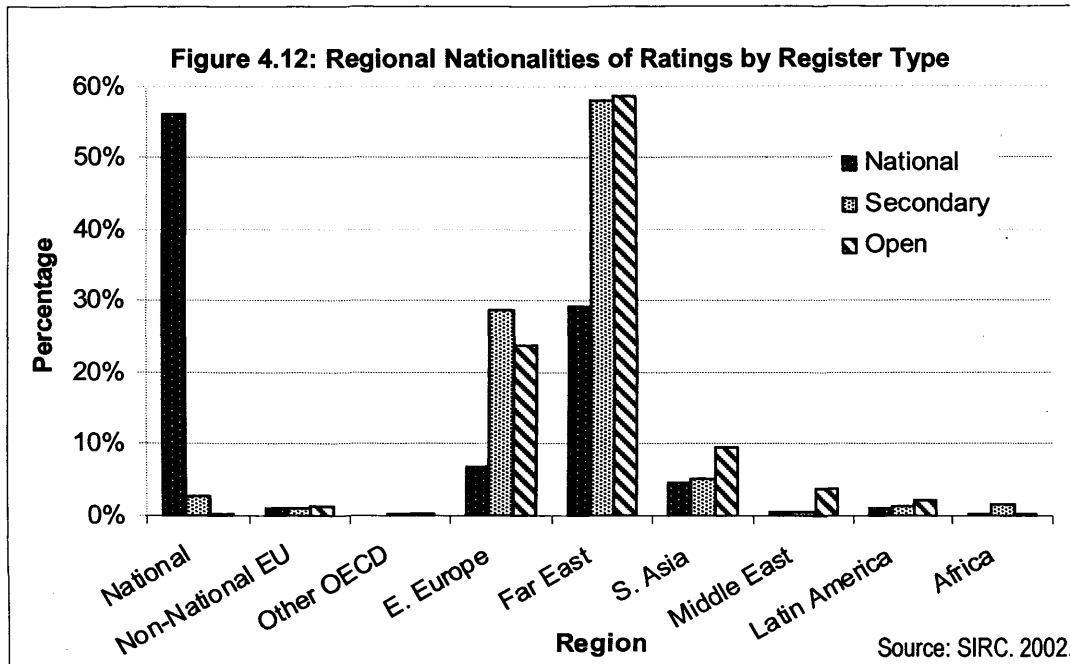


Figure 4.10, above, shows the home regions of seafarers crewing each type of register. The graph demonstrates that national registers are primarily crewed by their own citizens, with additional, but considerably smaller, proportions of seafarers coming from Eastern Europe, the Far East, and Southern Asia. On the other hand, aside from the difference in the percentage of national seafarers noted earlier in this chapter, secondary and open registers tend to mirror each other, with the majority of their seafarers originating from Far Eastern and Eastern European states. It should also be noted that none of the three register types draw much of their foreign labour from non-national EU or other OECD countries.



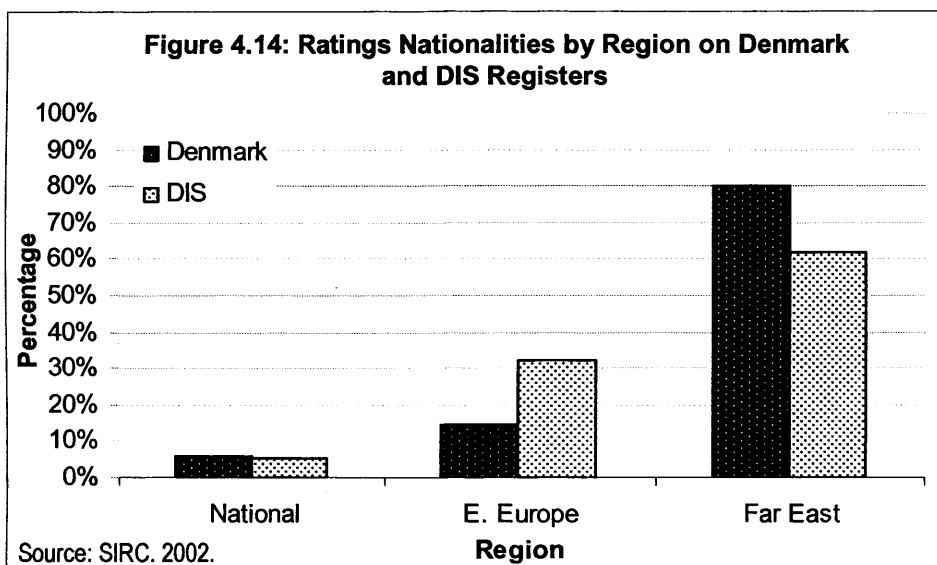
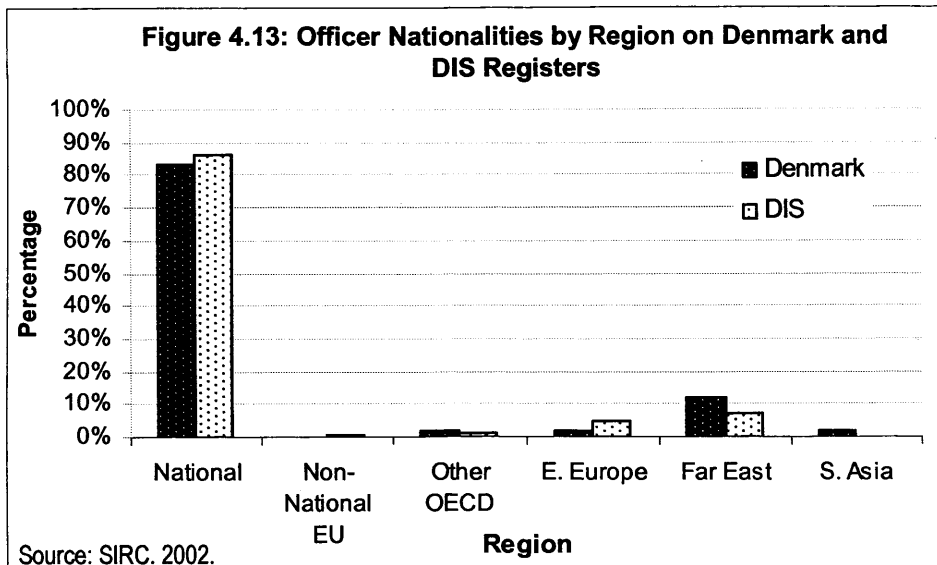
The two charts separating officers (4.11) and ratings (4.12) show that a main difference between secondary and open registers is in the retention of national officers. On open registers, the majority of these jobs appear to go to nationals of Far Eastern states. In terms of ratings, secondary and open registers are looking equally to the Far East as a source of labour, but also, Eastern Europe, although to a lesser degree. Shipowners on national registers, on the other hand, do not appear to have significantly tapped into the Eastern European labour market, employing officers and ratings from this region at roughly equal, and relatively low, levels (7% and 8%, respectively). Having noted these broad trends regarding seafarer nationalities on different register types, the following sections move into a discussion of the differences in seafarers' home regions on individual secondary and national register pairs.



4.8.1 Denmark – DIS

The Danish national register and DIS have similar patterns with regard to the source of non-national labour. As Figure 4.13, below, shows, the two registers mirror each other, with non-national crew members coming almost entirely from non-EU and non-OECD states. For both registers, Far Eastern states are the home countries of most non-national crew members (44% for Denmark and 31% for DIS). Of the rest, the Danish national register is fairly split between Eastern European and South Asian seafarers (8% each), while DIS has primarily the former (16%).





Breaking down seafarer nationality regions into those of officers and ratings, as in Figures 4.13 and 4.14 above, reveal similar patterns between the two registers. On both, national seafarers are principally employed as officers, and there are relatively low proportions of Danish ratings (6% on Denmark and 5% on DIS). The few non-nationals serving as officers are mainly citizens of Far Eastern states, while ratings are split between the Far East and Eastern Europe. This disparity between

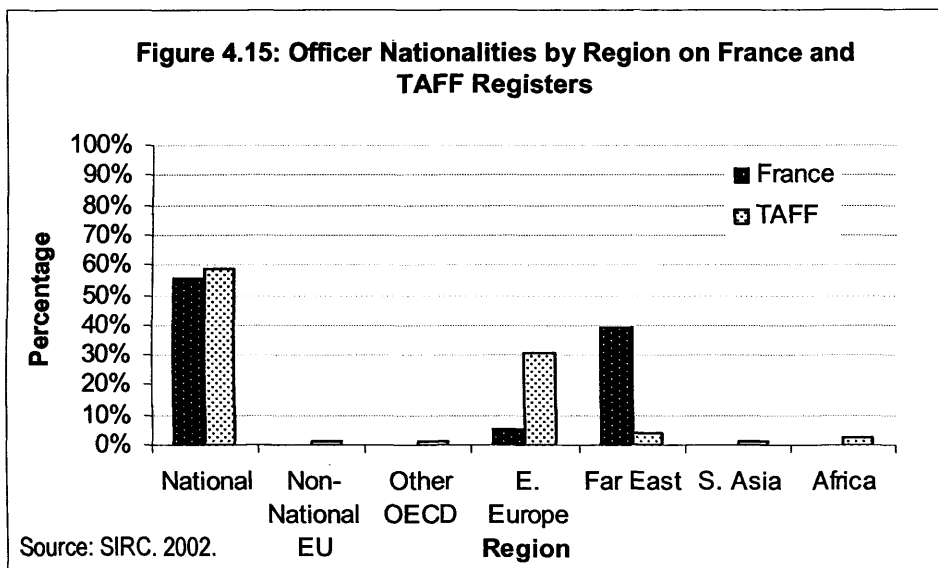
home regions of non-national ratings is the only major difference between the two registers in terms of crewing. For Denmark, 80% of non-national ratings are from the Far East, while only 14% are from Eastern European states. DIS' non-national ratings are divided slightly more evenly, with 62% from the Far East and 32% from Eastern Europe. The reason for this difference is uncertain. It could relate to individual preferences of shipowners on each register, but making such a determination would require further analyses of shipowner behaviour.

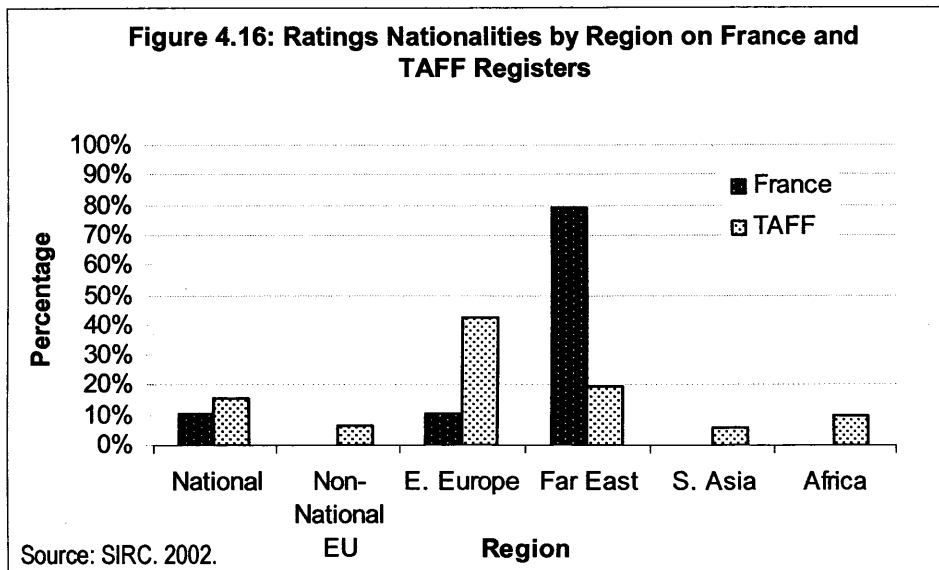
Taken together, the above data implies that owners on the Danish national register and DIS are employing almost identical strategies with regard to crewing. This is not what is expected from the general hypothesis that secondary registers exist to provide greater relief from costly aspects of shipping than the national register. In this instance, however, both registers retain high levels of nationals at the officer level while looking to specific non-OECD and non-EU regions to find cheaper foreign labour for lower-skilled positions. This situation suggests that there is a limit to the porosity of the Danish national labour force, although it will be interesting to whether the removal of the requirement that there be a Danish shipmaster affects this.

4.8.2 France – TAFF

Like Denmark and DIS, the French national register and TAFF have comparable patterns in terms of crew nationality. As the graph below demonstrates, less than half of the crew members on either registers are not French nationals, and only a small percentage (0% on the national register and 4% on TAFF) are from EU states other than France. A significant proportion of the non-nationals on the

national register come from Far Eastern states (61% of crew), while TAFF's primarily originate from Eastern European states (36% of crew). It is also interesting that the Far East and Eastern Europe are the only sources of the French register's non-national labour, while TAFF's are from a wider variety of regions. Thus, although the two registers may look similar in terms of overall national versus non-national composition, their shipowners are employing labour from different sources.





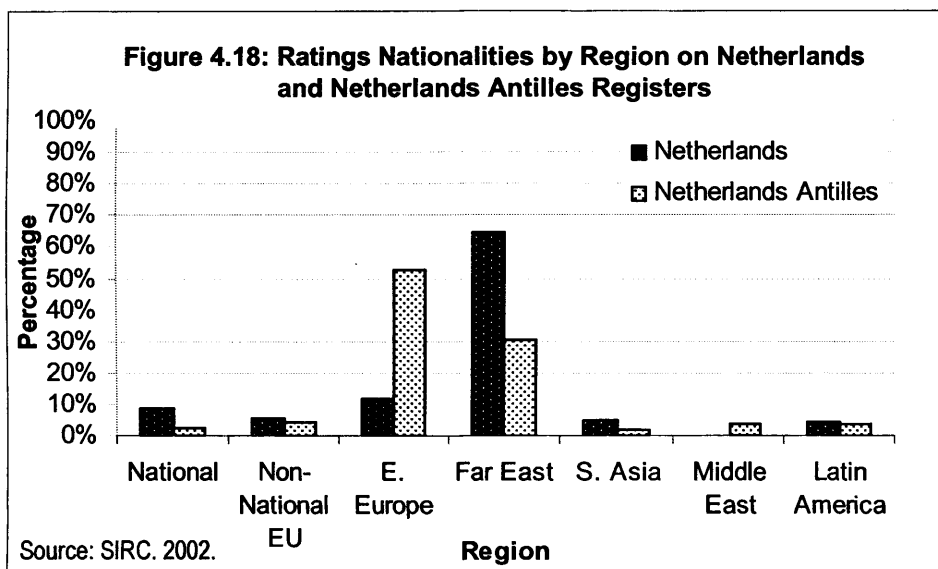
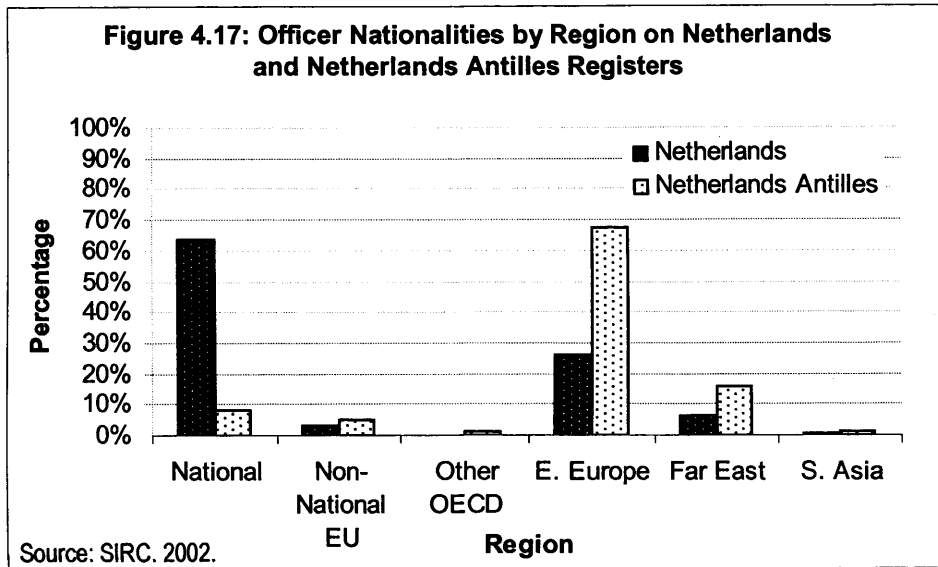
The graphs above, examining seafarer nationality regions separated by rank, show the extent of the differences that exist between the two registers. On the national register, non-national officers are mainly from Far Eastern states, with a smaller proportion from Eastern Europe (49% and 5% of total officers, respectively). The composition of officers is reversed on the TAFF secondary register, where 31% of the officers are from Eastern Europe and only 4% from the Far East. A similar pattern emerges in looking solely at ratings; close to 80% of the national register's ratings originate from Far Eastern states, while the rest are split between French nationals and nationals of Eastern European countries. On TAFF, the greatest individual source of non-national ratings is Eastern Europe, although the Far East, Africa, and, to a lesser extent, non-national EU and South Asian states, provide labour as well.

Overall, it seems that the French national register and TAFF are analogous with regard to their overall crew compositions, which, again, is not what was hypothesised. Both France and TAFF have a comparable proportion of national to

non-national seafarers at both crewing levels, and neither is looking to other EU or OECD states as a source of foreign labour. This suggests that shipowners are utilising the two registers in a similar way, reducing costs by employing mostly non-national ratings and over a third non-national officers. However, the contrast of labour sources, with the national register looking primarily to the Far East and the secondary register to Eastern Europe, is unusual, particularly because it occurs across both crewing levels. This could point to general trends in the preference of shipowners on the French national versus TAFF register, but it may also represent the growing role of Eastern Europe in training and providing seafarers to the global market.

4.8.3 Netherlands -- Netherlands Antilles

As noted earlier in the chapter, the main difference between the Netherlands national and Netherlands Antilles registers is the proportion of nationals employed: 36% on the national register and 6% on the secondary one. In examining the origin of non-national seafarers, this divergence continues. As with many of the other parent-secondary register pairs, both the Netherlands and Netherlands Antilles registers are crewed by a minimum of non-national seafarers from EU states, and even fewer from OECD countries. Instead, shipowners on the national register look to the Far East and, to a lesser extent, Eastern Europe, as a source of labour (36% and 18% of total seafarers, respectively). The opposite is true of vessels on the Netherlands Antilles register, of which 59% of seafarers are from Eastern European states and 28% from the Far East.



In examining nationalities of officers and ratings separately, the data highlights some key differences between the two registers. As Figure 4.18, above, shows, officers on the national register are chiefly Netherlands nationals, although Eastern Europeans make up approximately 25% of the group. On the Netherlands Antilles register, officers are mainly from Eastern Europe (67%), with a lesser percentage from the Far East (16%). There is a clear division in the source of ratings

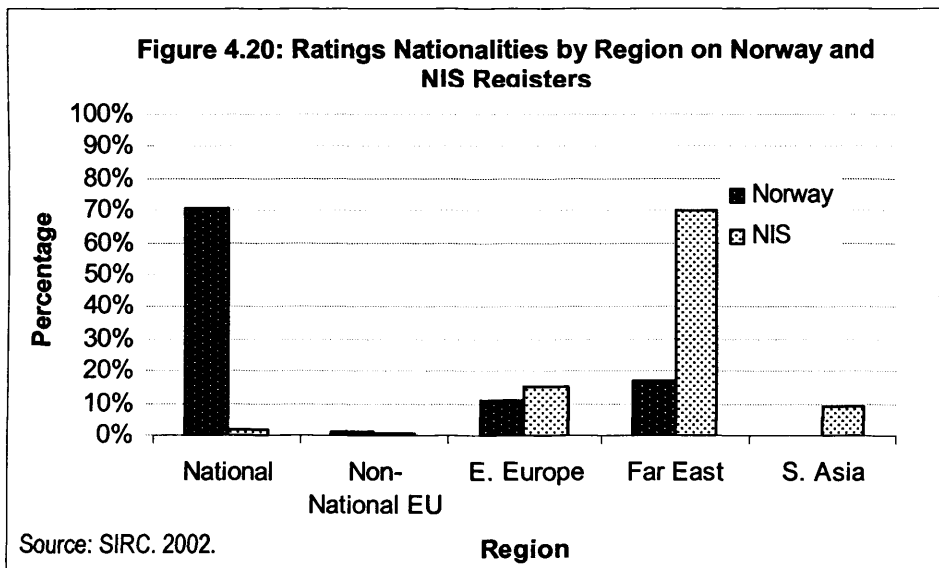
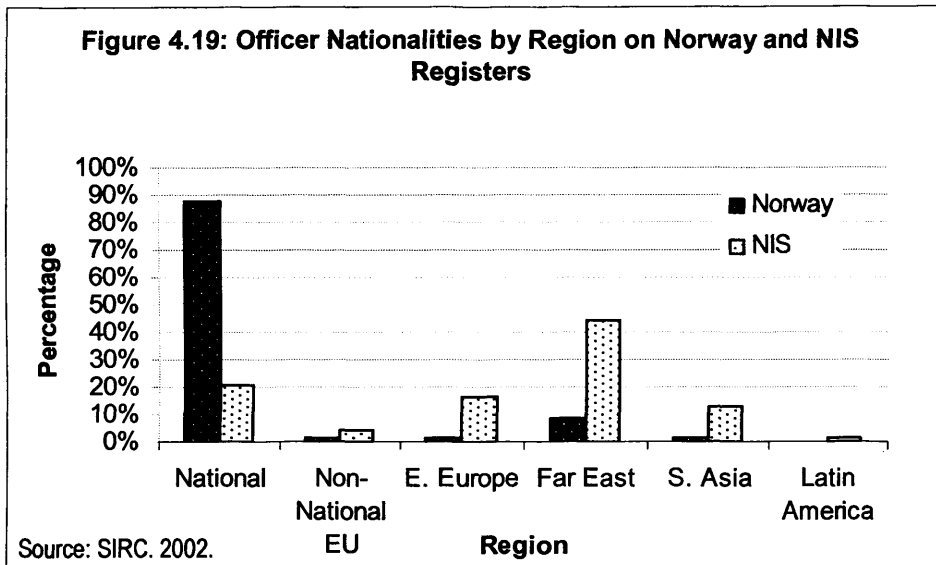
between the two registers as well. On the national register, ratings are primarily from Far Eastern states (65%) with barely a tenth of the group from Eastern Europe. On the Netherlands Antilles register, on the other hand, Eastern Europeans make up over half of the ratings group, while 30% are from the Far East.

On the whole, the data show that shipowners on the Netherlands and Netherlands Antilles registers are employing slightly different crewing strategies with regard to seafarer nationality. Those on the Netherlands national register are clearly protecting national jobs at the officer level, while looking to the Far East for ratings. Those on the secondary Netherlands Antilles register are employing primarily Eastern Europeans at both crewing levels, with a lesser proportion from Far Eastern states. As such, this case supports traditional hypotheses; shipowners on the national register retain high-level jobs for nationals, looking to foreign sources for less-skilled labour, whereas vessels on the secondary register have a greater percentage of non-nationals serving as both officers and ratings. Like the France/TAFF comparison, however, what is most interesting in examining the Netherlands and Netherlands Antilles registers is the contrast in the source of non-national labour, which has not been considered a major issue in the literature.

4.8.4 Norway -- NIS

There is a large disparity between the proportion of nationals employed on the Norwegian national and NIS registers. Like many of the other register pairs, non-national seafarers on these registers are not from high-wage EU or OECD states, but rather from other world regions. Shipowners on the Norwegian national register are drawing non-national labour almost evenly from Far Eastern and Eastern

European states (7% and 12%, respectively). NIS, on the other hand, is primarily composed of crew members who are nationals of Far Eastern states, with lesser percentages from Eastern Europe and South Asia.



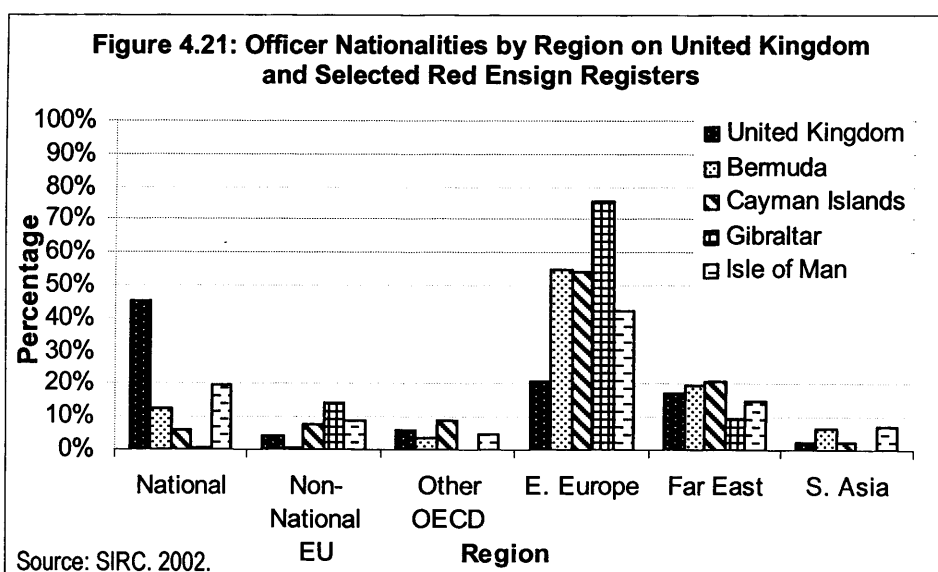
Examining officers and ratings separately, more detailed patterns emerge. It is clear that where shipowners on the Norwegian national register employ non-national officers, they are almost exclusively from the Far East region. Non-national

ratings on the national register, however, are almost evenly split between being nationals of Eastern European and Far East states. On NIS, across both crewing levels, the majority of non-nationals employed are from Far Eastern states, with lesser numbers of seafarers from Eastern Europe and Southern Asia.

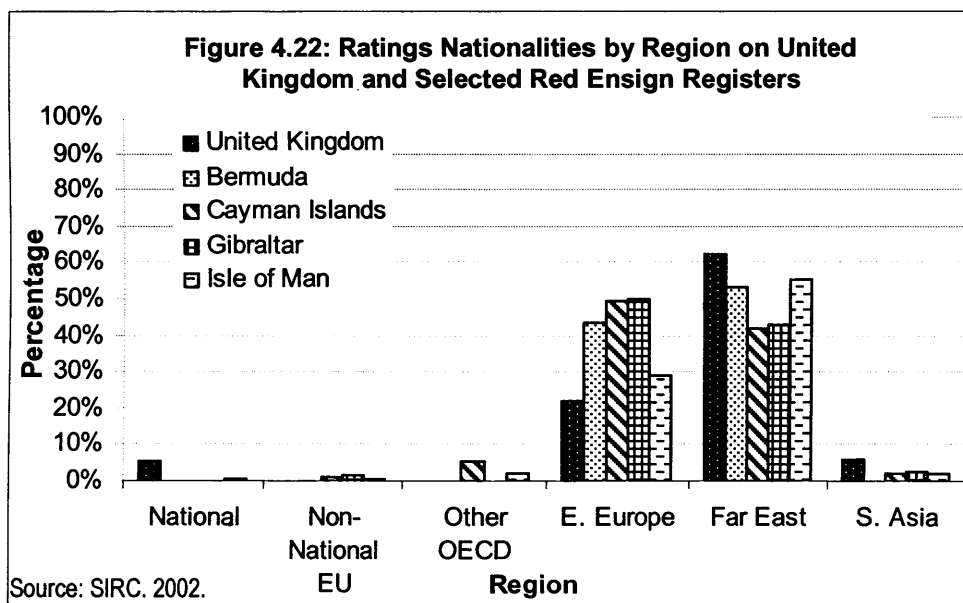
Overall, patterns of crewing on Norway and NIS clearly support traditional hypotheses regarding the role of secondary registers: the former is the safeguard of national jobs, while the latter allows shipowners to reduce costs by employing foreign labour. This case, however, is more interesting for what it reveals about striations of labour within individual registers than comparisons between them. On the Norwegian national register, a reliance on the Far East for non-national officers is standard practice; what is unusual is that non-national ratings are almost as likely to be from Eastern Europe as from the Far East. This result could be due to the relatively low percentage of non-national ratings on the register; since most of the ratings are nationals, and costs therefore high regardless, perhaps it matters less what the source of non-national labour is. On the secondary NIS register, a greater percentage of nationals are employed as officers than ratings, but, interestingly, the pattern of home regions of non-national labour is essentially the same for both officers and ratings. Also worth noting for NIS is the proportion of seafarers from Southern Asia, particularly at the officer level, and that the register has not embraced Eastern Europe as a labour source to the same extent as many of the other secondary registers.

4.8.5 United Kingdom -- Secondary Registers

Aside from noticeable differences in the proportion of nationals employed, which was discussed in the previous section, the United Kingdom and its four Category 1 Red Ensign registers look similar in terms of the source of their non-national labour. As shown in Figure 4.21, below, on all registers, non-national labour is overwhelmingly rooted in Eastern European and Far Eastern states, with less than ten-percent of non-national labour from other EU or OECD states. Shipowners on the UK's national register continue the pattern found on other national registers, using mostly Far Eastern non-national seafarers and a lesser percentage of those from Eastern Europe. Gibraltar, conversely, has a greater percentage (nearly 60%) of Eastern Europeans crewing its fleet, but fewer seafarers from the Far East (less than 30%). Shipowners on Bermuda and Cayman Islands employ approximately the same proportions of Eastern European to Far Eastern seafarers (about 48% and 38%, respectively), while the Isle of Man has slightly lower levels of Eastern Europeans on its vessels.



Exploring officer and rating nationalities separately, figures 4.21 and 4.22, below, show that shipowners on the UK are looking to Eastern Europe and the Far East equally for officers, but overwhelmingly to the latter for ratings. Seafarer nationalities on the remainder of the Red Ensign registers follow a consistent pattern: non-nationals at the officer level are mostly from Eastern European states, while those at the ratings level are more closely split between being from Eastern European or Far East states. Bermuda and Isle of Man both have greater percentages of ratings from the Far East than Eastern Europe, while the opposite is true of Cayman Islands and Gibraltar. Another interesting observation is that Gibraltar has the highest proportion of officers from other EU states (14%).



While the UK's national register more or less conforms to expectations in the employment of foreign nationals, particularly in terms of the percentage of ratings from the Far East, the most surprising result of the comparison of crewing patterns

on the UK and other Red Ensign registers is the fact that there are so many similarities among the UK's so-called secondary registers, despite the many variations in how each is set up and run. However, the few differences that do exist are also telling. For example, Gibraltar and Cayman Islands are nearly identical in the nationality breakdown of their ratings, but diverge in terms of their officers, which are overwhelmingly from Eastern European states (which the other Red Ensign registers seem to draw from the Far East). This difference could be due to Gibraltar's unique status among Red Ensign secondary registers as a full member of the EU, which may allow for relatively easy access to the Eastern European labour market. EU participation would also explain the proportion of EU officers employed on Gibraltar's fleet.

4.9 Discussion

Overall, the breakdown of seafarer nationalities by home region and at different crewing levels reveals key trends about the source of labour on national and secondary register vessels, as well as how shipowners are using these two register types. As noted in the previous section, there is clear divergence between the national and secondary registers in terms of the proportion of nationals employed, which would be expected given conventional arguments regarding secondary registers. However, a closer examination of seafarer nationalities shows that this divergence continues with regard to seafarers' home regions. Where shipowners on national registers employ non-national seafarers, they tend to be from Far Eastern states (mainly the Philippines), particularly at the ratings level. Secondary registers,

on the other hand, tend to be crewed by greater percentages of Eastern European seafarers.

One explanation for this phenomenon is that seafarers from states that have recently joined the EU, Poland and Croatia, in particular, are perceived to be better-educated due to these countries' seafarer training processes, and are therefore more desirable to shipowners (Wu and Veiga 2004). From this perspective it could be claimed that shipowners on these registers are cutting costs in other areas but wanting to ensure quality in their crewing component, although this claim is made suspect by contradictory reports citing low skills and poor training among Eastern European seafarers. Another possibility is that shipowners on secondary registers are more flexible or more aware of new sources of labour (and therefore have an easier time adapting to them) than their counterparts on national registers.

While this divergence on seafarer nationality is commonly seen in these register pairs, the data reveals several notable counter-examples. The Danish and DIS registers, for example, show nearly identical crewing strategies on the part of their shipowners in terms of both the proportion of national to non-national labour, as well as the source of the latter. Additionally, both rely more heavily on the Far East than Eastern Europe for officer- and ratings-level seafarers, making DIS an exception to the trend discussed above. At the other end of the spectrum is the Norway-NIS comparison, and the differences between the two registers in both the percentage of non-national seafarers employed as well as their home regions. In the middle, both the presence and absence of differences between register pairs is

noteworthy. For example, the fact that seafarers on the TAFF register are from a wider variety of regions than that of France, or that the UK's secondary registers converge to the extent that they do, would not necessarily have been expected based on previous research.

4.10 Conclusion

This chapter has explored the nationality of seafarers crewing vessels on secondary and national register pairs, explicitly considering seafarer rank and home region. Results of the data confirm some of the broad hypotheses outlined earlier. First, the sample shows that shipowners on both national and secondary registers are looking to foreign labour, at least as a source of ratings. That relatively few of these non-national seafarers (on any register type) are from high-wage European Union or OECD states shows that these owners perceive this as a cost-cutting manoeuvre. That many registers, both national and secondary, have relaxed or abandoned nationality requirements for their vessels' crews over the past few decades shows that this is an issue on which states are willing to compromise. Secondly, European seafarers appear to figure prominently in shipowners' choice of crews. Whether due to EU membership (in the case of Gibraltar, which is unique among the UK's secondary registers in being a member of the EU), easier access to the market for Eastern European labour than that of the Far East, or internalized preferences by shipowners for European seafarers, the fact that Eastern European seafarers are so prevalent, particularly at the officer level, exemplifies the shift that has occurred in the labour market for seafarers.

One particularly interesting result from this chapter shows that the divergence of crewing patterns on the different secondary registers, whether controlled by the parent state or the offshore territory, show that similar strategies (in this case, the relaxation of nationality requirements for crews present on nearly all secondary registers), do not necessarily have the same consequences. Furthermore, the lack of consistent convergence or divergence in crew nationalities among secondary and national registry pairs more broadly suggests the need for more subtle analysis when examining secondary registers as a group. This is particularly true of the UK's secondary registers, whose shipowners all appear to be employing crews of differing nationality patterns.

Additionally, the data reaffirms the extent to which the labour market for seafarers is global. The variations in the source of non-national labour, both between parent-secondary register pairs as well as among them, show that seafarers on all registers are drawn from across the globe. Certain patterns do emerge, and as Lane acknowledges, "the labour market may be fluid, but it is not characterised by large and rapid inflows and outflows over short time periods" (Lane 1996, 36). This suggests that the prevalence of Far Eastern (particularly Filipino) and Eastern European seafarers may continue, but also that, should a new source of labour become available, shipowners, may be willing to replace these groups.

One way of thinking about the results of this data is by reframing the theoretical perspective of rescaling so that the national is not treated either as irrelevant or assigned primary importance, but rather regarded as one scale amongst others (Mansfield 2005). Contrary to those theorists who assert that globalization

undermines the explanatory value of the national scale, it still appears to be relevant, as the data shows that shipowners on national registers (and, to a lesser extent, secondary ones) are retaining some national seafarers, if only at the officer level. This, however, could result from various factors including national legislation requiring a minimum number of national seafarers (which might be motivated by a desire to retain experienced seafarers to ensure the survival of on-shore shipping-related business), preferences by ship management companies (which could be based anywhere), pressure from domestic or international seafarers' unions, or, indeed, a combination of these, and other, forces acting upon one another. For example, the presence of Eastern European officers can be understood not only as a "scaling up" of a supranational region resulting in register requirements that might specify a particular EU crewing component, but also by identifying what characteristics make Eastern European seafarers attractive to shipowners (be they English language skills, training and education, or geographical proximity to Western Europe) and the forces that affect them.

While identifying seafarer nationalities (and their associated costs) on different registers is helpful in conveying a sense of how different registers are utilised by shipowners, there are limits to its capacity to provide explanations. Mansfield stresses this point, noting that while the kind of empirical analysis conducted in this chapter is useful, it frequently "erases the possibility of multidimensionality and ends up reasserting an either/or situation in which one scale or set of scales must be dominant" (2005, 468). In order to understand the particular group of forces acting across multiple, interdependent scales, that inform

and initiate the practices of individual secondary registers, it is necessary to carry out detailed analyses of secondary registers in their respective contexts. To this end, the next two chapters present a case study of a particular secondary register, that of the Isle of Man.

CHAPTER FIVE

“Is Douglas really any less British than Cardiff?”:²⁹ A Case Study of the Isle of Man Ship Register

Part I

5.1 Introduction

In an increasingly competitive, globalized world, embedded maritime nations, faced with the potential loss of their national shipping industries to more fiscally advantageous open registers, have sought ways to retain them. For many of these states, second and international registers have been an important economic strategy. But while on the surface registers in this category appear similar, the previous two chapters have shown that, in the strategies employed by both the states and the shipowners, this similarity is deceptive. In relation to both the regulatory environment on board vessels and crewing strategy, it has become clear that these registers cannot be grouped into one analytic category; what is required is a more sophisticated analysis.

These issues are important because the differences between secondary registers and their respective parent states help us to understand them in the context of the broader registry spectrum and what implications they might have for the merchant shipping industry generally. But what these points fail to address is the nature of the relationship between a second register and its home authority. What is therefore needed is an in-depth historical analysis to examine the nature of the relationship that exists between these two entities and to trace how that particular

²⁹ Asked by Captain D. GT Greenhalgh, then managing director of Celtic Pacific Shipping Ltd, in a Letter to the Editor published in *Lloyds List* (1991).

relationship developed. These are the kinds of questions that need to be addressed if these registers are to be analysed adequately and their role as “offshore” entities accurately assessed.

This chapter and the one that follows explore in detail the Isle of Man ship register. One of four Category 1 registers³⁰ in the Red Ensign Group (REG), the collective body of the United Kingdom’s secondary registers, the Isle of Man has worked to position itself strategically both among British registers and within the global registry system as a whole. The first section of this chapter explores the way that the Isle of Man ship register resulted from the conditions created by the UK’s shipping crisis in the 1970s and a desire on the part of the island to diversify its emerging economy.

5.2 From Fishing Boats to 50,000-Ton Tankers: The Development of the Isle of Man Ship Register

Secondary registers, including that of the Isle of Man, are frequently characterised as having been created by embedded maritime nations to provide their shipping industries with a fiscally advantageous “national alternative” to open registers (Stopford 1997, 437). But while the Isle of Man ship register does benefit British shipping, contrary to what might be expected, it was not developed as a conscious policy effort by the United Kingdom. Instead, it was the unusual constitutional relationship between the UK and the Isle of Man, coupled with the latter’s development as an offshore financial centre, that set the foundation on which

³⁰ The Red Ensign Group is divided into Category 1 and Category 2 registers. Category 1 registers are permitted to register vessels of any size, and include the Bermuda, Cayman Islands, Gibraltar, and Isle of Man registers. Category 2 registers are restricted to registering commercial vessels weighing less than 150 GT and pleasure vessels weighing less than 400 GT (The Red Ensign Group, 2005).

a register could be built. This section describes the conditions that led to the Manx register's creation.

5.2.1 Constitutional Relationship between the Isle of Man and United Kingdom

Located in the middle of the Irish Sea, the Isle of Man is a Crown Dependency of the United Kingdom. Like the two other Crown Dependencies Jersey and Guernsey, the Isle of Man is internally self-governing. According to the UK's Department for Constitutional Affairs (DCA), which oversees and liaises with the Crown Dependencies, Isle of Man, Jersey, and Guernsey are seen to be "British Possessions' but not 'colonies'" (Dept for Constitutional Affairs, 2002). The island has its own Parliament, known as the Tynwald, but legislation developed there must be given Royal Assent by the island's Lieutenant Governor, who functions as the Queen's representative. As the Isle of Man normally confers with the DCA when legislation is in the early stages of being drafted and laws generally address local Manx issues, the DCA says that it would be "wholly exceptional" for Royal Assent not to be given to a piece of legislation (Dept for Constitutional Affairs, 2002). The UK is responsible for all of the Isle of Man's external affairs, including defence and international agreements, as well as the general "good governance" of the island.

The extent to which the Isle of Man is self-governing has gradually increased over the past half-century. Pearce (2003), who suggests that the Isle of Man is effectively a British colony, notes that "the Westminster Parliament, though acknowledging no restriction on the spheres in which it can (if it sees reason) legislate for the Island, has in practice adopted a policy of self-restraint over 'internal affairs'" (2003, 374). In other words, this measure of freedom from the UK seems to

result more from the absence of the UK's hand in determining policy than any conscious move by the Isle of Man to gain greater autonomy. This argument was echoed in interviews with officials both in the Isle of Man and the United Kingdom; it appears that there are a wide range of issues, both shipping-related and not, on which the United Kingdom *could* rule for the island, but chooses not to.

What enables this flexible relationship between the British and Manx governments is the lack of any formal underlying constitutional foundation. As the DCA notes,

the constitutional relationship of the Islands with the United Kingdom is not enshrined in a formal constitutional document. It is rather the outcome of historical processes and accepted practice. . .and the Islands are known to be particularly sensitive to the need to obtain their consent, in accordance with democratic principle, to any decision taken in the United Kingdom which has legal implications for them (Dept for Constitutional Affairs 2002).

Essentially, the relationship between the UK and the Isle of Man works precisely because it is a *working* relationship. The UK has a responsibility to consider Manx opinion when legislating on matters relevant to the island, not because of there are laws requiring it to do so but rather due to established custom and political principle. Similarly, the Isle of Man must defer to UK authority on issues that are international in scope. But the Isle of Man could, with the support of its populace, declare its independence from the UK, which would not have the power to stop it. The UK, however, could not and would not dissociate itself from the island. As one Manx government official explained, the UK “*don't want us to fail. They wouldn't want to be responsible for the island going under*” (Interviewee #6).

Since there is no codified text laying out the UK's specific responsibilities to and powers over the island, ambiguities can arise when legislation passed by the UK

Parliament affects the Isle of Man. In these situations, which frequently involve international issues, it is acceptable for the UK to become directly involved in internal Manx lawmaking. For example, if an international convention is extended to the Isle of Man,³¹ the UK expects the island to comply with all of the convention's requirements and amend or update national Manx laws accordingly. Should the Manx government fail to do so (a situation which has not yet been tested) the UK could retract the island's participation in the convention or seek to force the island's compliance. As the party ultimately responsible to the international organisation making the convention and for the island's external affairs, the UK has the authority to pursue such a course of action.

It is less clear whether the UK can legislate on behalf of a Crown Dependency on individual international issues in cases where the convention was extended to the Isle of Man unsolicited. This issue has recently arisen as a result of the European Court of Human Rights' rulings regarding homosexuality. Although the Crown Dependencies are not members of the European Union, the UK extended to them the EU's Convention on Human Rights in 1953 (Department for Constitutional Affairs [no date a]). The Court found in *Dudgeon v UK* (1981) that legislation criminalising consensual sexual acts between men was a breach of Human Rights Convention Articles 8 and 14, while in *Sutherland v UK* (1996) the Court found that it was illegal to have a higher age of consent for gay men, but these

³¹ As a Crown Dependency, the Isle of Man cannot sign and ratify international agreements in its own right. The United Kingdom, as steward of all of its Crown Dependencies' external affairs, serves as negotiator and signatory to individual conventions, and must ratify a convention before it can be extended to territories like the Isle of Man. Prior to 1951, Crown Dependencies were automatically included in any convention or international agreement ratified by the UK. Since that time, Crown Dependencies have been allowed to decide whether or not to have individual treaties extended to them by the UK (Department for Constitutional Affairs 2002)

rulings were not received favourably in the Isle of Man or Jersey. The former eventually legalized homosexuality, although, as one Manx government official explained, it was not entirely voluntary: *“there’d been some quite impassioned arguments on both sides, and it was felt that, ultimately, if the Isle of Man didn’t legalize, the UK might do it for us”* (Interviewee #6). Jersey continued to contest the issue until it changed the law in 2007 (Sexual Offences (Jersey) Law 2007). It is unclear whether the UK could have passed legislation on this issue on Jersey’s behalf, had it not complied, or whether the UK has lost the effective power to do so through custom and practice.

These examples illustrate the vague nature of the formal relationship that exists between the United Kingdom and its Crown Dependencies, including the Isle of Man. Although it is unlikely that any shipping-related issue could challenge the established Manx-British constitutional link, it is important to recognize both the relationship’s flexibility and its limitations. On matters concerning the island alone, the British government has little reason or authority to interfere beyond fulfilling its duty to give Royal Assent to Acts of Tynwald. Thus given the nature of the relationship between the Isle of Man and the UK, the latter would have been unlikely to attempt to prevent the island from developing its ship register in the 1980s. Where Manx legislation has international implications, however, the UK has far more influence, as it is responsible to the rest of the world for the Isle of Man’s activities. As a result, shipping is an area on which Manx and British government departments tend to collaborate, although the overlapping realms of authority can also produce tensions.

5.2.2 Development of the Isle of Man as an Offshore Financial Centre

Given its status as a Crown Dependency, the Isle of Man has, for the most part, stood apart from the economy of mainland Britain and been free to develop with relatively few restrictions. Thus, while the Isle of Man benefited from the general liberalisation of the United Kingdom's financial policies, particularly those made under the Thatcher government (1979-1990), the island had already begun developing its own financial centre prior to this time. The island's fiscal control body, at that time known as the Manx Finance Board, expanded its executive powers in 1961, and it quickly lowered the rate of income tax to 21.25% (which took it beneath the level of the UK's) and eliminated the tax's surcharge (Home Office 1998), making the island more attractive to outside investors. By 1982, the financial services sector provided approximately a quarter of the island's total income, and offshore banking was its biggest industry (Hall 1982a). It seems that much of this revenue originated outside of the UK; the Isle of Man's treasurer at the time is quoted as saying that non-UK business grew faster than UK-related business as a result of exchange controls being removed in 1979 (Hall 1982a).

Despite this early growth, the Isle of Man did not become a strong competitor for offshore business activities until the mid-1980s. Although the financial centre was marketed on the island's "political stability and financial probity" (Hall, 1982, 13), the "spectacular" collapse of its Savings and Interest Bank in 1982 set its efforts back considerably (Solly, quoted in Cobb 2001, 16). The following year, a Financial Supervision Commission was established as part of a government overhaul of the sector in order to renew investor confidence as well as the island's reputation (Cobb

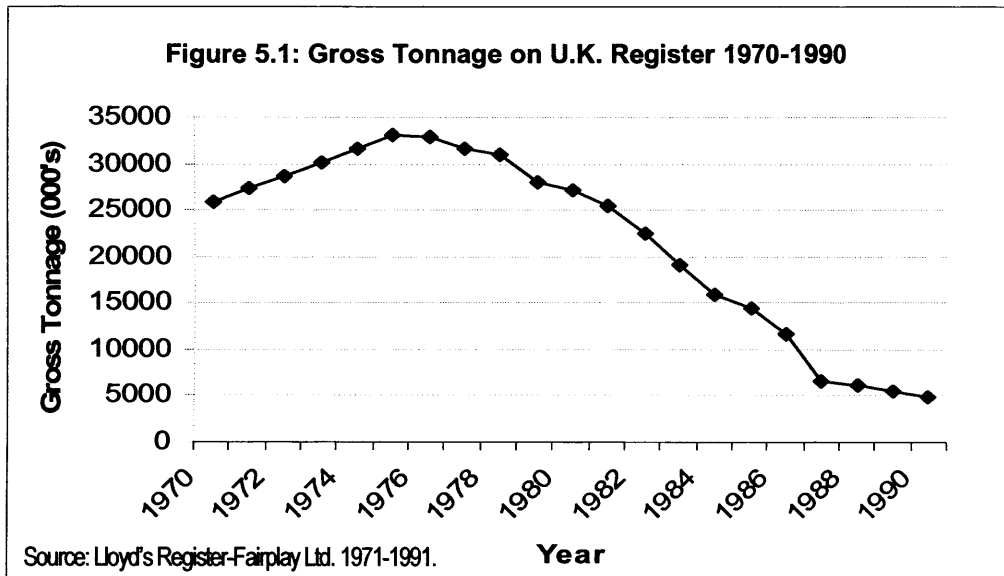
2001). Additionally, worries persisted that foreign exchange controls would be reinstated by the UK or that the Bank of England might use its authority to inspect the bank accounts of those investing on the island (Riley 1982). These concerns appear to have lessened over the late 1980s and 1990s; between 1996 and 2001, the financial sector grew by 80% (Economic Strategy 2004). Today, with the continuing support of the Manx government, finance constitutes approximately 35% of the national income (Economic Affairs Division 2006). The Isle of Man ship register plays a part in this, drawing shipping related business to the island's banking and legal services.

5.2.3 The British Shipping Crisis of the 1970s

While the Isle of Man offshore finance centre expanded, British shipping was experiencing a crisis. Generous government subsidies and tax breaks through the 1960s had encouraged shipbuilding worldwide, and the closure of the Suez Canal in 1967 created the need for additional shipping services. These circumstances led to an overabundance of inexpensive vessels reaching the market in the late 1970s (ILO 2004). At the same time, the Organization of the Petroleum Exporting Countries (OPEC) reduced its oil production in 1973 and 1978, driving prices up and causing serious problems for the international shipping industry.

Additionally, the excess supply of vessels resulted in lower freight rates for all types of ships (ILO 2004). Political events, including the reopening of the Suez Canal in 1975 (through which many of the newly built large oil tankers could not pass), compounded these effects. Furthermore, the direct costs associated with operating ships increased as oil prices went up, which reduced companies' profit

margins (Hope 1990). With little government support in the form of the subsidies or tax breaks that were available in the years before the Thatcher government, these high prices led many UK shipowners to move to open or secondary registers, which led to a haemorrhage of the British fleet (see Figure 5.1).



5.2.4 Creating a Legislative Framework for a Manx Ship Register

One of the consequences of this upheaval in British shipping was the establishment of the Isle of Man ship register in its current form in the mid-1980s. Like other British overseas territories and crown dependencies, the Isle of Man did keep a register of ships prior before this period.³² Created in the late 1700s by the UK's Merchant Shipping Act (1786), for most of the twentieth century, the Isle of Man functioned as a branch of the UK register. As it is explained in one of the Tynwald debates in the late 1970s, "Manx ships [were] registered as part of the United Kingdom register maintained by the Customs and Excise on behalf of the

³² It is interesting to note that Jersey and Guernsey both also developed offshore industries, but neither made significant moves into the shipping market.

Board of Trade and Industry” with the Manx Harbour Board having its “own register. . .built up by our own personnel, of all the Manx fishing boats,” which at the time numbered approximately 70-80 vessels (Mann 1978, 156). According to one former Manx marine official, at the time the vessels registered on the island were “*the local steam packet, local coastal company ships, a few barges, a few tugs. Nothing spectacular*” (Interviewee #15). At that point a Manx merchant shipping industry, consisting of ocean-trading vessels controlled and maintained by the Isle of Man, did not exist.

Despite the presence of a UK register on the island, from a legal perspective, the “position as far as merchant shipping control in the Isle of Man [went, was] in simple terms a hotch-potch” (Mann 1978, 153). Many of the island’s shipping regulations were based on British legislation from the late 1800s, and what updates had been made in Tynwald or Parliament were vague and incomplete. For example, as of 1979, if a shipowner wanted to appeal a surveyor’s decision on the condition of a vessel,³³ Manx legislation specified that the court where such a case would be taken up must be run by an officer known as a water bailiff. The position of water bailiff, however, was abolished in the early 1900s (MacDonald 1979, 60-61). Also of concern was the set of regulations governing the certification of passenger ships. Vessels were obligated to carry certificates showing they had been examined, but British legislation did not authorise anyone to actually carry out these examinations in the Isle of Man. Thus the certificates these ships carried were essentially illegal (MacDonald 1979, 59).

³³ All vessels must be surveyed prior to registration with a flag state and issued with certificates attesting to the vessel's "seaworthiness" and other characteristics.

The Isle of Man's archaic and ambiguous maritime legislation meant that the island's shipping, in the words of one Manx representative, was "only workable because of the blind eye that [was] being turned. . . more than occasionally by various organisations," which resulted in Manx ships being operated "to a very large degree on grace and favour terms and that [was] potentially dangerous" (Lowey 1979, 246). Thus, there was a need for the Isle of Man to find a means of applying to Manx law, consistently and comprehensively, the provisions required by the conventions that had been extended to it, which were necessary for ship safety, and to arrange for the conventions that had not yet been extended.³⁴

Given the increase in international merchant shipping regulation over the past half-century, the UK's responsibility for the actions of its overseas territories and crown dependencies, the Isle of Man's desire to expand its shipping industry as a means of economic diversification, and the "mass of apparent irregularities" present in the island's maritime laws, a thorough reworking of shipping-related legislation was needed fix the muddled legal situation facing Manx shipping (MacDonald 1979, 59). The Manx government's wish to meet the requirements of the International Maritime Organisation's 1974 Safety of Life at Sea (SOLAS) and 1978 Standards of Training, Certification, and Watch-keeping (STCW), both of which came into effect in the early 1980s, jumpstarted the process.

The Manx Attorney General's office collaborated with the UK Department of Trade and Her Majesty's Customs on five key pieces of legislation that would, collectively, update and expand Manx shipping law (see Table 5.1). In addition to

³⁴ For example, the International Convention on Load Lines had been ratified in the UK but not extended to the Isle of Man, and thus the regulations supporting it were not written into Manx legislation (Quinney 1980 419).

enacting the legislation required to meet the obligations of the major IMO and ILO conventions, these new laws gave the Isle of Man increased control over its shipping affairs. As it was explained in Tynwald debates, the Isle of Man took “advantage” of the opportunity to use the new legislation assume responsibility for the inspection and survey requirements of its ships, and the UK “accepted” that ships operating from the island could be provided for by Manx authorities instead of surveyors brought across from the UK, as was done previously (MacDonald 1979, 59). Specifically, it was the 1979 Merchant Shipping (Detention of Ships) Act gave the Manx Harbour Board the authority to detain unsafe national and foreign vessels, while the 1979 Merchant Shipping (Passenger Ships’ Survey) Act provided the legal foundation for the Board to inspect ships and ensure that surveys were completed.

Table 5.1: Overview of Primary Manx Merchant Shipping Legislation	
Act	Main Points
1979 Merchant Shipping (Masters and Seamen)	-Based on United Kingdom’s 1970 Merchant Shipping Act, covers general manning issues such as seafarers’ wages,
1979 Merchant Shipping (Detention of Ships)	-Allows for detention of British and foreign vessels
1979 Merchant Shipping (Passenger Ships’ Survey)	-Authorises Manx inspectors to board and inspect vessels
1982 Merchant Shipping (Load Lines)	-Updates Manx legislation to meet requirements for International Convention on Load Lines
1984 Merchant Shipping (Registration)	-Appoints Manx Marine Surveyors -Grants Manx register power to refuse vessels
1985 Merchant Shipping	-Authorises Harbor Board to regulate Manx shipping based on U.K. legislation (intended to make it easier to
1991 Merchant Shipping (Registration)	-Creates Manx register of ships (as opposed to being a statutory post of Registrar of British Ships) -Defines who is qualified to own vessels on Manx register and provides for role of representative person -Allows for bareboat (demise) chartering
1995 Merchant Shipping	-Amends 1991 Act to allow for limited partnerships to own vessels on Manx register
Source: Isle of Man Ship Registry, 2007a-e and individual <i>Merchant Shipping Acts</i> .	

Of the legislation developed over the next seven years, perhaps the most important was the 1984 Merchant Shipping (Registration) Act. This act laid the foundation for the creation of an independent ship register on the Isle of Man by

enabling the government the power to refuse to register vessels, a power it previously lacked. This provision would apply to ships transferred to the island by the UK through Her Majesty's Customs, unless the Manx Harbour Board consented to the transfer. The Merchant Shipping (Registration) Act also provided for the appointment of marine surveyors, who would be needed to carry out the technical aspects of running the register (Quinney 1984, 460). This was a central aspect of the updated legislation; as one former Manx surveyor explained,

our appointments. . .verified how we were formally going to take the conventions. Because prior to that. . .to get ships registered here, the UK basically looked after all the survey, they wrote the regulations. The Isle of Man basically adopted UK regulations. . .But they didn't have a force here who could deal with it (Interviewee # 9).

Providing a legislative framework to develop its own regulations rather than depending on UK expertise was an important move toward independence for the Manx register. Debates in the Tynwald reveal that the objective was “to set up an Isle of Man Register of British Ships which will be controlled largely in the interests of the Isle of Man with the minimum of involvement of the United Kingdom, except in terms of acting as our consultants and representing us. . .overseas” (Quinney 1984, 465). This control would include measures to ensure the Manx register be considered to be a “quality” register, as well as mostly self-sufficient.

Despite this increased autonomy, however, these new laws did not create a wholly independent register on the Isle of Man. While they enabled the Manx register to independently manage some of its day-to-day operations of registering and surveying vessels and write its own regulations, it still remained under the UK umbrella. Yet, Tynwald debates reveal that Manx representatives were aware of the

possibility to become autonomous and discussed what format they would prefer such a register to take:

Eventually, if we come to establishing a register of our own shipping under our own control, we will not accept absent ship operators. We will not fly the flag of convenience on behalf of shipping lines which are not physically here on the Island or operate here, physically on the Island (Mann 1978, 154).

Tynwald representatives were concerned with ensuring that ships on the register have a tangible presence on the Isle of Man, and later legislation governing the register, which would require that a shipmanager be based on the island, reflects this. Manx lawmakers also ensured that the register would grow gradually and in a controlled manner. For example, Manx representatives envisaged that the 1984 Merchant Shipping (Registration) Act would limit the type of vessels allowed on to the register to those for which the Manx Harbour Board had the relevant technical expertise (Quinney 1984, 461). While this provision was necessary to ensure the safety of vessels registered on the Isle of Man, the island was also aware that it would need to maintain a level of regulation similar to that of the United Kingdom so that shipowners would be willing to consider transferring (Merchant Shipping (Registration) Bill –Second reading Approved 1984).

While the Isle of Man register did gain vessels following these legislative changes, it is not entirely clear which played a greater role in facilitating the development of the register: the Manx government's desire to diversify its economy by expanding its shipping industry or shipowners' interest in moving from the United Kingdom to a low-cost jurisdiction. At the very least, it is suggested that the Isle of Man's government played a critical role in developing the shipping sector as an economic strategy. As a former surveyor noted,

In 1984 the Isle of Man government was concerned about having all its eggs in one basket. It was dependent on a financial sector, offshore finance. The government at the time decided it needed to diversify the economy and that's when the idea to introduce an international shipping register was developed (Interviewee #9).

There is also evidence from parliamentary debates to suggest that lawmakers in Isle of Man were aware of the niche in the market that it would fill. Following the passage of the Merchant Shipping (Registration) Bill, it was thought that “it would be very likely that the United Kingdom ship owners and managers who [sought] an offshore base for their operations [would] look favourably on the Isle of Man” and choose it, “rather than in some territory such as Bermuda if they have a good commercial reason for “flagging out” from the United Kingdom itself” (Quinney 1984, 459). This quote reveals that the Isle of Man was conscious of the possibility that it would draw ships that would otherwise leave the British register; whether the Manx register hoped to attract vessels that would otherwise remain on the British flag is difficult to discern. Still, this statement is an important one as it is an indication of the early strategy the Isle of Man would pursue to build its register, and demonstrates the delicate balance between poaching ships from other UK-tied registers and keeping ships under the Red Ensign that might otherwise have flagged out.

At the same time, there was a clear level of interest from shipowners in the changes being made to the Manx register. As early as 1979, it is mentioned in parliamentary debates that “the shipping industry in general is beginning to take more interest in the fact that we may be establishing our own shipping register. They are . . . looking to the Isle of Man as being a place where they can centre their

shipping operations and, as such, we see the interest of a seafaring nation once again being established in the future” (Mann 1979, 249). The motivation to switch registers seems to have come, in part, from the dissatisfaction of UK shipowners with the main British register. A former Manx marine surveyor confirms that British shipowners approached the Isle of Man about a register because *“shipowners in the UK at the time were, let’s put it this way, uncomfortable with the way the UK were running shipping matters or not running shipping matters.”* He made it clear, however, that the shipowners did not *“really want to break out of the British mould”* (Interviewee #9). Thus, the Isle of Man had an early incentive to offer advantages over the main British register, but to otherwise appear similar. This strategy quickly paid off, and by 1984, the Merchant Shipping (Registration) Bill was accelerated through Tynwald in part because an outside company had already moved to the island and had started hiring crews and setting up its offices there (MacDonald 1984, 419).

Despite its attractiveness to shipowners, the Isle of Man is unusual among secondary registers in that it was never intended to be a direct, or instant, source of profit. Instead, the objective was on creating long-term investment and employment opportunities on the island by attracting shipping-related business, such as ship management companies, banking services, and law firms. Less tangibly, it was hoped that an “open” Manx register would also serve as an international calling card: *“it all goes towards building our international image as a safe haven for respectable private enterprise. It makes us feel different from the United Kingdom in yet another way”* (Quinney 1984, 465).

The Isle of Man case is also distinctive because it provides a counter-example to the generally accepted idea that it is the parent state that drives the creation of secondary registers. The response given to one Manx minister when he asked if the 1984 legislation was forced on the island by the UK was, “No, nothing is imposed on us at all. We have sought this in our own interests” (MacDonald 1984, 218). In fact, the UK’s insistence that the Isle of Man maintain the highest standards, a goal the Manx register also shared, may even have slowed down the process. It seems an attempt in 1981 to pass legislation similar to what would be in the 1984 Merchant Shipping (Registration) Bill was stopped by the United Kingdom’s Customs department before it could reach Tynwald (Quinney 1984). By 1984, however, the Bill was sent to Manx parliament following a “great deal of consultation” with the UK’s then-Department of Trade and the Home Office, from whom the island was receiving “every encouragement” (Quinney 1984, 460). By that point, updating the Manx shipping legislation was “very important not only to [the Isle of Man] but to the United Kingdom” (MacDonald 1984, 229).

5.2.5 Growth of the Isle of Man Ship Register 1984-2000

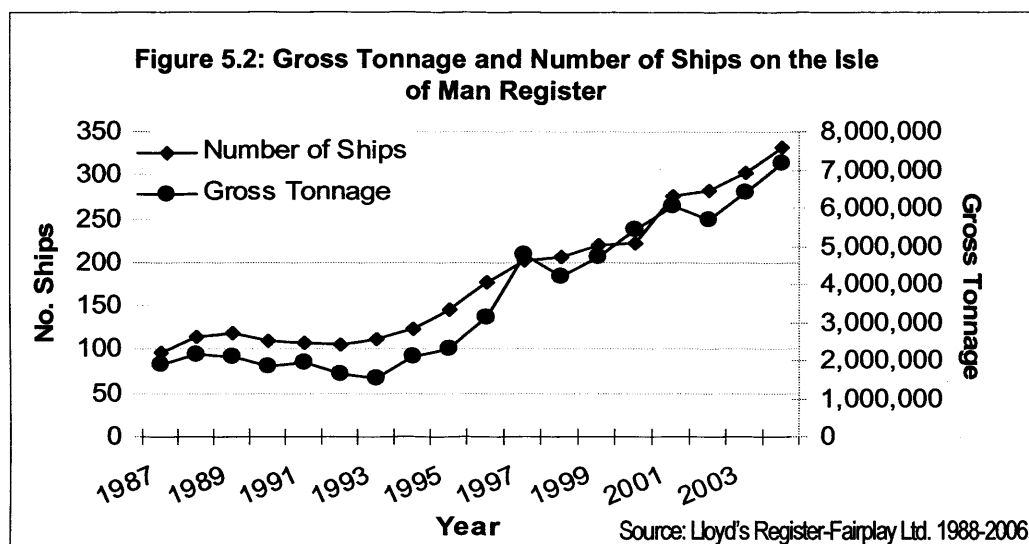
With the initial legislation to support the register in place and ongoing support of the UK, the Isle of Man was able to open the register to shipowners in 1984. By the end of that year, 35 merchant vessels had registered in the Isle of Man (MacDonald 1984, 217). Although this initial new tonnage was almost entirely British-owned, by the mid- to late-1980s, the Isle of Man register had begun attracting Greek and West German shipowners (Cafruny 1987).

Despite this early growth, Manx officials were conscious of the need to maintain the register's reputation. As one interviewee explained with great clarity, *"the intention. . .was quality rather than quantity. We weren't looking to compete with Liberia, Cyprus, Panama"* (Interviewee # 9). As such, the Manx register was developed in such a way as to distance it from just those perceived as deregulated environments. One means by which this was accomplished was to limit the types of ships allowed on the register to those that the register had the expertise to survey and examine thoroughly (although there may have been differences of opinion between the Isle of Man and the UK on the precise level of the former's expertise). While conventional wisdom about secondary registers would dictate that the UK would want to encourage the Isle of Man to take on as many ships as possible, a former Manx surveyor recalls that, *"we were very restricted initially in the types of ships we could take. . .[the UK] were very keen that we shouldn't take oil tankers and gas tankers, and I'm sitting there after 24 years [of shipping experience with a major oil corporation] saying, well, tell me why I shouldn't?"* (Interviewee #9).

The ships brought on to the Manx register in 1984 were mostly cargo vessels (Mann 1984, 1347). Although other ship types were gradually added, the register continues to refuse to take on passenger vessels or cruise ships. In addition to limiting the register to certain kinds of ships, Manx officials also tried to shape it by accepting or disallowing vessels based on other characteristics:

"The Isle of Man. . .actually became sort of prescriptive in its own right. It was then decided that, well, we can take any ship we want, however, a policy developed where they didn't want ships over 15 years old because we were then coming in to the age of, has a tanker got one hull or two hulls, and they only wanted double hulls, and this sort of thing" (Interviewee #9).

By keeping the average age of the fleet down and trying to adhere to more stringent equipment standards over the years, the Manx register was trying to maintain high safety standards on its ships while still managing to attract vessels.



This strategy eventually succeeded, although it was not until the expansion of the register in the early 1990s (the effects of which would be seen several years later, as shown in Figure 5.2) that the Manx register began to grow. The 1991 Manx Merchant Shipping Registration Act, which set the register apart from the main British register as an individual entity,³⁵ opened the register up to shipowners from the European Union³⁶ and also introduced demise charter registration³⁷ both in and out of the flag, which was a unique feature among British registers at the time. This move appears to have been driven largely by demand from the shipping industry already located on the island:

³⁵ Albeit, one still part of the Red Ensign Group.

³⁶ Prior to this, vessels on the Manx register had to be at least 54% owned by British interests (Ward, 1997).

³⁷ Demise or bareboat charter registration allows foreign ships that have been leased to adopt the flag of their temporary owner.

There's quite a large German shipping community here. The two big operators. . .both have buildings and full technical management that operate out of the Isle of Man. So they invested a lot. . .But typically they would want to secure finance in Germany and then register the ships in the Isle of Man, so you needed a demise charter arrangement for that, you need the powers to be able to do that. . .But it was brought about by private sector, [saying] this is what we need (Interviewee #13).

In addition to providing new opportunities for owners to register on the island, the 1991 Act represented a major move away from the auspices of the UK in that it consolidated existing British and Manx legislation into a single piece of legislation and created a Manx register of ships. As it is recorded in the Tynwald, "Before this all we were was a British port of registering. In every aspect of the registration of ships we were dependent upon British legislation. . . we depended upon British civil servants, we were effectively in someone else's hands. We had a titular register only" (Orme 1991, 1818). This newfound level of autonomy differentiated the Isle of Man register from other emerging secondary registers, such as Portugal's MAR and Spain's CSR, which, despite being located on offshore jurisdictions, are still distinctly controlled by their respective national governments rather than the territory itself (Winchester and Alderton 2003).

Given shipping's international scope, vessels on the Manx register are still considered British and ultimately regulated by the UK Secretary of State (a caveat noted in the 1995 Merchant Shipping Act). However, the UK is concerned mainly with the safety and "seaworthiness" of Manx vessels, and the legislation developed in the late 1980s and early 1990s authorised the Isle of Man to develop its register as it wished. Following dialogue with shipowners (Interviewee #9), the Isle of Man enacted the 1995 Merchant Shipping Act, which further expanded the register's

ownership requirements to allow the registration of ships owned by limited partnerships in the Isle of Man and other “prescribed countries,” including Belgium, Bermuda, Cayman Islands, Denmark, Germany, Netherlands, Norway, Sweden, and the UK. As the Manx register built itself up both in terms of the number of ships registered and the comprehensiveness of its shipping legislation, it gained increasingly more legal authority to maintain its own register, and would eventually function as independently as possible while still remaining part of the Red Ensign .

5.2.6 The Manx Register 2000-2006

Since 2000, the Isle of Man Ship Register has been run by the island’s Marine Administration,³⁸ which falls under the Manx government’s Department of Trade and Industry. The register plays a major role in the island’s economy. Exact figures are difficult to obtain, but as of 2004 it was estimated that the shipping industry created 400 direct Manx jobs plus an additional 100 “associated” jobs on the island, and shipping accounted for 1.4% of the island’s GDP. It was noted by a current Manx marine administrator that these figures are “quite significant” for a territory as small as the Isle of Man and that there are further immeasurable gains: *“The revenue benefits of having those people employed are, the housing, the families being here, the spending, the tax, the VAT. . .you’ve got a huge amount of travel on and off the island, hotel beds. . .there’s a massive amount that having a shipping centre here creates. So the benefits to the economy are endless, really”* (Interviewee #13).

³⁸ The Isle of Man Marine Administration recently changed its name to the Isle of Man Ship Registry. For this study, however, it will continue to be referred to as the Marine Administration.

The register currently has four parts, providing for the registration of vessels over 24m long, small ships, fishing vessels, and ships chartered by demise. The U.N. Law of the Sea stipulates that vessels must have a “genuine link” (United Nations Convention on the Law of the Sea 1982, Article 91) with their state of registration, either through ownership or management; the Isle of Man meets this obligation with the latter, as it requires that its ships be managed by companies located on the island. More than half the vessel’s ownership must be composed of citizens of or companies incorporated in the Isle of Man, the UK (or its dependencies), or nationals and companies of EU member states (Merchant Shipping (Registration) Act 1991). Major companies with vessels registered on the Isle of Man include Shell, BP, and Maersk (Lloyd’s register Fairplay 2007).

Further legislative changes to the Isle of Man register have been implemented in recent years to attract new segments of the market and facilitate shipowners’ use of the register. In 2003, the Manx register was opened to commercial yachts at the request of the island’s shipping industry. Yacht registration had been considered in previous years and the legislation to support it had been drafted, but it was ultimately abandoned. Then, *“the companies that were operating [on the island], were dealing with yachts, they were financing yachts, they were setting up company formation, but they couldn’t close the loop, they couldn’t register the yachts here, so they said, we’re missing a significant slice of the market”* (Interviewee #13). Although yachting is distinct from the merchant shipping industry that is the subject of this study, this example demonstrates the Manx register’s desire to accommodate its client base. More recently, the Marine Administration’s efforts have been directed at

the 2006 Merchant Shipping Bill, which would enable the registration of vessels under construction³⁹, create increased powers for representative persons on the island, and prepare the legislation necessary to meet the requirements of the International Labour Organisation's consolidated convention, which was adopted in 2006 (Isle of Man Marine Administration 2006). Although the date on which the Maritime Labour Convention will come into effect depends on the ratification timelines of member states, the Isle of Man is implementing it in advance of its ratification by the UK to allow the register's shipowners sufficient time to meet the convention's requirements.

This focus on customer service is one of the Isle of Man's primary marketing points. The register's active and flexible approach, along with its good reputation, familiarity in terms of language and culture, and, particularly, its Red Ensign status are the main reasons why British shipowners choose to flag their vessels in the Isle of Man when there are less expensive registers that would be more logical flags to move to if cost of registration is the primary concern (Cullinane and Robertshaw, 1996). As the Isle of Man expanded the parties eligible for registration, the size of the register grew steadily, and as of 2005, it had 362 vessels for a total of 8,405,715 GT. While these figures place it within the world's twenty largest registers (measured by GT), the Isle of Man maintains the objective of "slow, steady growth" so as to preserve the quality reputation it has built over the past thirty years.

³⁹ Prior to this legislation, vessels under construction had to initially register in another jurisdiction and then transfer to the Isle of Man upon their completion. (Isle of Man Marine Administration 2006).

5.3 Conclusions

This chapter has traced the rise of the Isle of Man ship register following the island's development as an offshore finance centre and the mass exodus of shipowners from the UK register. During the course of the 1980s and 1990s, the Manx register grew steadily, accepting a greater number of ship types as it updated Manx legislation and refined its in-house capabilities. As this discussion has shown, the constitutional relationship between the Isle of Man and the UK has been both flexible and constantly evolving. It will be particularly interesting to see how this relationship is affected by issues arising from the UK's membership in the EU, as the latter continues to expand its membership and regulatory scope. Although the extent to which the Isle of Man is autonomous has generally increased over the past half-century, merchant shipping has implications that are at once domestic and international, meaning that the UK continues to have greater jurisdiction and oversight responsibility in this area of Manx policy as compared to others.

An important point, however, is that the development of the Isle of Man register was not driven by the UK but rather the island itself, which sets it apart from those secondary registers that were created and continue to be controlled by their parent states. And while Ready refers to the register as an "accident of history" (1998, 29), this chapter has shown that while the Isle of Man did take advantage of certain economic and political conditions, including its pre-existing financial centre and the crisis in British shipping, in establishing its register, its design, as part of a conscious strategy to diversify the island's economy, was intentional.

That the Isle of Man is not using its register as a direct source of profit is also interesting. Instead, it seeks to attract and retain tonnage in such a way that will allow its on-shore industries to flourish, and, its strategy to accomplish this involves ensuring that it is seen to be a highly regulated register. This can also be observed in its desire to organise and update its shipping legislation; indeed, one of the main reasons why it structured itself as an independent register was so that it could refuse to register substandard vessels, which it could not do when it was part of the UK register. The Manx register, therefore, runs counter to the notion of secondary registers as deregulated “havens,” which is confirmed empirically in Chapter Three’s analysis of port state control data. Furthermore, in this case, while the shipping industry does appear to influence the policies of the Manx register, the Isle of Man seems to control it to its advantage. Thus, rather than this being an example of footloose capital driving state decision-making, the Isle of Man appears to be playing a competitive game.

While part of this competitive strategy involves responding to the needs of shipowners, the Isle of Man is also careful about managing its connection to the UK. The Manx register needs to be “British enough” to attract shipowners who want that connection to the Red Ensign, but it also needs to make up for what shipowners see as the failings of the British national register. The implications of maintaining this balance, including its effect on the working relationship between the Isle of Man and the UK, is discussed in the next chapter.

CHAPTER SIX

From Dependency to Mutual Cooperation and Increased Independence

A Case Study of the Manx Shipping Register Part II

6.1 Introduction

This chapter continues the discussion of the development of the Manx register by looking at how the way in which it is perceived by and interacts with the administration of its parent state, the rest of the Red Ensign Group, and third-party actors has evolved over the years. The first section of this chapter traces the changes in the relationship between the Manx register and the United Kingdom since the 1980s. The second section explores the Isle of Man in the context of the Red Ensign Group, noting how the functioning of the group has changed since its inception in 1989 and examining the differences among Red Ensign members. The third section looks at the Isle of Man's interactions with and influence upon international organisations, port state control bodies, and seafarers' unions.

6.2 Growing Pains: Evolution of the Relationship between the Manx Register and United Kingdom

Despite the support the UK lent to the Isle of Man as it developed its register, the relationship between the two maritime administrations has not always been simple or smooth. This section notes how the Isle of Man's initial reliance on the UK for technical and administrative support developed into one of mutual cooperation and dependency. It also examines the way in which the UK register has changed, partially as a result of the Isle of Man's success. This discussion exhibits

the complex and dynamic relationship that can exist between a secondary register and its parent state.

6.2.1 Early Dependence on the United Kingdom

Although the Isle of Man register began moving towards independence over the 1980s, for most of that time period Manx officials generally relied on the existing legislative framework, shipping expertise, and good favour of their British counterparts. Even though the island was using shipping legislation developed by the UK, the latter interpreted its constitutional obligations in such a way that Manx officials had the chance to offer their input. For example, in Tynwald debates surrounding the extension of Parliament's 1979 Provisions of Merchant Shipping Act to the island, it was noted that the Manx Harbour Board "were given the opportunity . . . to see if there was anything in the Convention or the proposed Convention which we wanted amending or adjusting. Our views were forwarded, they were considered, and so what eventually became the Act in the United Kingdom was after consultation" with Manx authorities (MacDonald 1979, 104).

When the Isle of Man began creating its own shipping legislation, it appears that there was a need to ensure that the UK would continue to be the ultimate authority on maritime matters and that the Manx register would maintain comparable standards to its national counterpart. It was explained to a member of Tynwald that Royal Assent, the UK's seal of approval, would not be granted for the 1991 Manx Merchant Shipping Registration Bill unless the phrase "with the concurrence of the Secretary of State" was included. Without Royal Assent, the legislation could not pass, and, it was noted, "We would be nowhere, we would be back to the shambles

of legislation in the United Kingdom that controls our registry and our little bit of legislation of our own” (Orme 1991, 1819).

The UK could also withhold Royal Assent from Manx shipping legislation for political reasons unrelated to the island. British officials required that the 1991 Manx Merchant Shipping (Registration) Bill be amended to remove Australia, Canada, and New Zealand from the list of countries which could automatically register ships in the Isle of Man. The UK insisted upon this revision because, at the time, it was arguing a case before the European Court in which it claimed that ownership was the best determinant of the “genuine link” required to exist between a vessel and its register under the Law of the Sea convention (United Nations Convention on the Law of the Sea 1982, Article 91). The UK felt that it would be “inconsistent with this position” for it to allow the Isle of Man to include these three Commonwealth countries, and it threatened to withhold Royal Assent to the Merchant Shipping (Registration) Bill (Gilbey 1991, 1817).

Given the necessity of UK approval, it was critical that the Manx register evolve in a way that would enable it to continue to receive that support. While satisfying the demands of British maritime officials could have been seen as burdensome and did lead some Manx representatives to question how the register would affect Manx independence (MacDonald 1984, 219), these ties to the UK actually worked as part of the Manx government’s strategy to attract shipowners to the island. As one Tynwald debate regarding the 1991 Merchant Shipping Bill shows, retaining UK support was critical, even it meant that an “independent” Manx register would be less than fully autonomous:

Mr. Corrin said ‘Why can’t we do it free from British influence?’. The answer is we do not want to. The package that is attractive about registration in the Isle of Man is the financial package that we represent as a community offering financial services together with the remnants of the British Empire that exist all over the world that provide defence, diplomatic representation, trade representation. That is what people want. They want both those. If we went without the second part of the category, who would want to be a Manx-registered ship? It is not a question of us fighting against the British Government. We want to make a cooperative arrangement with the British Government. . .and they are prepared to allow certain matters to go so far in the Isle of Man (Orme 1991, K1819)

Having determined that shipowners looking to join the Manx register are doing so in part because of its Red Ensign status, it is in the island’s interest to do what is necessary to keep it as part of the British fleet. This would be the foundation for the niche that the Isle of Man ship registry would carve out over the next ten years: it would market itself as a highly-regulated register that offered the advantages of the Red Ensign flag, but at a lower cost.

From the UK’s perspective, it is suggested that in the mid-1980s, the Manx register was not seen as a competitor for British vessels or a rebellious territory attempting to lower high British standards, but rather viewed with a certain amount of indifference. One former Manx surveyor described how,

we were very much dependant on the UK at the start and they were. . .there was no sort of major interference from them. They just noted what we were doing and patted us on the head and said, well done and we’ll look after you. Maybe we’ll want you to, or maybe we don’t, we’ll see about this in the future (Interviewee # 7).

The use of familial descriptions, which in some way identify the UK as the adult and Red Ensign registers, including the Isle of Man, as children, to characterise the relationship between the two maritime administrations was common in interviews conducted for this study. And although the Isle of Man register has become

increasingly self-reliant, this characterisation appears to remain accurate; a current Manx maritime official noted that *“the UK are the parent in this relationship”* (Interviewee #8). These descriptions indicate that the UK is still recognised as having authority over the Manx register – despite the latter having become a largely independent entity under the Red Ensign umbrella – beyond the legal formality of gaining Royal Assent for its legislation.

6.2.2 Building a Cooperative and Co-dependent Relationship

Despite its reliance on the UK for support and the advantages conferred by Red Ensign status, the Isle of Man gradually took steps to facilitate the running of an “independent” register following the legislative changes made by the 1991 Merchant Shipping (Registration) Act. For example, in order to make it easier to change the list of countries eligible to own ships on the Manx register, part of the 1995 Merchant Shipping Act amended the 1991 Act to reduce the level of UK approval needed. The new wording required the Manx marine administration to consult the British Department of Transport before revising this list, but did not oblige it to “seek the express concurrence of the Secretary of State for Transport,” as the 1991 Act stated (North 1995). That the UK accepted this change was taken to be “another recognition of the UK Department of Transport that the Isle of Man is acting as a responsible marine administration” (North 1995, 7).

Another way in which the Isle of Man has asserted its autonomy regarding its register is in the development of legislation supporting the requirements of international conventions. Since 1951, the UK has required Crown Dependencies to have enacted the relevant legislation before extending a convention to them

following the UK's own ratification. In recent years, however, the Isle of Man has begun passing laws that meet convention conditions in advance of UK ratification. For example, the Labour Inspection (Seafarers) Convention of 1996 (Convention No. 178 of the ILO), which addresses seafarers' living and working conditions, was not ratified by the UK until July 2003. Still, the Isle of Man implemented the regulations required by the convention in November 2002, even though it was not due to be extended to the island until July 2004 (Isle of Man Marine Administration 2005). As mentioned earlier, the Isle of Man is also enacting legislation (Interviewee #13) to meet the requirements of the 2006 consolidated Maritime Labour Convention, even though the convention has not yet received the sufficient number of ratifications to come into force (ILO 2006).

Despite the Isle of Man's own efforts to maintain a highly regulated register, the Secretary of State is ultimately responsible to the international community for the Manx register and its vessels, and therefore has the authority to ensure that high standards are being met. To this end, the UK's Maritime and Coastguard Agency (MCA) conducts rolling monitoring visits to the Isle of Man, as well as the other Category 1 REG members, every four years. It is interesting to note that the term "monitoring visit" is a relatively new one. Until recently, these reviews were called "audits" (Interview #7). This change in terminology reflects the broader shift in the relationship between the two maritime administrations; the new phrase is less formal, and suggests that the UK is merely doing a kind of maintenance check to ensure that the register is running smoothly, rather than acting as an external examiner going through a checklist of the register's obligations.

If the MCA finds, whether on a monitoring visit or through another channel such as port-state control bodies, that a secondary register is failing to meet the standards the UK has set, the latter can impose penalties. Ultimately, the MCA can withdraw a register's Category 1 status, effectively cutting it out of the Red Ensign Group. Without the Category 1 classification, a register would no longer be able to keep most merchant shipping vessels onto the flag and its reputation could be badly affected. The UK recognises the difficulties these consequences could cause to a register, and therefore tries to use this penalty "*judiciously, and as a last resort*" (Interviewee #1). No Category 1 Red Ensign flags have had their membership revoked as of yet. Gibraltar, however, was threatened with this penalty in 1992, and so voluntarily suspended its membership, which prevented it from registering additional ships above 150 GT until 1996, when its Category 1 status was reinstated (Fromme 1996).

Particularly for the Isle of Man, the threat of being ejected from the REG works as a deterrent to any potential lowering of standards precisely because of the degree to which the Manx register markets itself as a part of the UK registry system. In outlining the benefits of the Manx register, the Isle of Man website advertises the register's status as part of "British" shipping and many of the Marine Administration's promotional materials feature the Red Ensign flag itself including one that pictures the Red Ensign flag defaced with the Manx "three legs" symbol over the caption "the flag of quality" (Isle of Man Ship Registry [No Date]). This British link, and the reputation, protection, and diplomatic privilege it represents, is an important factor in attracting shipowners to the register and is a major distinction

between the Isle of Man and other low-tax flags (Cullinane and Robertshaw 1996). The Isle of Man, therefore has a key incentive to remain under the umbrella of the Red Ensign and avoid any action that might jeopardise its Category 1 status.

In turn, it is in the UK's interest to maintain good relationships with the Isle of Man and other Category 1 registers and encourage them to expand. The ability to shape decisions made at the International Maritime Organisation is partially influenced by the amount of tonnage on a state's register⁴⁰, and without the sizeable contributions of the Isle of Man, Bermuda, Cayman Islands, and Gibraltar to the UK's total, British interests would have far less leverage. Additionally, the UK cannot totally abdicate its responsibility to its offshore territories and crown dependencies. Beyond the constitutional obligation the UK has for the "good governance" (Department for Constitutional Affairs, 2002) of these registers, they also represent and reflect the UK's regulatory environment: *"We can't just cast them adrift. Because if you cast them adrift, it's like sending half our fleet out there as rust buckets. All they're gonna do is get detained. And then the UK's reputation in the port state world will collapse"* (Interviewee #7). Such a consequence would lead to the UK flag being targeted by port-state control bodies, resulting in more inspections and potentially costly delays for shipowners, which could encourage them to switch registers.

For reasons of both reputation and revenue, therefore, the relationship between the UK and the Isle of Man has evolved into a symbiotic one. As one

⁴⁰ For most conventions to enter into force, they must be ratified by a particular number of member states representing a certain amount of the world's tonnage. Additionally, membership in the "Council," which supervises the work of the IMO, is partially determined by having a large interest in providing international shipping services or in international seaborne trade (IMO [no date]).

official in the Manx Marine Administration put it, the two registers “*need each other to survive*” (Interviewee #13). As such, although the UK remains the final authority over the REG, most interactions now occur as among peers. This sentiment was echoed by an administrator in the Department for Transport who, again acknowledging the familial element to the relationship, cited the benefit of having the UK and four secondary registers working towards the same goals, and how important it is to the UK to facilitate that: “*there’s no doubting there’s at times a sort of mother-daughter relationship, and that some administrations look to the UK for guidance and assistance and help in certain areas. But as far as possible, we’re looking to promote a relationship which is of equals in terms of discussion of how things should go forward*” (Interviewee #1).

In 2007, it seems that the relationship between the Manx and British maritime administrations is one of mutual respect. There is a significant amount of cooperation and collaboration in areas where it is possible to share expertise, and the registers are in near-constant communication. An MCA official said that “*not a day goes by when we don’t exchange emails or telephone calls from at least one of our members of REG*” (Interviewee #7). As a result of this close contact, the relationship has evolved significantly in recent years. A Manx maritime official said that as late as 1999, “*there was probably a perception that we didn’t. . .we didn’t have the relationship that we have now. It’s a much closer relationship. We work much more closely together*” (Interviewee #13).

6.2.3 Transformation of the British Register

One of the most interesting effects of the success of the Manx register and its more cooperative relationship with the UK has been upon the home register itself. Here we seem to have witnessed the “parent” learning from the “child.” The Isle of Man has always been conscious that it is operating in a competitive market. One Manx representative was quoted in 1984 as saying “our competitors are alive to our success and we need to be . . . one jump ahead” (Lowey 1984, 217). The Manx register therefore established its niche as a highly-regulated Red Ensign flag that confers the additional benefit of being based in a financially attractive jurisdiction. It has also marketed itself as a service-orientated register, with an accessible and centralised marine administration (Isle of Man Ship Registry [No Date]).

Following the success of the Isle of Man and other Red Ensign flags, the UK register, which never fully recovered from the mass number of shipowners who left the flag in the 1970s, decided to alter its approach in the late 1990s. With this shift, the UK seemed to want to be perceived as more of a business, referring to shipowners as “customers” for whom the UK’s relatively high regulatory regime would be a benefit (UK Ship Register [No date]). Furthermore, the UK instituted a tonnage tax to further attract shipowners as part of the 2000 Finance Act. Following these efforts, the number of ships and amount of tonnage registered in the UK has almost steadily increased (Lloyd’s Register Fairplay Ltd 2005).

What is particularly interesting about the UK’s transformation and British maritime officials’ relationship with their Manx counterparts is the general unwillingness to acknowledge that they are competitors operating in similar

segments of the market. An MCA official acknowledged that in the period the UK has been rebuilding itself, not all vessels to recently join the register are newly built ships: *“there was certainly an amount of ship-taking from REG,”* though it was unintentional and *“seemed to be silly. Because what was the point?”* (Interviewee #7). A British official from the Department for Transport was more willing to acknowledge the UK’s newfound competitive approach, saying *“I would certainly accept . . . that there is competition at a commercial level between the UK and other REG registers. . . What we’re not trying to do and what we clearly try and avoid is the idea of specifically poaching vessels from each other. And that’s a sort of gentlemen’s agreement* (Interview #1).

6.2.4 Conclusions

This section has shown that far from being an example of the national state providing a “way out” of domestic and international maritime regulations by supporting the creation of a secondary register, the UK sought to ensure that the Isle of Man maintained a similar level of regulation to that of the UK’s national register. These efforts occasionally led to tensions between the Isle of Man’s desire to be (and be seen to be) independent from the UK. However, the Isle of Man was in some ways dependent on its parent state both for support and due to the island’s strategy for attracting and retaining vessels. Over time, the Manx register gradually became more autonomous, although it still remained under the Red Ensign umbrella. Eventually, what was originally a subordinate relationship to the UK evolved into a co-dependent one for political and strategic reasons. The UK register further altered

its approach and policy following the success of the Isle of Man, and other open/secondary registers.

6.3. Isle of Man and the Red Ensign Group

The relationship between the administration of the Manx ship register and that of the other Category 1 Red Ensign members – Bermuda, Cayman Islands, and Gibraltar – has evolved to one mostly of cooperation and collaboration, facilitated by annual REG conferences and through a shared standing in relation to the United Kingdom national register. However, despite sharing the Red Ensign designation, there are important differences between and among these registers that should be acknowledged. This section discusses the development of the Red Ensign group over the past two decades and evaluates different member flags' involvement in it. This is an important continuation of the exploration of the relationship between the UK and the Isle of Man registers, as it provides the opportunity to assess the extent to which the Manx register is a unique case, and to further investigate the complexities of secondary registers' interactions with their parent state.

6.3.1 Evolution of the Red Ensign Group 1989-2007

The changes in the functioning of the Red Ensign Group over the eighteen years of its existence mirror the shift in the UK's general approach to its shipping industry and secondary registers. Originally, the UK acted largely as the Red Ensign Group's regulatory body, focused on maintaining high levels of regulation in its secondary registers. By the late 1990s, however, the British register moved to a more businesslike approach, and saw the REG as an opportunity to improve efficiency through cooperation and shared knowledge.

When the REG conferences first began in 1989, they were a series of one-on-one meetings between the UK and its secondary registers. The British maritime officials would brief their secondary register counterparts on recent and upcoming issues, and the secondary registers would have the opportunity to ask questions. The UK's dominating presence at these meetings made them "*quite scary*" for the Category 1 register (Interviewee #10). The UK seems to have been aware of this, as an administrator for the Department for Transport agreed

If you were to ask the REG administrations, I think the answer you would get from them is that they felt that, once a year, they were sort of called to London to be told how things should be done and what they were doing wrong. It was a sort of schoolmasterly relationship, being brought in front of the head teacher (Interviewee #1).

One current Manx official mentioned that the Category 1 registers "*used to have a quick meeting beforehand because they knew this was going to be quite heated*" (Interviewee #10). A former Manx surveyor confirmed this opportunity for collective action, saying it was useful "*where if the UK were going down a particular policy then the other members could talk to each other and say, well, I'm opposed to this. . . We could get four bodies coming up and saying, well, we don't like this, or we can't do this. . . We could gang up on the UK . . . or any particular one who wanted to go wandering off the party line a bit,*" although it was acknowledged that this was not a common occurrence (Interviewee #9).

Despite this strength in numbers, in most instances the UK is the final authority on Red Ensign policies. Even through the late 1990s, there was the perception that the UK would, as one official put it, "*bring all of the Red Ensign into*

one forum and tell them how it's gonna be, this is the policy line, this is what we're going to do, this is what you will do" (Interviewee #13).

Since the late 1990s, however, the conference has changed to a more open format where individual meetings with the UK are available upon request of the secondary register, but the main event serves as a "talking shop" in which all members have the opportunity to submit papers beforehand and discuss how to approach common issues (Interviewee #14). This collaboration is useful in that it creates feelings of parity among the individual REG members, but it is also necessary due to the sheer volume of work resulting from recent international agreements at the ILO and IMO. For each convention that is ratified (or soon will be), individual flag states must determine how to translate the convention's requirements into national legislation with which the register's shipowners must comply. Since all REG members are implementing the same set of international conventions (with the exception of those adopted by the EU), it makes sense for them to work together at REG conferences to interpret the conventions and create the relevant legislative frameworks. As one MCA official said, "*Why reinvent the wheel when we can build the wheels together?*" (Interviewee #7). Another MCA official confirmed this, saying that "*there's a lot more dialogue [that] goes on between the years. . .It's more general discussion and agreement.*" (Interviewee #11).

However, the opportunity for greater participation has not necessarily resulted in individual members becoming more involved in the REG conference or the group itself. One MCA official reported, "*We try each year to have a theme for conference and try and encourage them to take part in the conference. It's like*

pulling teeth, it's like being a dentist (Interviewee #7). Another MCA administrator acknowledged that he sends papers to the REG conferences every year to update members on developments within the IMO and EU, but gets very little response.

6.3.2 Sharing a Flag but Little Else

Secondary registers, and those in the Red Ensign Group in particular, are frequently classified together, despite the major differences that exist between and among them. For the REG, specifically, understanding these differences and why they occur can inform discussions regarding the functioning of both the Manx register and secondary registers more broadly.

The extent to which individual registers involve themselves in the Red Ensign Group is one of the major differences among the four Category 1 and eight Category 2 member flags. One explanation for why some registers, those in the Category 1 group, in particular, are more willing to participate in the REG than others concerns their relative sizes: *“the Isle of Man and Cayman and Bermuda and Gibraltar are very active members in it because they’re big boys, they’ve got big ships, they’ve got lots of issues to bring to the table* (Interviewee #7). The Category 2 registers, on the other hand, consist primarily of small commercial ships, fishing vessels, and pleasure craft, and thus the international regulatory issues that are the focus of much of the REG discussions are likely to have less of an impact on them. Another suggested reason for the variation in participation level has to do with the nature of different REG members’ constitutional relationship with the UK. As an MCA official explained, *“Gibraltar, Bermuda, the Caymans. . . these come under the. . . Foreign Office, not the Home office so they have a different outlook,*

perspective, and everything like that” (Interviewee #9). As Home Territories, which are overseen by the Foreign and Commonwealth Office, they have a more robust constitutional link to the UK than the Isle of Man, and are less autonomous. This could affect their participation in a group like the REG, although whether it would lead to more involvement (in order to have greater influence over UK decisions, which they would be bound by) or less (because they have to conform to the UK position) is unclear.

Further distinctions among Red Ensign Group members emerge when considering interactions between the maritime administrators of the secondary registers and the UK. An MCA official acknowledges that *“we would like to think that we treat Isle of Man, Bermuda, Cayman, Gibraltar, similarly. But not the same. Because we’ve got differences with each one* (Interviewee #7). Gibraltar, for example, is part of the European Union and therefore the UK oversees the territory’s implementation of EU directives. Interviews conducted suggest that the Manx register’s level of autonomy is its defining feature, and affects the manner in which the UK treats it. As one Department for Transport official explained,

There’s always been a willingness on the part of the UK to provide technical assistance as necessary. And I would say that in the time that I’ve been working in shipping, the Isle of Man has always had a very well-developed maritime administration, and a very independent administration . . . I think the Isle of Man would always want to be seen to be running their own register in their own way. So, assistance is at a technical and, probably, largely informal level. With other registers that have been developing their capabilities over the years, there’s maybe been greater and more formal input (Interviewee #1).

In other words, the UK recognises both the Manx register’s demonstrated professionalism and its desire to be self-sufficient, and therefore treats it accordingly.

Additionally, the Category 1 registers tend to fill different market niches. The Cayman Islands' focus is on yachts and Bermuda's on cruiseships, while the Isle of Man has a large proportion of oil tankers (Interviewee #10). Each register, therefore, has different technical and regulatory needs with which it might need assistance.

Geography is another factor that appears to play a role in explaining why some of the UK's secondary registers are more active in REG than others. As an MCA administrator pointed out, Bermuda and Cayman Islands are a long way from European waters and "*distance does make a difference*" in terms of the issues these registers concern themselves with and their level of involvement (Interviewee #14). In contrast, representatives from Isle of Man frequently join the UK delegation that attends IMO meetings, which are held in London (Interviewee #14), while the Gibraltar register sends officials to EU conferences and IMO meetings, albeit to a lesser extent than the Isle of Man (Interviewee #14). This suggests that proximity to the UK affects a secondary register's level of participation in events and issues beyond the annual REG conference, which changes location each year so that the same registers do not have to travel long distances repeatedly.

6.3.3 Conclusions

Since its inception, the Red Ensign group has evolved and the relationship among its members has changed. Initially the group was seen to be a way for the UK to monitor its offshore counterparts, whereas it has now developed into an opportunity for shared knowledge and expertise. This shift, however, has not meant a reduced level of regulation for these secondary registers. In fact, as individual REG registers gained the expertise necessary to meet the commitments of

international conventions, it could be argued that the collaborative efforts at annual conferences permitted better understanding or more comprehensive application of maritime legislation than would have occurred had it just been the UK taking the lead.

Additionally, the four secondary registers do contribute differently to the REG as a whole. For reasons of geography, basic constitutional relationship with the UK, and individual interests, Bermuda, Cayman Islands, Gibraltar, and Isle of Man all vary in their participation within the REG depending on the issue at hand. For Isle of Man and Gibraltar, in particular, it seems that physical proximity to mainland Europe and political membership in the EU, respectively, are the driving forces behind their involvement.

6.4 Isle of Man's Relationship with Inter- and Non-Governmental Institutions: International Organisations, Port-State Control, and Unions

In general, secondary registers are represented by their national counterparts to external groups, including international regulatory bodies, port-state control groups, and seafarers unions. Where possible, however, the Isle of Man is increasingly interacting directly with these other bodies or otherwise attempting to influence the UK's dealings with them. Insights into the level of practical independence the Isle of Man has from the UK on shipping-related matters can be obtained by examining this interaction. Of particular interest is the extent to which the Isle of Man involves itself in the policies presented to international organisations by the UK, works with port state control inspectors, and negotiates (or avoids doing so) with seafarers' unions, and the extent to which they respond. The Isle of Man's

participation in and direct interaction with these third party actors can also be seen as evidence that, externally, it is increasingly viewed as an independent, self-determining register rather than a subsidiary of the UK.

6.4.1 Participation and Representation in International Organisations

Despite being represented by the UK in its external affairs, the Isle of Man is playing an increasingly active role in the creation of international agreements. The British Department for Constitutional Affairs outlines British officials' obligations, suggesting that "departments and agencies leading for the United Kingdom in international conferences should bear in mind the interests of the Crown Dependencies. Whenever appropriate, consideration should be given to arranging for Island representation, either as a member of the United Kingdom delegation or as an observer" (Dept for Constitutional Affairs 2002). To this end, the MCA and DfT invite members of the Red Ensign Group to attend a series of internal meetings prior to IMO and ILO conferences, and offer them the chance to participate in working and inter-correspondence groups. Most REG members choose not to become involved unless there is an issue that is of particular interest to them, in which case they will attend the relevant meetings or submit a paper to be considered. Generally, however, as one MCA official observed, REG flags are "*encouraged more and more and more [to contribute their opinions on international issues], and you get less and less support*" (Interviewee #7).

The Isle of Man is largely an exception to this rule. Since the legislative changes to the Manx register in the 1980s, the island's marine administration has taken an increasingly active interest in these meetings. Although the Isle of Man

does not have independent voting rights at the IMO or ILO conferences, it can attend as part of the UK's delegation,⁴¹ through which it can and does take an active role in the proceedings. For example, the previous head of the Manx Marine Administration was one of the main authors of the recent ILO consolidated convention.

On both ILO and IMO treaties, the UK must take into account a potentially wide range of views, including those of REG members, shipowners, and other government actors, such as environmental or trade departments. If a fundamental difference of opinion between UK officials and their REG counterparts emerges in one of the pre-meetings, the UK view usually prevails, and the British delegation that appears at the international conference presents a unified policy position. One MCA official acknowledged that *"we might have, within the family, a free and frank exchange of views on things, but . . . my experience of both the Isle of Man and Gibraltar, the ones I've seen at IMO and who have been part of our delegation, are generally positive"* (Interviewee #14). This smooth running could be due in part to the fact that the British and Manx marine administrations generally hold similar opinions on particular international regulations due to their shared objective of maintaining high standards, albeit for potentially different reasons. As one Manx official explained, *"if our interests were different from the UK, it would be rather odd. We really should be singing from the same hymn sheet. The only difference of course is the EU membership, and there's nothing we can do about that"* (Interviewee #8).

⁴¹ The ILO does allow the Isle of Man to attend conferences listed separately from the UK as an "other country," but for all intents and purposes it participates as a UK delegate, representing the British position (Interview #14).

A key characteristic of the Manx register relates to the fact that while the Isle of Man is part of the UK and Europe, and tends to serve European interests, the island is neither a member state nor an associate member of the EU. Instead, like other Crown Dependencies, the Isle of Man has limited status under Protocol 3 of the UK's Treaty of Accession to the European Community, which allows them to participate in the free trade of goods among EU member states. This status does not include free movement of persons and services, access to EU funds, or any obligation to implement EU directives (Department for Constitutional Affairs [No Date b]).

This ability to avoid EU legislation is a primary benefit of the Isle of Man's limited status under Protocol 3. It means that the Manx register can avoid any extra directives the European Commission adds to ILO or IMO conventions (which could potentially increase shipowners' operating costs), thus giving it a competitive advantage over the registers of EU member states like the UK and Gibraltar. Additionally, EU membership would reduce the island's autonomy, something the Isle of Man values. Being subject to EU directives, *"takes away a lot of discretion, which, why would you want to give that up? Certainly from a legislation point of view, I can't see the benefit. . .it's easier to be out of it than it is to be in, for us"*(Interviewee #8). The main drawback to the Isle of Man's Protocol 3 status is that it does not allow Manx-registered vessels access to EU cabotage, which may force some shipowners who would otherwise flag their ships in the Isle of Man to go elsewhere.

Many of the officials interviewed for this study feel that the decisions made by maritime Europe in the next five to ten years, particularly in relation to wage rates for residential workers and the way in which that residency is established, will be critical in shaping the future of the Red Ensign. Should the European Commission rule that seafarers serving on the vessels of EU member states are required to be paid at those states' wage rates, regardless of nationality – a move which would invariably increase shipowners' operating costs – then the UK and Gibraltar could potentially lose many of their vessels to non-EU registers. As the European Union expands, this and other EU resolutions, which have the capacity to disproportionately affect the comparative advantages of some Red Ensign registers, will likely be a source of much debate.

6.4.2 Recognition by Port State Control Bodies

Another arena in which the Isle of Man is increasingly demonstrating its independence from the UK is in that of port state control. As the Manx register evolved, it gradually expanded its administrative capabilities, which in recent years has allowed it to take direct responsibility for vessels that port state inspectors have detained or found to have deficiencies (previously this information would first be sent to the UK, which would forward it on to the Isle of Man). Beyond the implication that the Isle of Man is now holding itself even more accountable for the reputation of its flag, these direct interactions between Manx maritime officials and foreign port state control bodies suggest a greater recognition by the latter of the Manx register's autonomy from the UK.

Until 2003 or 2004, foreign port state control officials, upon finding deficiencies on or detaining a Manx ship, would follow procedure to notify the vessel's flag state. However, since the ship would be flying the Red Ensign and therefore considered to be "British," the body that would be contacted was the UK's MCA (Interviewee #2). When the MCA would send this information on to the Isle of Man, it would occasionally be accompanied by a reprimand: "*odd letters used to arrive from the MCA, you know, 'It was reported last month one of your ships was detained in such and such a port, such and such a country' and, basically, 'We fail to understand what is happening, and what are you doing about it?'*" (Interviewee #2). While the Manx marine administration has always valued its good port state control reputation, until recently, the MCA felt the need to hold the Isle of Man accountable for its underperforming ships.

In recent years, however, the Isle of Man has begun receiving direct notification of detained or deficient vessels from some foreign port state control bodies. As one Manx official explained, "*Now what's also started happening more often is that the more well-known flag states. . . at least do come to us directly. You know, they're more aware about who the Isle of Man is*" (Interviewee #2). This shift can be interpreted to suggest that foreign authorities increasingly recognise the extent to which the Isle of Man register operates independently from the UK.

Additionally, in 2004 the Manx marine administration created a position within the administration that would specifically address port state control matters. To some extent, this demonstrates that the Manx register takes port state control and the regulatory reputation of its register seriously. However, there are limits to what

the MCA is willing to allow the Isle of Man to deal with independently. When the Manx marine administration enquired as to the possibility of sending an employee to the Netherlands to be trained to deal with port state control issues, the emailed reply was also sent to the MCA :

“they copied in the message to the UK because they thought, well, [Isle of Man is] part of the UK, and in the next instance we had the . . . Red Ensign liaison group were on the phone to the former boss here. . . ‘how dare you think about sending your men up here, you know, if you want any training doing, it’s got to be done down here’ in Southampton (Interviewee #2).

Similarly, should a Manx vessel have serious problems with a European inspection where an appeal to the Paris port state control authorities would be required, Isle of Man marine administrators would need to go through the MCA rather than try to resolve the issue directly (Interview #2). These examples demonstrate the overlapping areas of responsibility between the individual Red Ensign registers (particularly the Isle of Man, given its increasing autonomy) and the UK agency responsible for their external affairs.

6.4.3 Relationship with Seafarers’ Unions

In contrast to the Isle of Man’s involvement with international organisations and port state control bodies, (which is coordinated with or conducted through the UK), the Manx register has, from the outset, addressed crewing issues directly with the two national unions that represent British seafarers since the register sets its own crewing requirements. Since the late 1980s, the Isle of Man has hosted an annual tripartite forum to which shipowners, the National Union of Rail, Maritime and Transport Workers (RMT), the ratings’ union, and the National Union of Maritime,

Aviation, and Shipping Transport Officers (NUMAST),⁴² the officers' union, are invited. Given the Isle of Man's political position – it claims that it cannot discriminate in favour of British seafarers – and register regulations that permit appropriately certified seafarers of any nationality to crew Manx vessels, its past relationship with these two unions has been complex, and occasionally contentious.

There are major differences in how the two unions perceive the Manx register. The ratings' union, RMT, has threatened to have the Manx register declared a Flag of Convenience since the mid-1990s (Osler 1996). It adopted this position formally in a paper presented to the International Transport Workers' Federation in 1999, which argued that British ratings were being replaced by foreign seafarers on Isle of Man ships, and that certain Manx vessels fit the FOC criteria of lacking a "genuine link" to the flag territory because they were neither beneficially owned in the Isle of Man nor covered by ITF collective bargaining agreements (RMT 2000).

Despite the widespread support the RMT position received from other European unions, formally designating the Manx flag an FOC would require the support of both national affiliates, and NUMAST, the British officers union, was not willing to endorse RMT's campaign. NUMAST's response to the RMT paper maintained that the Isle of Man's requirement that there be a locally based ship manager constituted a "genuine link" (NUMAST 2000). NUMAST also argued that an FOC designation for the Isle of Man could actually result in fewer jobs for British seafarers as shipowners would change registers and "retaliate" against the unions by hiring even fewer British nationals; at the extreme, a successful ITF FOC campaign would be counterproductive because it could damage the Manx register's reputation

⁴² NUMAST changed its name to Nautilus UK in 2006.

to the extent that the register would collapse due to the number of shipowners flagging out to non-FOC flags (Interviewee #12). Alternatively, since the Isle of Man is generally considered to be a “serious, responsible flag operating to the highest standards” (NUMAST 2000), the FOC label would weaken the ITF’s broader campaign: *“rather than actually [label the Isle of Man an FOC], because the impact could be severe, there’s also the danger that there is no impact. And then you’ve fired your bloody gun, and you haven’t achieved anything and everybody knows then your weapon isn’t a weapon at all”* (Interviewee #12).

Although there has been a reduction in calls for the Isle of Man to be designated a Flag of Convenience in recent years, RMT and NUMAST have continued to maintain their respective positions. Despite this fundamental disagreement, however, both unions agree that the Isle of Man’s small size and geographic location are two specific characteristics that affect their approach to and treatment of the register. Because of the small numbers of British ratings employed, and the relatively small size of the register, RMT has not found it worthwhile to mount campaigns on Manx vessels, and has not participated in the register’s annual tri-partite meetings for several years (Interview #15). For NUMAST, however, the Isle of Man’s small size is an advantage as it makes the register less bureaucratic and more accessible than its national counterpart: *“can’t think of any examples where the UK would ring me up and say, hey by the way, we’ve just kicked this ship off, terrible conditions on board. . .in the Isle of Man, you can have that level of contact”* (Interviewee #12).

The seafarers unions also have a different level of interaction with the Isle of Man than with other Category 1 Red Ensign registers. This is partially because Bermuda, Cayman Islands, and Gibraltar have all been declared Flags of Convenience, and are therefore the remit of the ITF rather than the national unions [Interviewee #12]. However, other factors also affect this. Explaining that the organisation's efforts focused mainly on the UK and Isle of Man, the NUMAST representative said, *“Bermuda, Gibraltar. . .they are as foreign to us as Panama and Liberia. We do have contact with Bermuda, who are quite receptive to dialogue and discussions and sometimes ring us up and ask for our opinions. But I think that geographical distance affects the mental approach towards it.* (Interviewee #12).

6.4.4 Conclusions

This section examines the Isle of Man's increasing participation in international organisations through the UK, and its expanding interactions with port state control bodies and seafarers' unions. The Manx register's involvement in determining the UK's positions at IMO and ILO meetings demonstrates that the register is taking an increasingly greater interest in influencing the regulatory standards to which it will be held by the UK. It is clear, however, that the UK is the ultimate authority in dealing with international organisations, as it is responsible both for the Manx register's external affairs and the ultimate quality of its vessels. The Isle of Man, however, already interacts directly with port state control bodies and seafarers unions, which indicates that these groups see the Manx register as an independent entity.

6.5 Conclusions

Together with Chapter Five, this case study of the Isle of Man has traced the development of the Manx ship register from the mid-1980s to today, and shown how, over this same period, the UK maritime authorities gradually allowed the Manx Marine Administration increased latitude and eventually reformed the way it dealt with its secondary registers through the Red Ensign Group.

The Isle of Man's incremental development as a register belies several broad trends regarding the island's relationship with the UK, the rest of the REG, and outside organisations. First, much of what the Isle of Man has been able to achieve has been predicated on its status as a Crown Dependency. This unique constitutional relationship and the permissive approach taken by the UK have allowed the island to develop its ship register in ways that might not otherwise have been possible. Had the UK retained greater control over the Manx register, or should the Isle of Man become subject to EU directives, some of aspects of the register that are central to its competitive strategy could be lost. Second, an important feature of the Isle of Man is its geographical proximity to the UK. For shipowners and managers, union leaders, and officials within the UK's Marine and Coastguard Agency or Department for Transport, quick transport links between Douglas and London facilitate the development of close relationships with Manx administrators. Finally, it was through a series of legislative moves and subsequent developments, both intentional and unintentional, that the Isle of Man is increasingly viewed and treated as an independent register rather than a UK subsidiary by third parties, including port-state control bodies.

This case study of the Isle of Man has particular significance for the ongoing secondary register debate within shipping literature. On the surface, the Manx register does seem to embody usual secondary register arguments in that it was created as an outlet for British shipowners wanting to escape the high costs of the UK flag. Upon closer examination, however, the Manx example refutes many of the common notions regarding secondary registers.

The impetus to create the Isle of Man ship register came not from the UK wanting a way to preserve its fleet, but from a combination of shipowners' requests and a desire by the Manx government to diversify its economy. Furthermore, although the UK was supportive of the Isle of Man's efforts, it never pushed the register to take on more ships or reduce its standards as an incentive. On the contrary, the UK actually tried to limit the Isle of Man register's fleet to what the island administration had the capability to oversee without tarnishing the reputation of the Red Ensign. Additionally, the Isle of Man register is not seeking to gain a direct profit from the register, but rather attract shipping-related business to the island. To this end, the Manx strategy has always been focused on maintaining a high level of regulation of its ship register and being selective about the vessels that it allows to join. Finally, the Isle of Man is constantly checking its standards and practices against those of the UK, looking to be at least as "good" as its mainland counterpart. In some instances, such as signing the voluntary agreement with NUMAST and forging ahead on the ILO Consolidated Convention, it appears that it may even be exceeding this.

Ultimately, the Isle of Man example does much to inform not only debates about the shipping industry, but also those about states and markets more generally. This case study shows that spatial and temporal contingencies can do as much to further a state's competitive interests as the most carefully constructed strategies. Had the Isle of Man not benefited from the deregulation of financial markets in the 1970s at the same time as the British shipping empire was crumbling, the foundation to establish itself a centre of shipping could not have been more easily set. The success of the Isle of Man in shipping and other financial industries, despite there being more "attractive" jurisdictions elsewhere, also shows that geography is still relevant.

This examination of the Isle of Man also manages to turn the conventional paradigm of offshoring on its head. Indeed, open registers have been identified by Palan (2003) as a central aspect of the deregulated, offshore phenomenon, but the detailed analysis in this chapter shows that the rise of the Manx ship register has, from the start, clearly been orientated towards creating and maintaining an effective regulatory regime. In fact, the register's success has depended on its ability to maintain a reputation as fully complying with and enforcing international regulations.

Jessop (2002; citing Hudson 2000 and Palan 1998) notes that "offshore economies can be an element in [the competition state's struggle] insofar as they are sponsored (or tolerated) by onshore states to secure competitive advantages" (96). The Isle of Man is an example of an offshore jurisdiction that resists this conceptualization. True, the Isle of Man works within boundaries set by the UK, and

British shipowners (and others) have benefited from the island's fiscal and political climate, but it cannot be said that the UK "sponsors" these activities as the Isle of Man has pursued them of its own accord; nor can it be argued that the UK merely "tolerates" them.

Ultimately, however, the case of the Isle of Man is about states and state strategy. It seems that the Isle of Man acts as a kind of "competition micro-state." Jessop argues the competition state "prioritizes the pursuit of strategies intended to create, restructure or reinforce – as far as it is economically and politically feasible to do so – the competitive advantages of its territory, population, built environment, social institution and economic agents" (200, 296). Though not an externally autonomous state, the Isle of Man has turned its constitutional relationship with the UK to its advantage and has constantly adapted its industries to meet the needs of global business, maintaining the high standards of the Red Ensign. In doing so, to go back to Captain Greenhalgh, the Manx register is demonstrating that Douglas will use to its advantage whatever "Britishness" it is perceived to have.

CHAPTER SEVEN

Conclusions

Although international shipping is an inherently global industry, it has been affected by the pressures of globalization in profound ways. With the advent of open registers in the last half-century, shipowners have been able to reduce their operating costs by flagging out of relatively costly national registers. As shipowners moved to open registers, the merchant vessel fleets of embedded maritime states declined. In response, the first secondary registers, DIS and TAFF, were created by Denmark and France, respectively, in the 1980s. These flags grew steadily over the following two decades, and more secondary registers were created. As of 2005, approximately 7.5% of the world's tonnage was flagged on secondary registers. While this may appear to be a relatively small proportion of vessels, these registers represent a major effort by embedded maritime states to both retain and regain their national shipping industries. No full account of these secondary registers yet exists; this study is an attempt to address this deficiency. In addition to exploring the variation among different secondary registers, this thesis examines how secondary registers compare to their national counterparts with regard to regulation and crewing, and determines where they fit into the registry system as a whole.

The first two chapters of this thesis examine the relevant theoretical literature and explore existing secondary registers. In Chapter One, different accounts of globalization's effects on state sovereignty are analysed as groupings of three distinct approaches. The most useful approach is found to be the one that focuses on the

dynamic reconstruction of state sovereignty amid globalizing forces. The chapter then proceeds to discuss sovereignty in the context of international shipping, and provides an overview of the historical connection between a flag state and the vessels on its register. The need for further inquiry into the secondary register phenomenon is also established.

In Chapter Two, a classification system for existing secondary registers is developed as a means to understand the results of later analysis. The chapter sets out the different forms of variation among ship registers – including their administration, location, level of openness, crewing restrictions, and relationship to the national register – and then describes these characteristics for each secondary register included in the study. It is determined that the most appropriate classification system for this research is one that is based first on whether a flag state is controlled primarily by its parent state, or by the offshore territory on which it is located. Those registers in the former group are further categorised based on whether they are located within the mainland boundaries of the state or offshore. The registers are categorised in the following way:

- *Controlled by register territory:* Bermuda, Cayman Islands, Gibraltar, Isle of Man, and Netherlands Antilles.
- *Controlled by parent state and located within mainland boundaries of state:* DIS, NIS, and GIS.
- *Controlled by parent state and located on offshore territory:* CSR, MAR, and TAFF.

Chapter Three considers the regulatory regime present on flag states using the proxy variable of port state control records. This discussion is framed in the context of debates regarding globalization and the harmonisation of international standards. It was hypothesised that secondary registers would have higher detention rates (meaning they were detained more frequently, and, presumably, operate in a more permissive regulatory environment) than their national counterparts, but remain below the regional average detention rate. It was also hypothesized that the average detention rate of secondary registers as a group would be higher than that of national registers but lower than that of open registers. These hypotheses are generally confirmed by the data, although, surprisingly, secondary registers have a lower average detention rate than the other two register types. The reason for these results is unclear as precise causal relationships are difficult to determine, but it appears that some secondary registers are employing the port state control process strategically. Also, it appears that the existence of secondary registers is not necessarily contributing to a downward harmonisation of standards, as these registers maintain a relatively high level of regulation compared to other flag states.

In Chapter Four, the labour costs associated with flagging on different registers are explored through an examination of seafarer nationality patterns. It was hypothesised that the proportion of national citizens employed on secondary registers would be less than that of national registers but greater than that of open ones, and that any replacement of national with non-national labour would first occur at the ratings level, followed by the junior officer level. It was also hypothesised that non-national labour sources would originate in Southeast Asian and Eastern European

states. Data analysis generally confirms these hypotheses, although results are most notable for the lack of consistent labour patterns, either between individual national and secondary pairs, or among secondary registers as a group. These findings indicate the need for a more sophisticated analysis of secondary registers.

Chapters Five and Six are in-depth explorations of the Isle of Man ship register. Chapter Five traces the development of the Manx register since 1984. It explains that, contrary to many accounts about secondary registers, the Isle of Man register was not created by the UK but rather the island itself, which sought to take advantage of particular political and economic factors to diversify its economy through the creation of a ship register. In so doing, it argues that the Manx flag state is playing a competitive game in which it balances compensating for the disadvantages of the UK register with being similar enough to it, particularly regarding level of regulation, to attract shipowners wanting to flag on a “British” register.

Chapter Six continues this discussion of the Isle of Man register, examining the evolution of its relationship with UK maritime administrators, the UK’s other secondary registers and third-party actors since the 1980s. It notes the extent to which the relationship between the Isle of Man and the UK has evolved from one of dependence to mutual cooperation and collaboration, and points to important differences between the Isle of Man and other Red Ensign flag states that affect the way they are perceived by third-party actors and participate in external affairs. In this discussion, key spatial and temporal considerations, including its geographical

proximity to the UK and special status within the EU are seen to contribute to the Manx register's success and strategy.

Taken together, the results of this thesis inform three broader conclusions that have implications beyond the shipping industry. First, results indicate that offshore ventures are not necessarily deregulated "havens". This can be seen in port state control data, where secondary registers that are located in offshore territories are, as a group, detained less frequently than national or open registers, and , individually, are detained less frequently than the average flag, which suggests a comparably high level of regulation relative to other flag states. A further example is present in the Isle of Man register, which not only maintains equivalent regulatory standards to the United Kingdom, but emphasises that equivalency as one of its selling points.

Second, the national level appears to still be relevant as one scale of many, challenging the notion that globalization and its associated studies necessitate upscaling to the exclusion of the national scale. While it is clear that there are forces acting at multiple scales, particularly the supranational, that trigger the practices of secondary registers, a full understanding and explanation of the secondary register phenomenon requires the consideration of, and a grounding in, national-level activities.

Finally, the research conducted here demonstrates the need to ground theoretical discussions in empirical analysis. Accounts of secondary registers tend to be overlooked or oversimplified in broader discussions of open registers and their effect on embedded maritime states. This register group has previously been invoked as exemplifying deregulated offshoring and regulatory races to the bottom.

However, the results of this investigation have shown such divergent patterns among individual secondary registers that the most robust conclusion that can be drawn is that there is a need for even more sophisticated analytical treatment of this register group than was possible in this thesis. Furthermore, this thesis reveals that such treatment, whether of secondary registers or other globalization-related themes, should take care to avoid the potential pitfalls of reductionism. As we have seen, there are elements of the secondary register phenomenon that cannot be discerned with exclusively quantitative or qualitative methods, or with exclusive focus on a particular scale.

To bring this research's empirical findings back to the literature outlined in the first chapter, of the three sets of accounts of globalization's effects on state sovereignty, the third set, or the re-imagined competitive state, holds the most explanatory power with regard to secondary registers. It appears that some states are consciously manipulating their secondary registers (which are, in and of themselves, a deliberate response to the consequences of international economic competition) in reaction to global forces. For example, states have been shown to alter their registers to receive more favourable port-state control results or by facilitating access to new sources of crewing labour. In this way, states are adapting to processes beyond their control in a way that confers benefits for their national industries, without fully abdicating the states' regulatory functions or priorities.

Indeed, the Isle of Man, whose secondary register receives the greatest attention in this study, is specifically reminiscent of Jessop's "competition state," amending his definition to allow for the fact that the Isle of Man is not an

independent, sovereign state. The Manx register's success is based on the island's exploitation of its status as a financial centre with critical ties to the United Kingdom. As its register has grown, the Isle of Man has sought greater influence within British and international decision-making spheres with regard to maritime issues. Thus the Isle of Man has acted in a manner consistent with a kind of "competition micro-state".

However, it is difficult to discern whether Jessop's "competition state" or "competition micro-state" theory can account for all of the secondary registers explored in this thesis. As has been noted, the Manx register is unique among secondary registers for several reasons, including, primarily, its relationship with the United Kingdom. It might be anticipated that the other secondary registers in its analytic category (those that are controlled by the register's territory itself, including Bermuda, Cayman Islands, Gibraltar, and the Netherlands Antilles) can be similarly described; that all of these secondary registers are in competition with their parent state's national register, while at the same time subject to restrictions on their territories' autonomy imposed from or limited by their "home" state, might lead them to act in similar ways (although not always to similar ends, as a comparison of the Manx register with other Red Ensign registers has shown).

Whether this conclusion holds for the other analytic categories of secondary registers – those that are controlled by their parent state and located within the mainland boundaries of that state, or those that are controlled by their parent state and located on an offshore territory – is more difficult to say. This thesis has demonstrated a lack of consistent patterns among parent state-secondary register

pairs on both regulatory and crewing issues. These divergent patterns could be the result of different processes and priorities by different states; given the fundamental differences among secondary registers, both in terms of their structure and the characteristics explored in the course of this research, it is difficult to reach any more definitive a conclusion without further case studies of the type that form the basis of Chapters Five and Six.

Thus the key limitation of this study is its lack difficulty in generalizing from specific conclusions about the Manx register to other secondary registers, and “offshore” developments in general. In order to rectify this, at minimum a further two case studies, one from each of the other analytic categories would need to be conducted. Such an examination of the decision-making processes and development of different register bodies in relation to their parent state would hopefully confirm or refute the conclusions that have been reached regarding the Manx register and what it represents in terms of state sovereignty in a globalized world.

A second limitation concerns this study’s lack of explanatory power regarding how and why secondary registers function the way that they do. While this thesis has made an important contribution in demonstrating critical differences among different secondary registers and their relationships to their parent states, causal effects cannot be ascribed. Why, for example, has a particular secondary register’s port state control detention rates declined while another’s have not? Is it due to pressure from the parent state, industry, or the register itself? What is causing shipowners on one secondary/national register pair to have similar crewing patterns while others do not? By asking particular questions that follow on from the

differences illuminated, here, these causal relationships can be explored and the secondary register phenomenon better understood.

Finally, there is far more work to be done on analysing secondary registers' basic role and characteristics. There are several key questions that have not been answered in the course of this dissertation. First, which ships are using secondary registers? Are they actually serving to regain or retain the parent state's national vessels, which is the stated objective of many of these secondary registers? Examining patterns of vessel registration for ships coming onto or leaving secondary registers is essential in determining exactly "whose" ships utilise these flag states. Second, what do these registers represent in the context of other inducements – including tax breaks and other subsidies – that states offer as inducements to preserve vessels? In order to fully understand how states are responding to loss of their national fleets, it is necessary to consider the other incentives shipowners are offered to remain on the national or secondary register. Finally, an extension of the data on seafarer nationalities and port state control inspections, considering additional years and at a more subtle scale (such as examining the type of deficiencies found or accounting for vessel age, type, and size), would also be conducive to gaining a fuller picture of secondary registers.

In many ways, this study is more exploratory than revelatory. Given that it is the first account to specifically treat secondary registers and their relationship to their parent state, this thesis has attempted first to provide a framework by which to understand and analyze secondary registers, and, second, to highlight the complexities inherent in this seemingly homogenous register group. These registers

are currently significant players in the international registry system, and it is likely that they will become even more so in the years to come, particularly given the expansion of the European Union and its regulatory scope.

That secondary registers have not previously been the subject of careful inquiry is symptomatic of the broader ignorance of the maritime industry as a whole. High profile events, such as a sinking ship or a vessel captured by pirates, make headlines and are indeed indicative of some of the issues facing the modern merchant fleet. However, behind those headlines are day-to-day regulatory processes and international seafaring crews whose oversight, or lack thereof, is the responsibility of a vessel's flag state. As long as secondary registers continue to feature in the international registry system, their policies and practices have implications for all those concerned with the oceans, and the ships that sail upon them.

Appendix A

Frequently Used Acronyms

DfT	Department for Transport (formerly DoT, “Department of Transport”)
EU	European Union
FOC	Flag of convenience
GT	Gross Tonnage
ILO	International Labour Organisation
IMO	International Maritime Organisation
ITF	International Transport Workers Federation
MCA	Maritime and Coastguard Agency
NUMAST	National Union of Marine, Aviation, and Shipping Transport Officers (now known as Nautilus)
PSC	Port state control
REG	Red Ensign Group, which consists of the UK’s secondary registers
RMT	National Union of Rail, Maritime, and Transport Workers

APPENDIX B

List of Registers

<u>Secondary Registers</u>	<u>National Registers</u>		<u>Open Registers</u>
Bermuda	Algeria	Lithuania	Antigua and Barbuda
Canary Islands (CSR-Spain)	Austria	Luxembourg	Bahamas
Cayman Islands	Azerbaijan	Malaysia	Barbados
Denmark (DIS)	Bangladesh	Maldives	Belize
France (TAFF)	Brazil	Morocco	Bolivia
Germany (GIS)	Bulgaria	Myanmar	Cambodia
Gibraltar	Chile	Netherlands	Comoros
Isle of Man	China	Norway	Cyprus
Madeira (MAR-Portugal)	Colombia	Pakistan	Equatorial Guinea
Netherlands Antilles	Croatia	Philippines	Honduras
Norway (NIS)	Denmark	Poland	Hong Kong
	Ecuador	Portugal	Jamaica
	Egypt	Qatar	Lebanon
	Estonia	Romania	Liberia
	Ethiopia	Russian	Malta
	Finland	Saudi Arabia	Marshall Islands
	France	South Africa	Mauritius
	Georgia	Spain	Mongolia
	Germany	Sweden	Panama
	Greece	Switzerland	Saint Vincent
	India	Syrian	Sao Tome & Principe
	Indonesia	Taiwan	Singapore
	Iran	Thailand	Tonga
	Ireland	Tunisia	Tuvalu
	Israel	Turkey	Vanuatu
	Italy	Ukraine	
	Japan	United Arab Emirates	
	Korea, North	United Kingdom	
	Korea, South	United States	
	Kuwait	Viet Nam	
	Libya		

APPENDIX C

Differences Between Published and Collected Port State Control Data 2004							
PSC-Listed Register	Registers Included	Published*			Collected**		
		No. Inspec.	No. Deten.	Deten. Rate(%)	No. Inspec.	No. Deten.	Deten. Rate(%)
Denmark	Denmark (nat'l)	-	-	-	4	0	0.00
	DIS	-	-	-	409	4	0.98
	<i>Total</i>	407	6	1.47	413	4	0.97
France	France (nat'l)	-	-	-	14	0	0.00
	TAFF	-	-	-	57	1	1.75
	Wallis & Futuna	-	-	-	7	0	0.00
	<i>Total</i>	78	1	1.28	78	1	1.28
Netherlands	Netherlands	992	26	2.62	1030	26	2.52
	Netherlands Antilles	240	14	5.83	245	10	4.08
Norway	Norway (nat'l)	-	-	-	152	3	1.97
	NIS	-	-	-	780	18	2.31
	<i>Total</i>	919	23	2.50	932	21	2.25
Portugal	Portugal (nat'l)	-	-	-	4	0	0.00
	MAR	-	-	-	189	7	3.70
	<i>Total</i>	185	6	3.24	193	7	3.63
Spain	Spain (nat'l)	-	-	-	21	0	0.00
	CSR	-	-	-	95	3	3.16
	<i>Total</i>	105	2	1.90	116	3	2.59
UK	UK	494	5	1.01	508	6	1.18
Bermuda	Bermuda	85	1	1.18	85	1	1.18
Cayman Islds	Cayman Islds	140	5	3.57	140	5	3.57
Gibraltar	Gibraltar	229	16	6.99	240	15	6.25
Isle of Man	Isle of Man	243	3	1.23	250	4	1.60

* Published in Paris MOU Annual Report 2004 (Paris MOU 2005)

** Collected from Paris MOU Inspection Database available at <http://www.parismou.org/ParisMOU/Inspection+Database/xp/menu.3973/default.aspx>

Differences Between Published and Collected Port State Control Data 2005							
PSC-Listed Register	Registers Included	Published*			Collected**		
		No. Inspec.	No. Deten.	Deten. Rate(%)	No. Inspec.	No. Deten.	Deten. Rate(%)
Denmark	Denmark (nat'l)	-	-	-	11	0	0.00
	DIS	-	-	-	393	8	2.04
	<i>Total</i>	416	8	1.92	404	8	1.98
France	France (nat'l)	-	-	-	19	0	0.00
	TAFF	-	-	-	58	0	0.00
	Wallis & Futuna	-	-	-	6	0	0.00
	<i>Total</i>	78	0	0.00	83	0	0.00
Netherlands	Netherlands	991	20	2.02	994	23	2.31
Netherlands Antilles	Netherlands Antilles	253	9	3.56	253	9	3.56
Norway	Norway (nat'l)	-	-	-	160	1	0.63
	NIS	-	-	-	748	10	1.34
	<i>Total</i>	911	10	1.10	908	11	1.21
Portugal	Portugal (nat'l)	-	-	-	1	0	0.00
	MAR	-	-	-	198	2	1.01
	<i>Total</i>	198	2	1.01	199	2	1.01
Spain	Spain (nat'l)	-	-	-	18	0	0.00
	CSR	-	-	-	69	1	1.45
	<i>Total</i>	87	1	1.15	87	1	1.15
UK	UK	551	8	1.45	552	8	1.45
Bermuda	Bermuda	93	1	1.08	93	1	1.08
Cayman Islds	Cayman Islds	129	3	2.33	129	3	2.33
Gibraltar	Gibraltar	252	8	3.17	253	8	3.16
Isle of Man	Isle of Man	281	3	1.07	281	3	1.07

* Published in Paris MOU Annual Report 2005 (Paris MOU 2006)

** Collected from Paris MOU Inspection Database available at

<http://www.parismou.org/ParisMOU/Inspection+Database/xp/menu.3973/default.aspx>

APPENDIX D

Raw Significance Levels for Quantitative Data Analysis

Chi-square test for significance for Seafarer Nationalities by Crew Level*

	Denmark/ DIS	France/ TAFF	Netherlands/ Netherlands Antilles	Norway/ NIS	UK/ Bermuda	UK/Cayman Islands	UK/ Gibraltar	UK/ Isle of Man
Total Crew	.047	.155	.000	.000	.000	.000	.000	.000
Senior Officers	.097	.401	.000	.000	.000	.000	.000	.000
Junior Officers	.150	.041	.000	.000	.000	.000	.000	.000
Ratings	.874	.286	.002	.000	.004	.000	.001	.000

*For those tests which had at least one cell with an expected count of less than five, p-values are italicised.

APPENDIX E

States by Regional Category for Seafarer Nationality Analysis

European Union	Eastern Europe (cont)	Middle East (cont)
Austria	Republic of Moldova	Kuwait
Belgium	Romania	Lebanon
Denmark (includes Faeroe Islands)	Russian Federation	Malta
Finland	Slovakia	Oman
France	Slovenia	Palestinian Territory
Germany	Ukraine	Qatar
Greece	Yugoslavia	Saudi Arabia
Ireland		Sudan
Italy	Far East	Syrian Arab Republic
Luxembourg	Brunei Darussalam	Turkey
Netherlands	China	Yemen
Spain	Dem People's Republic of Korea	
Sweden	Fiji	Latin America
United Kingdom	Hong Kong (Chinese Admin Region)	Argentina
	Indonesia	Bahamas
Other OECD	Kazakhstan	Barbados
Australia	Kiribati	Belize
Bermuda	Malaysia	Bolivia
British Virgin Islands	Papua New Guinea	Brazil
Canada	Philippines	Cape Verde
Cayman Islands	Republic of Korea	Chile
Gibraltar	Samoa	Colombia
Iceland	Singapore	Costa Rica
Japan	Taiwan	Cuba
New Zealand	Thailand	Dominican Republic
Norway	Tonga	Ecuador
Portugal	Tuvalu	El Salvador
Switzerland	Viet Nam	Guatemala
United States		Guyana
	South East	Haiti
Eastern Europe	Bangladesh	Honduras
Albania	India	Jamaica
Azerbaijan	Myanmar	Maldives
Belarus	Nepal	Mexico
Bosnia and Herzegovina	Pakistan	Nicaragua
Bulgaria	Sri Lanka	Panama
Croatia		Peru
Czech Republic	Middle East	Saint Lucia
Estonia	Cyprus	St Vincent & the Grenadines
Georgia	Egypt	Suriname
Hungary	Iran, Islamic Republic of	Trinidad and Tobago
Latvia	Iraq	Uruguay
Lithuania	Israel	Venezuela
Poland	Jordan	

APPENDIX F

Data Included in Analysis of Crewing Costs

SECONDARY REGISTERS	<i>No. of Vessels</i>	<i>No. of Seafarers</i>	<i>No. of Seafarers w/Nationality Data</i>
Bermuda (UK)	14	311	311
Cayman Islands (UK)	48	1096	1096
CSR (Spain)	1	23	23
DIS (Denmark)	84	1388	1388
Gibraltar (UK)	25	325	325
Isle of Man (UK)	51	946	946
MAR (Portugal)	0	0	0
Netherlands Antilles (Netherlands)	34	463	463
NIS (Norway)	171	3715	3715
TAFF (France)	21	413	413

OPEN REGISTERS	<i>No. of Vessels</i>	<i>No. of Seafarers</i>	<i>No. of Seafarers w/Nationality Data</i>
Antigua and Barbuda	232	2724	2721
Bahamas	185	3717	3715
Barbados	9	127	127
Belize	12	185	185
Cambodia	99	1453	1438
Comoros	2	18	18
Cyprus	6	4670	4641
Equatorial Guinea	1	9	9
Honduras	22	272	272
Hong Kong	103	2466	2415
Jamaica	2	45	45
Lebanon	8	100	100
Liberia	382	8485	8485
Malta	362	7587	7575
Marshall Islands	71	1605	1605
Mauritius	2	41	41
Panama	811	17003	16927
Saint Vincent & Grenadines	86	1556	1556
Sao Tome & Principe	4	64	64
Singapore	97	2035	2035
Tonga	20	220	212
Tuvalu	1	6	6

NATIONAL REGISTERS	<i>No. of Vessels</i>	<i>No. of Seafarers</i>	<i>No. of Seafarers w/Nationality Data</i>
Algeria	4	98	74
Austria	2	24	24
Azerbaijan	7	149	149
Bangladesh	2	35	34
Brazil	5	107	82
Bulgaria	28	615	615
Chile	1	27	27
China	64	1710	1680
Colombia	1	10	10
Croatia	9	178	178
Denmark	8	145	145
Ecuador	4	96	96
Egypt	13	366	336
Estonia	8	88	83
Ethiopia	1	26	26
Finland	11	144	144
France	5	110	110
Georgia	18	275	275
Germany	144	2455	2413
Greece	151	3550	3550
India	103	604	497
Indonesia	35	648	648
Iran	13	374	374
Ireland	4	46	46
Israel	16	333	333
Italy	69	1442	1441
Japan	6	408	408
Korea, North	6	113	113
Korea, South	17	379	379
Kuwait	6	183	183
Libya	1	32	32
Lithuania	8	112	112
Luxembourg	25	426	400
Malaysia	95	2042	2031
Maldives	1	27	27
Morocco	9	165	97
Myanmar	10	325	325
Netherlands	187	2021	1995
Norway	10	180	180
Pakistan	2	82	82
Philippines	36	768	768
Poland	4	71	71
Portugal	17	203	203
Qatar	2	58	58
Romania	11	194	194
Russia	187	2658	2632

NATIONAL REGISTERS (con't)	<i>No. of Vessels</i>	<i>No. of Seafarers</i>	<i>No. of Seafarers w/Nationality Data</i>
South Africa	4	154	154
Spain	9	138	120
Sweden	35	496	496
Switzerland	3	38	38
Syrian	53	793	793
Taiwan	23	417	417
Thailand	33	669	669
Tunisia	4	101	71
Turkey	122	2204	1599
Ukraine	72	1193	1174
United Arab Emirates	2	56	56
United Kingdom	59	1005	1003
United States	50	1060	1060
Viet Nam	15	373	373

APPENDIX G

Methodology

Introduction

The main objective of this study is to examine how globalization has affected the shipping policies of embedded maritime states, focusing specifically on the phenomenon of secondary ship registers. It attempts to determine how these registers can and should be understood in the context of a globalized shipping industry, as well as the extent to which these registers fulfil the economic and political needs of their respective parent states. In order to accomplish these objectives, there is a need to ascertain how these registers compensate for what shipowners perceive to be the disadvantages of their respective national registers and, more broadly, determine where these registers fit into the broader system of vessel registration. Given that a desire to escape the costs associated with the relatively strict regulatory environment and inflexible crewing requirements are among the main reasons⁴³ why shipowners “flag out” from national registers to open ones (Ready 1998), these are two key elements of secondary registers that need to be explored.

In order to address these research areas, it is necessary to analyse secondary registers individually in relation to their national counterparts (the parent state’s national register), as well as collectively, in order to determine what niche, if any, they are filling in the global registry system. In order to accomplish this, this thesis employs a combination of qualitative and quantitative methods, as the former could

⁴³ Others include avoiding high levels of taxation and retaining anonymity (Ready 1998).

be used to establish general trends, within which there would almost certainly be variation that would require the latter for a more detailed level of analysis. The first section of this appendix explains the selection of secondary registers used as cases in this study, while the second section outlines the methodological approach taken. The third section describes the research process in order to communicate the means by which research decisions were made, including descriptions of the various data sources and the reasoning behind the choice of case study.

Selection of Cases

As noted in the introduction to this thesis, the earliest “designer” secondary registers were France’s TAFF (French Austral and Antarctic Territories) register and the Norwegian International Ship Register (NIS), created in 1986 and 1987, respectively. Following these early examples, second and international registers continued to proliferate through the 1990s. Many states – both those with a strong maritime tradition and those without – have considered establishing an additional register. These ventures have had varying degrees of success. In 1999, legislation governing the creation of a secondary tax-free ship register had reportedly found a congressional sponsor in the United States, but it appears the register never came to fruition (International Ship Registry Review, 1999). A potential Russian secondary register has been “painfully inching its way into existence” since 1995 (Second Russian Register Getting Closer Yet is Still So Far Away 2005). Recent previous research provides a comprehensive list of established and functional second and international registers.

Established Secondary Registers			
<u>Parent State</u>	<u>Secondary Registers</u>	<u>No. Ships*</u>	<u>GT*</u>
Brazil	Registro Especial Brasileiro	no data available	
China	Hong Kong	1,058	26,085,134
	Macao	2	2,321
Denmark	DIS	421	7,284,769
	Faeroe Islands	156	158,956
	Faeroe Islands (FAS)	10	22,233
Finland	Aland Islands	no data available	
France	French Antarctic Territory (TAFF)	126	3,524,865
	Wallis and Futuna Islands	4	74,754
Germany	GIS	no data available	
Italy	Second register	no data available	
Netherlands	Netherlands Antilles	214	1,661,631
New Zealand	Cook Islands	52	26,108
Norway	NIS	656	15,416,521
Portugal	Madeira (MAR)	119	1,143,306
Spain	Canary Islands (CSR)	188	1,823,323
Turkey	International register	no data available	
United Kingdom	Anguilla	3	701
	Bermuda	122	6,166,162
	British Virgin Islands	14	2,520
	Cayman Islands	156	2,608,796
	Channel Islands	8	1,470
	Falkland Islands	29	50,453
	Gibraltar	170	1,142,448
	Isle of Man	333	7,168,533
	Turks and Caicos	5	975

*As at December 2004. Source: Lloyd's Register Fairplay Ltd 2005.
Source: ILO 2004.

Despite the characterization of each of these registers as second or international, not all of them are appropriate to include as cases in this study. Given that this research centres on states' relatively recent efforts to maintain viable industries in the face of global competition, it is necessary to exclude some of the cases listed above. There are historical differences. For example, Hong Kong's register was under British control until 1999, and therefore does not accurately

reflect China's shipping policies. There is also the question of size of activity. As this study seeks to examine those registers that are viable alternatives to national or open ones, there is a need for all cases considered to be both "active" and of a large enough size to have an influence on the shipping industry. As such, only registers having a minimum of 50 vessels totalling least 500,000 gross tons⁴⁴ are included in this study. These requirements ensure that the registers examined are responsible for overseeing more than just local fishing vessels (which are significantly smaller than other types of merchant ships). It should also be noted that the figure of 500,000 gross tons (GT) is not entirely arbitrary. There is a natural break in the tonnage data between the Faeroe Islands (156 ships, 158,956 GT) and Gibraltar (170 ships, 1,142,448 GT) or Portugal (119 ships, 1,143,306 GT); all second and international registers fall to one side or the other of this tonnage band. As a result, several more secondary registers, including those of Brazil, Finland, Italy, Turkey, and New Zealand, as well as several of the United Kingdom's secondary registers, are excluded. Thus the final list of cases to be examined in this study is as follows.

⁴⁴ Unless otherwise stated, figures for register size and number of ships used in this study represent data from *World Fleet Statistics* (Lloyd's Register Fairplay, Ltd) as at December 2004.

Selected Secondary Registers	
<u>Parent State</u>	<u>Secondary Register(s)</u>
Denmark	DIS
France	French Antarctic Territory (TAFF)
Germany	GIS
Netherlands	Netherlands Antilles
Norway	NIS
Portugal	Madeira (MAR)
Spain	Canary Islands (CSR)
United Kingdom	Bermuda
	Cayman Islands
	Gibraltar
	Isle of Man

Methodological Approach

This study aims to examine specific characteristics regarding secondary registers in order to draw conclusions about how they operate, both as a group and in relation to their national counterparts. Given the nature of the research questions and the fact that little empirical work exists on this topic, a large component of this study involves the manipulation of quantitative data with the aim to provide a “big-picture” analysis of the place of secondary registers within the industry and relate this to contemporary debates on the role of the state.

Quantitative research, however, does have limitations, including a failure to address elements of *why* secondary registers were created and structured the way that they are, and *how* a secondary register interacts with its parent state. In other words, what it achieves in breadth, it lacks in depth. In order to resolve these issues, a case study combining a variety of qualitative techniques is employed, which means that a combination of quantitative and qualitative methods is used in order to sufficiently address the research questions previously outlined.

Mixing quantitative and qualitative methods within the same study is growing increasingly common in the social sciences (Bryman 2004). The need to address different kinds of research questions in order to investigate different aspects of the same phenomenon, as was the goal in this study, is an acceptable way to approach multi-strategy research (Bryman 2004). Tashakkori and Teddlie (2003) suggest that there are four critical points to consider if using mixed methods: priority, implementation, integration, and theoretical perspective. Taking each in turn, in this study, equal emphasis (priority) is placed on both method types. In terms of implementation, the majority of the quantitative data analysis was completed first so that any particularly interesting or unexpected results could be explored further in the case study. With regard to integration, the qualitative data is used to address those questions that the analysis of quantitative data left unanswered or that it could not answer. Theoretically, the quantitative data helps test specific hypotheses relating to the general status of secondary registers. However, these leave specific questions relating to state strategy and the motives of policy makers unanswered. These are explored through interviews and other qualitative data. Thus results of the two methods overlapped, but the aim is to gain information about multiple aspects of single phenomenon, rather than triangulation.

Quantitative Data

Quantitative data analysis is useful in answering broad research questions about the secondary register phenomenon. However, given the scope of this research topic and the limitations of an M.Phil study, it is appropriate to consider secondary, rather than primary, data sources. As Bryman (2004) notes, secondary data analysis

has cost and time benefits, can be based on high quality data, allows the opportunity for longitudinal studies, and enables subgroup analysis. More generally, analysing existing data permits far more comprehensive data collection for a greater sample size than would be possible to attempt individually.

Fortunately, two of the primary variables that are of interest – a register’s regulatory regime and crewing costs – have proxies readily available in existing databases.⁴⁵ Other sources of quantitative data include Lloyd’s *World Fleet Statistics* (listing data on the number of ships and gross tonnage of individual registers) and Lloyd’s *Register of Ships* (which tracks vessels’ histories, including a listing of all flags a ship has been on). Data from these different publications were input in to SPSS, and values for the secondary registers compared to those of their parent states’ national registers and subjected to statistical tests of significance where appropriate. On key variables, secondary registers as a group are compared to national registers and open registers, to discern where secondary registers fit into the international registry system.

Measuring a Register’s Regulatory Regime

There are several ways that the level of regulation on a particular register could be measured. One approach, used by DeSombre (2006), involves comparing the number of maritime-related international conventions a state has ratified. While this method reveals the extent to which a state is willing to commit to international norms, it would be difficult to discern the extent to which these norms are actually being enforced. Alternatively, a state could implement domestic legislation with

⁴⁵ All statistical databases used in this study are publicly available, except for one listing seafarer nationalities, which was compiled by the Seafarers’ International Research Centre.

similar or more stringent requirements than the international convention, but choose not to participate in the relevant international agreement because of sovereignty concerns or for political reasons; in this instance, non-participation would not accurately reflect the level of regulation. Alderton and Winchester's (2003) classification system is useful, but reproducing the analysis for those secondary register flag states that the authors did not include is beyond the constraints of this thesis. Another approach (Bernfeld 2004) encompasses domestic legislation as well as international obligations by using existing labour and environmental indicators and comparing states' scores, but this would not satisfactorily account for any shipping-specific differences in state regulation.

There is, however, an existing data source that circumvents these issues: port state control. Port state control (PSC) is the process by which foreign vessels are inspected when visiting national ports to ensure that the ship is fulfilling certain minimum international regulations. Vessels that are seen to be sub-standard are cited for deficiencies or, more seriously, detained in port until faults are addressed. Repeated detentions by vessels on the same register can lead to that flag being targeted for future inspections. Since ensuring that a vessel is maintaining safe operating and crewing standards is the responsibility of the state where the vessel is registered, the results of a port state control inspection can be considered to be a reflection of that state's regulatory regime with regard to safety and environmental standards. DeSombre (2006) has used port state control data in this way.

Port state control is administered by regional groups governed by Memoranda of Understanding (MOUs). These groups allow for coordinated

inspections and shared information, and each has its own system of inspecting vessels and determining which flags to target, although the standards that must be met to avoid detention are generally similar. There are currently nine MOUs encompassing all international waters, and the United States Coast Guard runs its own separate program of inspections and targeting. Several of these organisations publish comprehensive reports regarding the number and result of inspections of individual flag states. The Paris MOU has, for 2002-present, an online database of every inspection conducted and lists detailed results. Although the MOU reports frequently group inspection data for a particular state's secondary and national register together (for example, the data listed for "Portugal" would include inspections for both Portuguese national- and MAR- registered vessels), the Paris MOU database includes IMO numbers for each vessel inspected; these numbers can be cross-referenced with Lloyd's *Register of Ships* database, which tracks vessels' histories and includes a listing of all previous flags a ship has been registered with, to determine whether the ship was flagged to the national or secondary register. Once broken down in this way, this data can be used to assess and compare the detention rates of secondary registers to that of their parent states, and each other. The results of such comparisons illustrate the relative regulatory environment vessels on different secondary flags are subject to.

Measuring a Register's Crewing Costs

Attempting to gain information about specific crewing expenditures for vessels on a particular register is made difficult by the variations in crew compositions under different shipowners and shipping companies. A useful proxy for

wages, however, is the nationality of the seafarer, since his or her country of citizenship is the “most important determinant” of the pay that is received (ILO 2004, 111). Some vessels on registers that have been designated Flags of Convenience are covered by collective bargaining agreements with the International Transport Federation, in which minimum wage rates and working conditions are jointly set by union representatives and shipowners, and pay is, theoretically, determined by job performed rather than nationality. However, as of 2004 only 6,811 ships (ITF 2004), or about 35% of FOC vessels and 7.5% of the world fleet, were covered by such agreements. The relatively large percentage of vessels *not* holding ITF agreements means that seafarer nationality can still be a useful analytic tool for investigating wage rates, particularly for ships on non-FOC registers.

Taxes and social security contributions can also vary depending on the nationality of the seafarer and his or her vessel’s flag state. Thus, by examining whether crews are comprised of nationals or non-nationals, and breaking the analysis down to look at nationalities at different crew levels (whether a rating or more highly-trained officer), it is possible to get a sense of relative labour costs on different registers. The existing SIRC Global Labour Market Survey (SIRC 2002) is a database composed of crew lists of thousands of vessels; each list includes details such as each seafarer’s nationality, gender, and age, as well as information, including flag, about the vessel. As with the port state control data, a breakdown of the different seafarer nationalities crewing vessels on secondary registers versus that of their parent states gives an indication of the relative crewing costs on different flags.

Case Study

The case study is a crucial component of this research project. While the quantitative methods outlined above address important questions about the characteristics of secondary registers, one of the primary limitations of current academic work on shipping and secondary registers is that these flag states are classified for use in broad empirical analysis without a concrete understanding of what they represent or how they actually function. In order to address this issue, it is necessary to examine secondary registers qualitatively; a case study offers the opportunity to focus these types of methods on a single subject. Ideally, a series of case studies looking at individual parent-secondary register relationships would have been conducted. Given the time constraints of this study, however, it was only possible to carry out one case study.

Case Study Research Methods

It is possible to incorporate nearly any research method, qualitative or quantitative into a case study, so long as they converge “upon an intensive examination” of the subject in question (Bryman 2004, 49). On the basis of my research questions, however, which sought a historical and informational understanding of a particular secondary register, two methods were determined to be particularly useful: informational interviews and document analysis.

Interviews provide the opportunity to gain information from relevant maritime administrations and other maritime officials regarding the register’s development and current functioning, and to further understanding of the decision-making processes and how the relationship between the secondary register and the parent state works. In choosing among structured, semi-structured, and open

interviews, semi-structured interviews are the most logical option as the interviewer can ask specific questions, but allow for a flexible discussion. Rubin and Rubin (1995, 89) note that, in a case study, “the interviews will appear to be guided conversations rather than structured queries. In other words, although you will be pursuing a consistent line of inquiry, your actual stream of questions. . .is likely to be fluid rather than rigid.” The advantage of a semi-structured interview over an open one is that, by asking my interviewees similar questions in a similar order, I am more likely to gain a comprehensive picture of the register in question.

Document analysis is necessary to further complete this picture. According to Gillham (2000), documents “provide a formal framework to which. . .to relate the informal reality” (21). Examining newspaper articles, legislative debates, and literature produced by or related to the register provides a context with which to analyse and understand answers to my interview questions, as well as the case itself. Document analysis is preferred over quantitative content analysis because the goal is not “[quantified] content in terms of predetermined categories. . .in a systematic and replicable manner” (Bryman 2004) but rather a teasing out of the underlying structure and development. Document analysis can also verify or challenge information gained in the interviews. Yin suggests that, “for case studies, the most important use of documents is to corroborate and augment evidence from other sources. . .If the documentary evidence is contradictory rather than corroboratory, you need to pursue the problem by inquiring further into the topic” (2003, 87).

Selecting the Case

Research design literature outlines several approaches by which to select a case for a case study. Yin (2003), for example, notes three main types of cases: the critical case selected on the basis of strong hypotheses; the unique case, which is an extreme example; and the revelatory case, conducted on a rarely studied subject. Bryman (2004), however, indicates that “much case study takes place on . . . the *exemplifying case*. Cases are often chosen not because they are extreme or unusual in some way but because they will provide a suitable context for certain research questions to be answered” (51).

Given the dearth of research on secondary registers and subsequent difficulty in identifying one that might be considered an “extreme” case, selecting an “exemplifying” case is the most suitable approach. Characteristics that are known to be shared by many secondary registers included being open to vessels with foreign ownership, run by the state rather than an outside company, and based in a jurisdiction (whether offshore or not) that offers other fiscal advantages. Since the primary concern of the case study is not generalizability but rather increased insight into the processes by which a secondary register developed and functions today, any secondary register included in this study that meets the above criteria could be an appropriate case to choose.

However, there is one case that was potentially more useful than others. The Isle of Man ship register fits the criteria above, but also offers increased opportunities for comparison since the UK has three other secondary registers (Bermuda, Cayman Islands, and Gibraltar) in the same regulatory category. Additionally, Ready lists the Isle of Man as being one example of several offshore

registers that “emerged as a result of an accident of history” (1998, 29). Furthermore, the island has easily accessible and comprehensive records of its shipping history and policies, conducts its business in English, and is a realistic destination for first-hand research.

The Research Process

Having explained the reasoning underlying the way in which this study has been approached, the following sections explain the research processes and analytical methods used. They also describe in detail the data sources that are employed, and outline the challenges faced at different stages in the project.

Crewing Costs and the Global Labour Market Survey

This study uses data collected in the 2002 SIRC Global Labour Market Survey, which was part of a large-scale effort to collect time-series data on the global labour market for seafarers.⁴⁶ The Seafarers International Research Centre asked the ports of five states – Panama, Rotterdam, Singapore, Genoa, and the United States – to collect crew lists from all vessels visiting in one calendar month (March, 2002). Gross numbers of crewsheets collected per port are not available, but in total, crewsheets covering 98,715 seafarers crewing 5,375 vessels were received. Once the data was cleaned, and incomplete and duplicate entries removed, searchable, anonymous crew lists from 4,984 ships were available.

While this dataset is the most comprehensive source of information on seafarer nationality, it does present a few issues that should be acknowledged. First, since analysis is conducted at both the unit of vessel and of flag state, there are some

⁴⁶ Data from 2002 rather than 2003 is used because only the former dataset has been anonymised and cleaned.

instances of small sample sizes (in some cases, data for only one ship was available for a particular flag), and this in turn limits the statistical claims that can be made about fleet as a whole. However, individual flags are only excluded if they are part of a secondary–national register pair for which either register has fewer than five cases listed in the dataset since these are the only registers that were considered individually. The rest of the registers (open and remaining national) are grouped for all levels of analysis.

Additionally, it is important to note how a “national” seafarer is defined, particularly for states such as the United Kingdom, which have overseas territories. For the purposes of this study, a “national” is taken to be a citizen of any country including its overseas territories or crown dependencies. For example, all British citizens crewing vessels on the Manx register are considered “nationals,” as are any seafarers from the Netherlands Antilles serving on the Netherlands national register. By not further restricting the “national” category, this study is potentially more accurate than it would otherwise be, since seafarers’ nationalities are self-reported and responses may not consistently demonstrate whether the seafarer is from an overseas territory or its parent state. From an analytical perspective, this way of defining “national” also allows the argument that secondary registers are synonymous with a loss of jobs for national seafarers to be evaluated in a way that would not be possible if nationalities are further differentiated.

Regulatory Environment

This study uses port state control data collected directly from the online inspection database of the Paris MOU for 2004 and 2005. For each inspection listed

in those years for cases included in this study, identifying information about the vessel, including IMO number and vessel name, is collected along with the date of inspection and inspection result (no deficiencies, deficiencies, or detention). If the vessel was found to have deficiencies or was detained, then the number of deficiencies, number of deficiencies warranting detention, and length of detention are also noted. Once this information is collected from the Paris MOU database, it is possible to cross-reference the vessel identifying information with the “Ship History” feature in the Lloyd’s *Register of Ships* (2007) database to determine whether the vessel was on the secondary or national flag at the time of inspection. A complete listing of inspection and detention data collected can be found in Appendix C.

Case Study

The first step in the case study investigation is to collect information on the Isle of Man and UK registers in order to obtain background information on the registers, identify potential contacts for interviews, and locate any interesting or on-going debates that should be explored in the interviews. Sources used include shipping-related news publications such as *Lloyd’s List*, the registry websites, and recent volumes of the Manx *Hansard* (record of parliamentary debates), which are available online. Then, a week-long trip to the Isle of Man was arranged to visit the ship register, conduct interviews, and visit the Tynwald (Manx parliament) Library to go through older copies of *Hansard* and any other publications of interest.

In the end, five organisations were selected for in-person, semi-structured interviews: the Isle of Man Marine Administration, which runs the Manx ship register; the UK’s Department for Transport (DfT) in London, whose Shipping

Division is responsible for maritime policy; the Maritime and Coastguard Agency (MCA) in Southampton, which implements the DfT's policies, ensures that British vessels comply with these policies, oversees the UK's national register, and is the home of the Red Ensign Group Secretariat; and the National Union of Marine, Aviation, and Shipping Transport officers (NUMAST) and the National Union of Rail, Maritime, and Transport workers (RMT), the UK's two national seafarers union groups, which are both based in London.

In choosing which individuals to interview at these organisations, I was primarily concerned with finding people involved in the making of policy or who were directly interacted with representatives from the maritime administrations of the UK or the Isle of Man. Where these individuals could not be identified, the organisation was contacted to direct me to the appropriate official. Interviews were conducted with only one interviewee whenever possible; however there were occasionally two or three people interviewees present due to interviewees' time constraints. Additionally, some interviewees identified further contacts, which resulted in two additional, unplanned interviews.

In total, twelve interviews were conducted with sixteen interviewees: four from the Isle of Man Marine Administration; one former surveyor on the Manx register; one Manx government worker in the External Relations Division, which liaises with the UK government; three people in the Commercial Shipping Policy division of the Department for Transport; four individuals in the Maritime and Coastguard Agency, including two who work on Red Ensign Group issues, one

involved in evaluating safety standards, and one involved with liaising to international institutions; two officials from RMT; and one official from NUMAST.

Stake suggests that a list of flexible “topical questions” that cover “the anticipated needs for information” be written early in the research process (1995, 26). Thus, while the precise questions I asked varied by interviewee, the two general interview schedules remain the same. The first, used at interviews conducted on the Isle of Man, opens with questions about the history of the register and its relationship with the UK, Red Ensign Group, and international organisations, and then moves into questions about specific legislation, policy, or issue areas. Similarly, interviewees from the other organisations were asked about the history and nature of their relationship to the Manx Marine Administration as compared to the UK and other Red Ensign Group members, as well as the processes by which policy is made. These questions are designed to obtain information about how and why the Isle of Man developed, explore how its administration interacts with the relevant divisions of the UK government and third-party actors, and determine what role, if any, it plays in making UK or international maritime policy. Consent was obtained from all interviewees, who were told that they would remain anonymous, that physical and digital data would be destroyed once the study was finished, and that they could withdraw their participation at any point. On average, interviews lasted just over one hour and were recorded with a Sony digital Dictaphone. They were subsequently transcribed in full. The process of analysis used was to first utilise the interview questions as broad categories by which to group interviewee responses, and then, as

patterns of different topics begin to emerge, review the transcripts again for any salient information. This process was repeated several times.

I did anticipate having difficulty gaining access to some interviewees due to their “elite” status, but, with the exception of minor scheduling issues, I found most of them to be incredibly accommodating and helpful. In fact, in the end, my main difficulty was in handling the amount of data I was able to collect. A few of my interviewees were so forthcoming that I gained much interesting information, but had no way to corroborate some of it with other sources, which was necessary to ensure accuracy. Furthermore, I had to balance the information I received from a particular interviewee with the mission of his or her organisation. If I felt I was receiving stock answers to questions, I would re-phrase the question several times throughout the interview to see if the response would differ, or, occasionally, gently “push” the interviewee on a particular point if I thought he or she would not respond badly.

Perhaps my greatest challenge, however, was transforming the mountain of data – interview transcriptions, copies of shipping-related legislative debates in the Manx parliament, and organisations’ publications – into an accurate and inclusive account of the Isle of Man ship register. I have strived to achieve the objective stated by Gilbert (2001, 223) of providing the “audience with a comprehensive, detailed and understandable account of the findings of the research” while balancing “organising the material so that it is understandable to the audience and ensuring that it continues to provide a sympathetic reflection of the complexities of the social world(s) being researched” (223).

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