



What does it mean to fly a flag?

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#Competitiveness

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Why do ships fly a flag?

Every day, tens of thousands of ships navigate the world's seas. From colossal container ships to the smallest harbor tugboats, and from fast-moving refrigerated vessels to slow-moving supertankers. However, what many people do not realize is that each of these ships is connected to a country by an invisible link. Well, perhaps it isn't so invisible, that link is represented by the flag flying aboard the ship. In the maritime industry, this country is therefore known as the **"flag state."** + By reading this article, you will understand why the flag under which a ship sails can be a potential game changer.

A ship is allowed to fly the flag of a country once that country issues a registration certificate, known as a "certificate of registry," to the shipping company. This bond between the ship and the flag state forms the foundation of the applicable maritime law onboard the vessel. But why do ships "sail under a flag"? On what basis does a shipping company choose a flag? And why does a flag state benefit from having an extensive fleet?

What does it mean to fly a flag?

Ships have a nationality just like people do. However, unlike with individuals, a ship's nationality is not determined by the country where it was built or where its owners are from. The ship's owner has the freedom to choose which nationality the ship will have, with the only requirement being that there must be a demonstrable link to that nationality. Globally, around half of all ships sail under a flag that does not correspond to the nationality of their owners.

Once a ship has been granted a nationality and receives its maritime passport (this serves as the ship's passport), it will fly the flag of that country. This practice is known as 'flying a flag.'

Therefore, if you want to know the nationality of a ship, the question to ask is: 'under what flag is this ship sailing?'



Why would you fly a vlag?

Now that the concept of 'flying a flag' is clear, we can address the next question: Why does a ship have a nationality? When a ship departs from one of the Dutch ports, the first 12 nautical miles fall within territorial waters. Beyond these 12 nautical miles lies the exclusive economic zone, and 188 nautical miles further, the ship reaches international waters, also known as the 'high seas'. These waters are essentially no man's land, where the right of free navigation applies, known as **mare liberum** + . It is important to note that only international conventions apply on the high seas, not national laws.

Sailing under a flag, such as the Dutch flag, effectively transforms the ship into a small, floating piece of the Netherlands. The flag ensures that the ship is legally protected by its country of registration. On board, the ship must operate in compliance with the laws and safety regulations of the flag state. This includes employment conditions for seafarers as well as environmental and safety regulations. It is crucial to note that every seagoing vessel **MUST** have a flag; without one, the ship is not permitted to sail.

The flag state is responsible for the inspection, supervision, and certification of ships. In addition to the ship's owner, the flag country and its reputation are at stake if a ship fails to comply with regulations.

The reasons for choosing a flag state

Besides having to comply with the requirements of the flag state, a ship also enjoys the benefits that a flag state and its flag bring. These benefits weigh heavily in making a choice of flag. A flag must therefore be attractive compared to other flags. Looking at the Netherlands as a flag state, shipowners enjoy several advantages.

Armed private security



In 2022, the Merchant Shipping Protection Act came into force. A law that allows armed private security to be placed on board a ship in specific high-risk areas. This way, Dutch-flagged ships can take preventive measures to protect the crew, ship and cargo from piracy.

Quality flag



The Dutch flag is known worldwide as a flag of quality. When a ship enters a port, local authorities, also known as the 'port state', can check whether an incoming ship complies with the required regulations. Such a check is called a port state control in the maritime world. It allows the port state to check whether the flag state is properly performing its supervisory and licensing duties as a flag state.

The results of these port state controls are used by various organizations worldwide to rank the performance of different flags. For the Dutch-flagged fleet, the Paris MoU rankings are particularly significant. Many Dutch-flagged vessels operate in this region, making them subject to frequent inspections. The Paris MoU bases its ranking on performance over the past three years.

The Dutch flag has consistently been ranked highly on performance lists that compare shipowners' adherence to standards based on the flag flown. For shipowners seeking a well-regulated, human- and environmentally-responsible flag with an excellent international reputation, the Dutch flag is an intelligent choice.

	INSPECTIONS 2021-2023	DETENTIONS 2021-2023	BLACK TO GREY LIMIT	GREY TO WHITE LIMIT
	1,250	12	103	7
nds	2,648	35	207	16
	1,758	25	141	10
e	1,735	25	139	10
	843	10	72	4
	362	3	34	1
	207	1	21	
ingdom	705	10	61	3
	119	0	13	
s	1,802	39	144	10

Why the Netherlands benefits from a large fleet

It is always nice to see our tricolour flying proudly in the wind on incoming ships. But beyond the visual aspect, a large fleet under the Dutch flag offers many advantages.

Strategic position

A flag state with an extensive fleet of ocean-going vessels holds a strong strategic position on the world stage. The larger the fleet, the more influence the Netherlands can exercise within, for example, the **IMO +**. This gives the Netherlands a powerful voice when negotiating maritime treaties in areas such as the environment and safety.

In addition, a large fleet strengthens the Netherlands' strategic position internationally. Both within the EU and globally. Especially in the current era of geopolitical tensions, it is of great importance that the Netherlands remains independent and autonomous as a maritime trading nation. A large flag allows the Netherlands to play a key role in global trade and in protecting international shipping routes.

Economic position

In addition, having a large shipping register provides significant economic benefits. There are positive effects both directly and indirectly on various sectors.

The Amsterdam Economic Bureau was commissioned by the shipowners' association KVRN to study the economic impact of the Dutch shipping register in 2023. The following results emerged from this study.

The shipping register directly contributed €1.3 billion to the Dutch economy. This is mainly through shipowners and activities surrounding the construction and certification of ships. Indirectly, the shipping register generates another €586 million in economic added value. These include products and services in other sectors, such as legal and financial advice, IT and storage. In total, the Dutch shipping register contributed as much as €1.89 billion to the Dutch economy in 2023. That accounts for 0.19% of Dutch GDP in 2023.

Ships therefore get to choose which flag they fly. It is of great importance to the Netherlands both strategically and economically that as many ships as possible sail under the Dutch flag.

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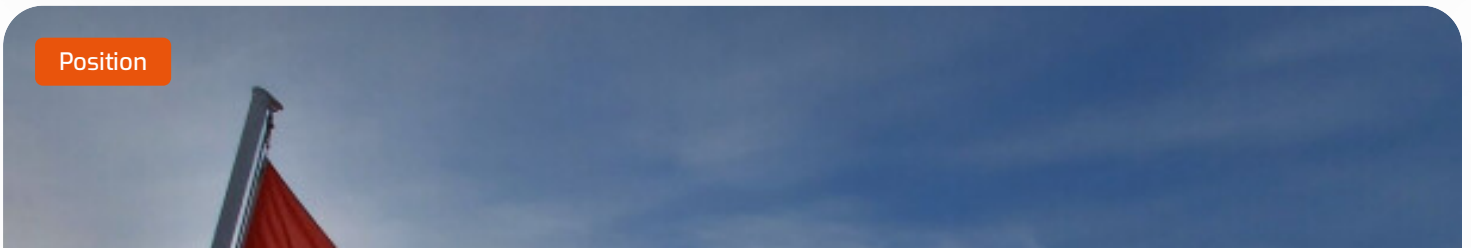


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