

What are the costs and benefits of being a flag State?

While the benefits of flagging fishing vessels are easy to understand the costs are often overlooked, or are felt by those who do not have control over the vessel registration process.

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DIRECT REVENUE BENEFITS

Registration fee, paid by the vessel owners to register their fishing vessel with the flag State.

Authorisation to fish/operate fee, paid by the vessel owners to obtain an authorisation for a fishing vessel to fish/operate outside of national waters.

Fishing licence fee, paid by the vessel owners if they wish to obtain a fishing licence to fish within the waters of the flag State.

Other income may include profit sharing with the flag State, additional taxes or fees, for example associated with mandatory vessel monitoring systems (VMS) or logbook submissions.



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OTHER POTENTIAL BENEFITS

Employment of national crews aboard fishing vessels may be required, possibly with associated training provided by the operators/owners to ensure the necessary pool of qualified/skilled nationals are available.

Increased demand for port services such as maintenance, repairs, and supplies may benefit the local economy, some flag States make it a requirement for fishing vessels to call to port a certain number of times per year to increase their ability to monitor the vessels and to increase revenue.

Increased landings and processing may result from requirements to land and/or process a certain percentage or amount of fish annually. This requirement may exist to increase local employment opportunities and increase input of fish to the local economy and for local consumption.

Increased historical catch in support of future quota allocation. The quantity of catch reported by a State's national-flagged fishing vessels over time establishes their historical catch and thus, the possible assurance of future quota through e.g. the Indian Ocean Tuna Commission (IOTC).

Increased information for fisheries management as more detailed reporting and observer information may contribute to improve management of the fisheries.

Options for joint venture arrangements between local companies and the foreign operators generated from flagging vessels may provide benefits to the local partner company in terms of income and capacity development.

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POTENTIAL COSTS OF NON-COMPLIANCE

Sanctions may result from a failure to comply with obligations. RFMOs, market States or a regional economic integration organisation such as the European Union (EU) could enforce sanctions. For example, the European Commission can issue formal warnings (yellow card) or bans on market access for fish into the EU and a ban on EU flagged vessels fishing in the flag States' waters (red card) if that State cannot or does not control its fishing fleet.

Loss of reputation from having non-compliant fishing vessels can negatively affect the regional and international community's perception of the flag State.

Expenses incurred when illegal operators actively avoid sanctions or penalties. This can result in abandoned crew or vessels, which can be costly for the flag State. If the identity of the owner or operator is hidden behind shell companies then there is little chance of penalties being successfully applied.

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DIRECT COSTS

Implementing effective monitoring, control and surveillance (MCS) to ensure compliance, a flag State must implement comprehensive and effective MCS measures, including VMS, patrols, boarding and inspections, investigations.

Working with internationally based agents/representatives involves communication to ensure that they act in compliance with procedural requirements and legislation. The costs for communications, interpretation and translation are likely to be higher when a vessel is fully or partially foreign owned.

Flag State reporting/information sharing requirements include providing information on national fishing vessels and catches to regional fisheries management organisations (RFMOs) and coastal, port and market States, can be costly and may require: certifying that the catch has been caught legally; reporting the quantities of catch by species and/or vessel; and sharing vessel recorded movements or logbook entries.

Strengthened legislation and policies will be required to incorporate new measures and address gaps in national legislation, such as RFMO Resolutions that impact flag States. This requires resources for development, implementation and capacity development.

Investigation and enforcement actions must be undertaken to ensure compliance by fishing vessels with national law, RFMO conservation and management measures, and applicable laws of other coastal States, these activities will have financial costs.

Coordination among all relevant authorities with responsibility over flagged fishing vessels e.g. fisheries, port, maritime administration, navy, coastguard, to effectively control their flagged fishing vessels.

Flag States are encouraged to participate in RFMOs that govern areas where their vessels operate, and such participation – or even cooperating non-membership – will require financial contributions that will increase with the number of vessels.