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ISSUE BRIEF
IB/02/25

FLAGS OF CONVENIENCE (FOC) VS. NATIONAL-FLAG SHIPPING: AN INDIAN PERSPECTIVE

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Introduction

The nations have always been engaged in trade and maritime trade played a key role in that. So, the seafarers have been global since ages. For ease of maritime trade flag of nations evolved. Every ship is required to be registered i.a.w international law. This registration to any flag state is equivalent to passport of that nation. The flag of ship meant its origin, its sovereignty to ensure safety of men and material. It also helped in extending their influence and economies shaping global power dynamics. Flags also ensured compliance with international rules and standards.

The decision to choose state of registration rested with owner. As per law he is only bound to register the vessel. Thus, with rise in sea commerce flags of convenience rose, for economic and operational benefit[1]. It redefined maritime practices, shifting focus from nationality to cost. For any country in Indian Ocean Region like India, geographically situated near trade routes, it becomes critical to balance trade and national interest. Thus, this transformation offers insight and implication on global commerce.

National-Flag Shipping

The term simply means registration of merchant, commercial vessel under a country[2] and specifically under the owner's country of origin. It allows the ship to fly its flag[3]. The advantages of registering a ship under the owner's country of origin are: -

(a) **Regulatory Standards[4].** National Flag Ships are subject to the country's labour, safety and environmental standards. They exercise regulatory control and can impose penalty in case of non-compliance. By provisioning Onshore Power Supply (preferably from renewable sources); safe and efficient bunkering of alternative low-carbon and zero-carbon fuels; incentives promoting sustainable low-carbon and zero-carbon shipping Flag state can reduce Green House Gas Emission by shipping industry and ensure compliance of protection of climate. By implementing decent working and living conditions for seafarers they can ensure safety of the seafarers.

(b) **Economic Sovereignty.** A National Flag Ship is a strategic asset for economic security and national defence. Countries with strong shipping industries are in a better position to control their maritime trade routes.

(c) **Job Creation.** National-flag vessels are more likely to employ domestic workers, which contributes to employment and economic growth.

(d) **Compliance with International Norms.** Ensuring compliance as per international laws is responsibility of state under UNCLOS. Countries with National-Flag ships are also signatories to international conventions such as the Maritime Labour Convention (MLC) and International Convention for the Safety of Life at Sea (SOLAS), which Flag of Convenience may not have ratified.

Flag of Convenience[5]

In the early days of WWII, many US-owned ships traded under the Panamanian flag to facilitate their operation in the European war zone. This allowed them to avoid prohibitions and freedom from tax, fiscal control. The term Flag of Convenience (FOC) was originated by International Transport Worker's Federation (ITF)[6] in 1948 to ensure safety and avoid exploitation of seafarers by owners. Flag of convenience is the practice of registering the ship in a state other than owner's country of origin[7]. This reason can be reduction in overhead costs, lenient regulations, inspection practices and scrutinization.

The popular destination for Flag of Convenience is Panama, Liberia, Marshall Islands to name a few. Though ships are being registered following mandate of UNCLOS (article 91) but FOC has raised critical questions which are:

(a) **Reduced Accountability[8].** Since ships are registered with different country, it is difficult to identify real owners and therefore, FOCs may be subject to weaker enforcement of International Maritime Laws as per the country of registration. This leads to concern about lower safety standards, substandard working conditions onboard for seafarers.

(b) **Tax Evasion[9].** By registering in countries with low or no taxation on shipping, shipowners often avoid significant tax liabilities.

(c) **Weak Labor Regulations[10].** FOCs allow shipowners to hire labour at competitive price from other countries with less protection for workers' rights, leading to lower wages and sometimes exploitative working conditions. They may also choose to partial ratification of international laws[11].

(d) **Environmental Concerns[12].** FOC countries may have relaxed environmental regulations for ease of registration, to reduce cost and lead to potential risks of pollution and ecological damage.

The drive to gain more profit and be a part of global maritime trade the FOC and National Flag Shipping can be compared on following aspects: -

Ser	Aspect	FOC	National-Flag Shipping
(a)	Taxation	Low/minimum taxation	Higher taxation as per country
(b)	Regulation	Depending on country, generally relaxed	Stricter
(c)	Labor Conditions	Varies and generally cheaper	Fair and adhere to labour protection laws
(d)	Operational Costs	Reduced	Higher and changes with time
(e)	Safety Standards	May be weaker	Strong adherence to safety standards
(f)	Environmental Impact	Generally relaxed and consistent	Higher environmental standards and changes with amendments in IMO rules
(g)	National Security	No liability	Strategic asset for National Security

Table 1: Comparative Analysis of FOC and National Flag Shipping

Ownership of ships is spread worldwide, with 41 per cent of carrying capacity held by entities in Greece, China and Japan[13] as shown in fig 2, while Liberia, Panama, and the Marshall Islands host the largest ship registries[14]. China, Japan and Korea play vital role in shipbuilding and India, Pakistan and Bangladesh in ship recycling. This market is expected to be $ 92 Billion[15]. With 80% trade transiting through sea lanes the delicate balance between FOC and National flag Shipping hinges on cost efficiency and accounting. Thus, the global shipping industry remains divided between those prioritizing cost-efficiency (FOC) and those emphasizing national interests and high standards (National Flag Shipping). A table of top ten register is shown below: -

Rank	Flag of registration	Number of vessels	Share of world total vessels (percentage)	Dead weight tons	Share of world total dead weight tons (percentage)	Average vessel size (dead weight tons)	Growth in dead weight tons 2023 to 2024 (percentage)
1	Liberia	5 215	4.8	408 369	17.3	78 307	7.9
2	Panama	8 338	7.7	379 833	16.1	45 554	3.8
3	Marshall Islands	4 273	3.9	308 501	13.1	72 198	2.9
4	Hong Kong, China	2 487	2.3	200 378	8.5	80 570	0.0
5	Singapore	3 245	3.0	141 013	6.0	43 455	4.3
6	China	9 530	8.8	133 647	5.7	14 024	4.8
7	Malta	1 867	1.7	102 467	4.4	54 883	-6.0
8	Bahamas	1 266	1.2	72 438	3.1	57 218	0.5
9	Greece	1 211	1.1	56 279	2.4	46 473	-4.5
10	Japan	5 265	4.8	43 007	1.8	8 168	3.1

Table 2: Leading Flag of Registration by Dead Weight Tonnage as on 01 Jan 24[16]

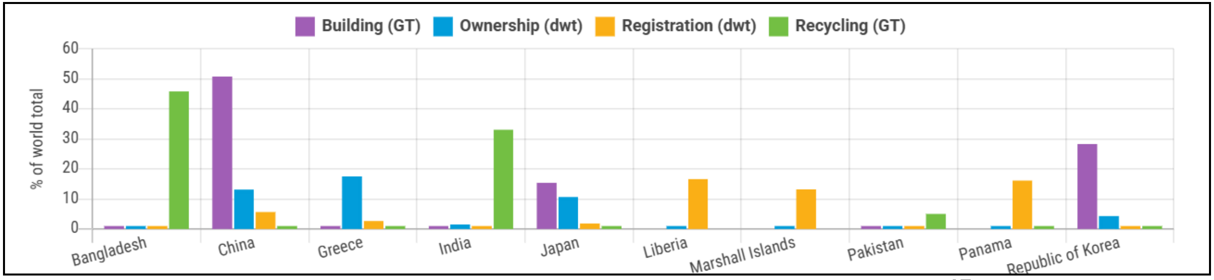

Fig 1: Shipowners and Registries Worldwide[17]

United Nations Convention on Laws of the Sea (UNCLOS)[18]

To maintain peace and good order at sea Laws of the Sea were accepted. The core principle in this international law (article 87 of UNCLOS) is the freedom of the high seas. Further to balance this freedom with the need to avoid disorder and misuse, international law has provided a framework for the regulation of shipping. The following articles of UNCLOS[19] are relevant with respect to operation of vessels and liability of owners are: -

(a) Article 91 states about ***Nationality of ships****.* *Every 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.*

(b) Article 92 about ***usage of flag by ships***.

(c) Article 94 on ***Duties of the flag States***. Every State shall effectively exercise its jurisdiction and control in administrative, technical and social matters over ships flying its flag.

(d) Article 217 on ***Enforcement by flag States****.*

(e) Articles 218 and 219 about ***responsibility of flag states related to enforcement of international rules pertaining to pollution and seaworthiness.***

However, there is currently no binding international framework to "regulate the registration process itself". Hence, each country sets its own laws and regulations on the registration of ships.

Is FOC in Troubled Water?

UNCLOS being a general agreement and guiding principle for states and vessels, FOCs are marred by following enforcement issues[20]:-

(a) Due to multiple change of hands and sometimes hidden identities it is difficult to identify real owners. Thus, owners lack loyalty with flag state and governing body.

(b) The master and crew can easily avoid legal action by flag state since they are not related to state. They can also refuse to testify any enquiry and prosecution.

(c) The hired crew are from different countries and can be frequently rotated. They lack pay parity for same job, trade unions membership which support for safety and social standards. They can also evade reports of sub-standard vessel.

(d) The crew are more prone to risks and they fear the hiring firm. They are aware that because of non-adherence to international laws, government will have to spend more time and resources to intervene[21].

(e) There is higher risks of blacklisting and port detentions due to weak compliance with international standards.

(f) FOC vessels may also become targets of piracy due to weaker security enforcement and lack of strong governmental protection, especially in high-risk areas[22] .

(g) FOC ships often have weak affiliations to their flag states, reducing the national strategic utility of merchant fleets in times of conflict. They can't maintain economic and military sovereignty[23].

Comparison on Legal Grounds: Ship Registries

A comparison between various legal frameworks of few ship registers and India's position is shown below. The comparison includes top registry present on trade routes viz Panama and Liberia, country with numerous ports viz India and EU and lastly with similar geographical location but on trade route viz Singapore: -

Aspect	Panama Ship Registry[24]	Liberia Ship Registry[25]	India Ship Registry (DG shipping)[26]	European Union Ship Registry	Singapore Ship Registry[27]
Legal Frame-work	Panama ship registry law of 2008	Liberian Maritime Law	Merchant Shipping Act, 1958	Varies as per country- EU regulations apply	Singapore Merchant Shipping Act, with MPA oversight
Taxation	No tax on shipping operations[28]	No income tax on shipping operations	Subject to Indian taxation policies	Taxes vary as per country, but higher.	Provide tax rebates
Registra-tion Costs	Low initial registration and renewal fees	Competitive registration fees, still lower	Higher registration costs compared worldwide and subsequent charges	Generally higher than FOC registries due to stringent requirements	Higher but Competitive fees, discounts for ecofriendly vessels[29]
Complia-nce Standar-ds	Relaxed safety and labour regulations	Adheres to international standards	Strict safety, labour, and environmental standards	High compliance with safety and labour standards as per EU	High compliance, follows international standards
Environ-mental Standard s	Moderate compliance to MARPOL	Adheres to international norms (MARPOL)	Adheres to national and international regulations	Strict environmen-tal standards, subject to EU Green Deal initiatives	High environmenta l standards, incentives for green/ecofrie ndly technology[30]
Ship Mortgag e	Permits ship mortgages with specific formalities	Mortgage registration; well accepted internat'ly	Permitted under Indian laws	Subject to national and EU regulations- accepted internat'ly	Widely recognized mortgage system; clear legal structure
Crew Regulat-ions	relaxed labour laws, lower wages	Follows International seafarer rights (MLC)	Strict labour laws, fair wages for Indian seafarers	Strict labour laws, full compliance with MLC	Follows MLC, ensures fair treatment and wages for crew
Reputat-ion	Till now largest registry but criticized for weak regulations	Recently declared largest registry as per data, known for efficiency	Acknowledge d position but lags in registering	High international reputation but higher costs and strict regulations	Strong reputation for regulatory compliance and efficiency
Dual Registrat ion	Permitted	Permitted	Not allowed	Typically, not allowed under EU laws	Not permitted

Aspect	Panama Ship Registry[24]	Liberia Ship Registry[25]	India Ship Registry (DG shipping)[26]	European Union Ship Registry	Singapore Ship Registry[27]
Provisional Registra-tion	Available with minimal paperwork	Available under simplified procedures	Available, but stricter scrutiny and for limited duration	Available, but subject to strict conditions and temporary limits	Available, quick processing for new acquisitions

Table 3: Factors Governing Shipping Industry

Post comparing these governing factors, it is deduced that National Flag Shipping in India is subdued by undermentioned factors: -

(a) **High Operating and Compliance Costs, Stringent Regulations.** Ships registered under the Indian flag are subject to strict regulatory standards set by the Directorate General of Shipping (DGS) under the Merchant Shipping Act-1958, which are in line with Maritime Labour Convention (MLC) and International Maritime Organisation (IMO). Compliance with these regulations at times lead to higher operational costs compared to Flags of Convenience (FOC), where many regulatory standards are more lenient[31].

(b) **Taxation.** Indian-registered vessels are subject to Indian Tax Regimes, which is burdensome compared to FOC countries. In contrast, FOC states like Panama or Liberia offer minimal or no tax on shipping operations, making them economically attractive for shipowners.

(c) **Lack of Incentives for Shipowners.** Unlike FOC countries that offer significant tax relief to attract ship registrations, India provides limited or no tax incentives[32]. Countries like Singapore, for instance, offer a variety of incentives such as tax exemptions to ships confirming to green standards[33], NTT (Net Tonnage basis Taxation) which have attracted global shipping companies.

(d) **Absence of Competitive Financing.** In India, shipping companies often struggle with high financing costs, making it difficult to acquire new vessels or maintain existing ones competitively. Whereas, Singapore (has more than 20 major banks with shipping finance portfolios which in close coordination with

MPA provide alternate financing option including listing on SGX)[34] and Greece have dedicated maritime financing institutions, consortiums, banks conglomerates providing more attractive terms.

(e) **Labor and Crew Costs.** India, Liberia, Singapore are committed to enforce Maritime Labour Convention (MLC) standards whereas FOC countries may not rigorously enforce MLC. Complete compliance adds to additional operational costs for Indian-flagged vessels. However, Liberia and Singapore have gained popularity because they provide rebates, despite following MLC and IMO codes.

(f) **Limited Global Reach of the Indian Flag**. There is lack of global footprint in terms of Indian ships and Indian registrar offices. Thus, deterring international shipowners from registering under the Indian flag. Liberia has 27 offices[35] worldwide and Panama has 14 offices. They have more than 550 plus auditors worldwide.

(g) **Fewer International Shipping Hubs**. Unlike leading registries like Panama, Liberia and Malta, India lacks extensive global consular networks and shipping hubs, thus, limiting its appeal for shipowners needing quick access to services and support worldwide. The transhipment hubs may provide an edge for cargo handling.

(h) **Bureaucratic and Administrative Hurdles**. India has identified that there is a need to digitize its maritime administration. There is duplication of work and one of the visions of Maritime India Vision 2030 is to reduce duplication of paper work and shift to digitisation[36]. In contrast, many FOC countries (Liberia, Panama, Singapore and Marshal islands) offer streamlined, digital registration processes, allowing for faster and more efficient registrations, from keel laying to flag transfer procedures.

(j) **Competition from FOC Registries.** The FOC registry aim to provide low cost and be present on transit corridors thus giving shipping companies more profit and freedom to operate on those trade routes. This economic motivation drives them away from India’s more stringent and costly regulatory environment.

Potential Solutions: National Flag Shipping in India

To increase vessel registration under its flag India needs economic reforms in the field, streamline administrative processes through digitisation to reduce time and duplication of effort. This can be achieved by establishing a financial network with support of government, banks, collaborating with global financial institutes and providing subsidies or financing options tailored for the shipping industry. Additionally, expanding India's global presence through consular services could make the Indian flag more attractive to shipowners worldwide.

Development of Ports. India has 12 ports and handles less cargo as compared to Singapore (handled approx. 39.01 million shipping containers in 2023). With increase in vessel cargo carrying capacity (ultra large cargo carrying vessels) there is need to decongest ports and provide alternate berths and increase in draught capacity of existing ports. There is a dire need to reduce turnaround time of vessels. The turnaround time worldwide is less than 20 hrs and in India its more than 25 hrs with dwelling time up to 55 hrs[37]. This is preventing us in integrating with global linear shipping chain which Chinese ports have pioneered.

Cruise Terminals. The tourism industry can provide good opportunity of growth. National flagged vessel can contribute to local tourism in coastal areas and attract more investments and job opportunities. States can also contribute for development of ports. For eg. Indonesia has around 12000 vessels registered for inland transport and tourism. The government could consider implementing several tax incentives targeted at reducing the financial burden of registering and operating vessels under the Indian flag. Here are some suggested potential tax reforms:

(a) **Tonnage Tax Reduction or Exemption**. Presently shipping companies are taxed based on their tonnage capacity rather than profits. Though this helps in tax predictability, but even a temporary exemption could incentivize shipowners to register their vessels in India. On the other hand, in Liberia and other FOC, ships are taxed only once. Other solution is to reduce tonnage tax based on age of fleet or size of fleet.

(b) **Tax Exemption for Newly Registered Vessels**. A two- five years of tax exemption on income or tonnage tax for newly registered vessel may make Indian Flag shipping more attractive.

(c) **GST Exemption**. A partial exemption on GST on various operations, maintenance and supplies related to shipping services could reduce operational costs. A rebate on goods and services procured domestically for shipping industries can also lure more ship owners.

(d) **Accelerated Depreciation on Maritime Assets**. A depreciation scheme with accelerated rate for shipping assets, equipment and port related services can help recover cost earlier than usual.

(e) **Green Technology**[38]. A tax credit scheme as followed by Singapore for shipowners following green technology, aligning environmental goals can also attract shipowners. With emphasis on green technology, reduced emission, carbon credits, a deduction or credit may be provided to Indian flagged vessels to meet future sustainable development goals.

(f) **Free Trade Zones[39].** Special Economic Zones at reduced import rates for equipment, supplies can lower operational costs for Indian flagged vessels. It can also provide reduced tax exempted bunkering and other services.

(g) **Subsidies and Rebates for Shipping Finance.** Subsidised loans through banks, financial institutes for Indian flagged vessels with rebate on interest payments till commission of vessel would make it easier for owners to invest in new fleet. Presently this cost is higher as compared to other countries.

(h) **Double Taxation Treaties for Shipping Income[40].** By expanding the Double taxation avoidance agreements ad International tax treaties India can reduce tax burdens, attract more foreign investors and make Indian registration more appealing.

(j) **Taxation on the Basis of Fleet**. To encourage ship owners with more ships in fleet may be given certain incentives in form of rebate or reduction in registration cost.

A comparison of taxation data is carried out for Panama, Liberia, India and Singapore. The comprehensive data is tabulated below:-

Aspect	Panama[41]	Liberia[42]	India[43]	Singapore[44]
Income Tax on Shipping Revenue	Exempt: No corporate income tax on foreign-sourced shipping revenue[45]	Exempt: No income tax on shipping income from foreign operations[46]	25% corporate tax rate on profits; 15% Minimum Alternate Tax (MAT) on book profits	Exempt: Tax exemption on qualifying shipping income under the Maritime Sector Incentive (MSI) scheme
Capital Gains Tax	None: No capital gains tax on vessel sales	None: No capital gains tax on sale of vessels	20% capital gains tax on profits from sale	None: No capital gains tax on the sale of vessels
Tonnage Tax	$1,500–$2,000 annually for mid-sized vessels (5,000 GT); flat tonnage rates based on vessel size	$1,000–$2,500 depending on gross tonnage, competitive rates that for fleets	$5,000[47]–$10,000 for comparable vessels, higher than most FOC rates	$2,000[48]–$5,000 for comparable vessels, with eco-friendly incentives
GST/VAT on Shipping Operations	None: No GST or VAT on shipping operations	None: Exemption from VAT on most shipping services	5%–18% GST on maintenance and operational services	None: Exemption from GST on international shipping services
Registration and Renewal Fees	$1,500–$3,000 for initial registration; annual renewal below $1,000 for most vessels	$2,000–$3,000 initial registration; $500–$1,000 for annual renewal, competitive among FOC registries	$5,000–$10,000 initial registration; $2,000–$5,000 annual renewal	$1,500–$5,000 with discounts for green-certified vessels
Insurance Premiums	Moderate Premiums: Typically, higher in high-risk areas (20-25% above low-risk countries) due to lenient standards	Lower Premiums: Up to 15% less than high-risk FOC flags due to strong compliance	Higher Premiums: Up to 30% higher due to geopolitical risks and stricter compliance	Lower Premiums: Competitive due to strong regulatory standards, 10-20% lower than average FOC costs

Aspect	Panama[41]	Liberia[42]	India[43]	Singapore[44]
Government Insurance Support	None: Private market insurance without state-backed subsidies	Good Reputation: Recognized by insurers, contributing to competitive premiums	Limited Support: No specific government-backed insurance subsidies, resulting in higher premiums	High Insurer Confidence: Supported by a robust regulatory framework, leading to lower premiums

Table 3: Tax Implications

Future Trends in Shipping Industry

Impact of Climate Change and Environmental Regulations. The increasing pressure to address environmental impact driven by policies like EU green deal and IMO sulphur cap[49], carbon reduction target by 2030[50] is pushing ship owners to make significant adjustments. EU policies and IMO target 2020 affects both FOC and National Flag shipping because shipping is a heavy emission oriented. A national flag registry can easily implement these policies. But this may again lead to increase in cost and rather than attracting more vessel owners, India may lose significant customers. For FOC registered vessels non-compliance may get restricted access to MARPOL compliant/environmentally regulated ports or may end up paying more charges to port state control.

Evolution of Maritime Security[51] and Anti-Piracy Initiatives. With digitisation the security landscape for maritime shipping is evolving beyond traditional piracy threats to include cybersecurity concerns. Cyber threats to maritime assets such as GPS jamming, ransomware attacks on port systems and data breaches may pose significant risks to FOC vessels and thus can have serious operational and financial impact. The Maritime Cyber Risk Management under IMO guidelines highlight the need for vessels to adopt cyber resilience standards, which National Flagged vessels may comply earlier than FOC due to stricter oversight.

Carbon Emission Regulations and Green Shipping Initiatives. FOC registries are increasingly under pressure to comply with global carbon emission standards, driven by the IMO's 2023 energy efficiency measures and carbon intensity reduction targets. The IMO aims to reduce greenhouse gas emissions from shipping by 40% by 2030 and 70% by 2050 compared to 2008 levels[52]. Thus, both FOC and national flag ships need to upgrade to greener technology in near future. The European Union has introduced carbon tariffs on imports from high-emission vessels, a policy that may benefit national registries prioritizing sustainability. Rotterdam has introduced electric charging bay and uses electric cranes for shifting of containers[53].

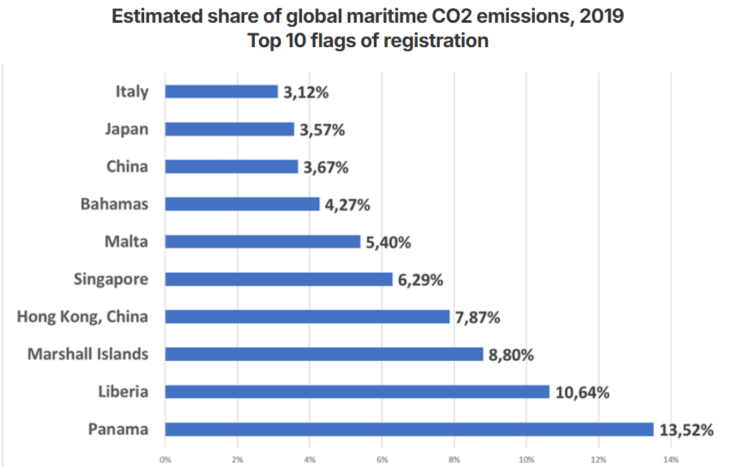

Fig 3: Global Maritime CO_2 Emissions [54]

Conclusion

The maritime shipping industry relies heavily on both national and international fleets. FOCs often ignore crucial standards related to seafarers' rights, environmental protection, and ship ownership transparency. The International Transport Workers' Federation (ITF) maintains list of FOCs like Panama, Liberia, and the Marshall Islands, which have been recognized by the International Chamber of Shipping (ICS) for their adherence to standards but there are still many which doesn't. The substandard/new ships operate under certain flags under "freedom of navigation" principles and follow substandard practices which remains a global challenge.

With increased sea borne trade National Flag Shipping and FOC are in tug of war. For a country like India which is geographically at the centre of maritime trade in IOR it matters the most. The shipping industry was never a priority in the yesteryears. As India aims to be a net security provider and regional maritime player a focused approach on attracting investment on National Flag Shipping may provide ample opportunities to take advantage of billion-dollar industry and trade. In this regard following steps undertaken by India lays base for National Flag Shipping: -

(a) SAGAR[55], launched in 2015 fosters multi-level partnership and promotes security, connectivity in ports (under Sagar Mala[56]) and coastal areas for more efficiency.

(b) IORA[57] established in 1997 promotes sustainable maritime practices, develop regional agreements against unlawful exploitation and illegal trade.

(c) IPOI[58] is a strategic framework that emphasizes maritime security through regional cooperation, building resilient supply chains and follow sustainable maritime practices of building a green shipping industry. This will encourage Indian flag shipping.

(d) Maritime India Vision 2030[59] is roadmap for maritime sector to make India a maritime hub by 2030. It proposes setting up maritime development fund to provide low-cost long-term financing, plans to develop mega ports and transshipment hubs thus managing cargo efficiently and reduce operational costs. By complying with international standards, it aims to create green, sustainable and globally competent national fleet and ports. And lastly digitisation and ease of doing business to reduce turnaround time. The Harit Sagar Green Port Guidelines 2023[60] launched by the Ministry of Ports, Shipping and Waterways (MoPSW) is to attract vessels using alternative fuel like hydrogen which will boost bunkering facilities for international vessel and help India in plugging into global supply chain.

Role of Geography. Liberia ranks 155 in terms of GDP (as per 2022) but has highest registered vessels. Their policy, ease of doing business and international recognition lures ship owners. Panama on the other hand ranks 74, lax in regulations but enjoys being at the juncture of trade route and takes advantage of post-World War and pre-established system (since 1925) where merchant ships used to register. They are also well integrated in global supply chains. India which ranks 5 in GDP, needs to use its geographical position in IOR, develop transhipment hub, regional collaborations with countries in IOR for its advantage. There is also a need to train enough seafarers

[61](only 12% of world seafarers, even lower than Philippines) and raise the level of maritime universities for future requirements.

With opening of Northern Sea Route and world trade shifting though arctic passage, reduced transit time and cost savings may push countries to continue with FOC. However, Arctic is governed by Arctic Council and stringent regulations due to fragile environment may force ships to register either with Russia (who has major EEZ in area) or with Arctic countries. India can leverage its position to accord priority to Indian flagged vessels for transiting through NSR.

Shipbuilding. Currently there are approximately 314 active shipyards worldwide and it is expected that by 2050 around 3500 ships will need maintenance every year[62]. The average age of global ships is around 12.5 years and ship building are growing at a rate of 9%. Recycling and retrofitting, ship breaking also form part of the industry. India with approx. 200 minor port, unique geographical position and availability of manpower has a potential to develop a robust shipping industry. This will enhance its maritime outreach and support strategic interest. India's position as on 2022 in shipbuilding is shown below:-

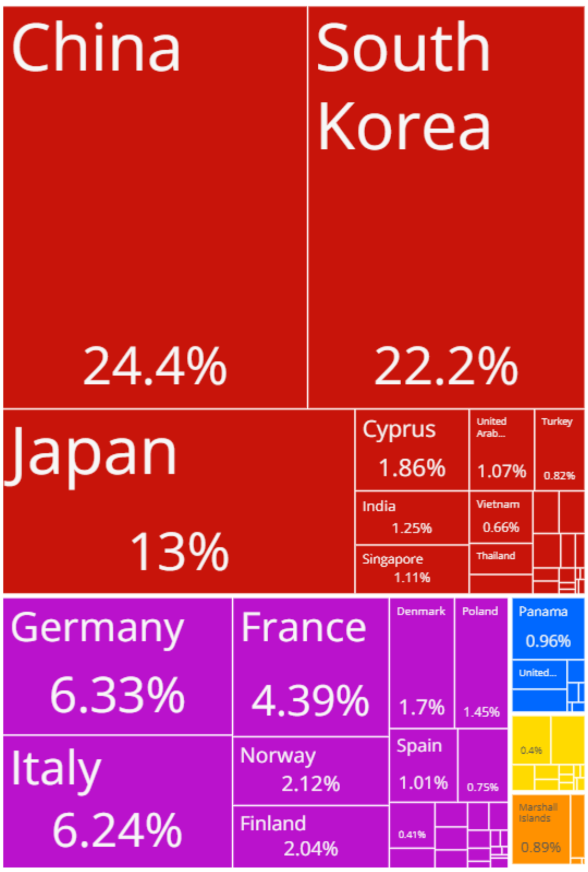

Fig 4: Worldwide Exporter of Ships[63]

Finally, to conclude, the National Flag shipping and FOC are sides of same coin. Though apart from reasons mentioned above one of them will always be in profitable position in the developing vs developed world. The idea here is integrating our country's shipping industry in global trade and supply chain, and thus harnessing our strengths to reach the top three economies of the world. The policies MIV 2030, SAGAR, Green Port development are a welcome effort but we need to implement them within a defined time frame and continue pursuing them (irrespective of the political party at helm). Thus, will be beneficial for us before the sector hits the trough.

DISCLAIMER

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