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## Navigating National Identity: A Critical Look at the Reflagging Process for Polish Ships

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**Abstract:**

**Purpose:** The main purpose of this article is to present the results of scientific research into shipping company management, in particular the causes and effects of the process of re-flagging Polish-owned ships from the national flag to flags of third countries. The partial objective is to present the author's plan of scientific research leading to the creation and implementation of an optimal model of seafarers' employment on internationally trading ships flying the Polish flag, owned by Polish maritime transport enterprises. Besides these objectives, there is urgent need to disseminate knowledge on maritime transport and raised awareness of maritime matters in Polish society.

**Design/Methodology/Approach:** The article adopts the following research thesis: The condition for restoring the national flag on Polish ships is, preceded by interdisciplinary scientific research, the creation of an employer/employee optimal model of seafarers' employment on ships under the Polish flag, ensuring the optimisation of shipowners' operating costs, appropriately high seafarers' salaries and the application of financial aid instruments for the maritime transport sector allowed by the EC. The research methods used in this study include system analysis, induction and deduction, quantitative methods and benchmarking.

**Findings:** The research results positively verified the correctness of the adopted thesis. It is necessary to conduct interdisciplinary research by a team of scientists and industry practitioners aimed to create an optimal employment model required for reflagging Polish ships to fly the national flag. The return of assets that have been transferred under foreign flags and regaining the competitiveness of the national flag on Polish-owned ships should become a strategic objective of the bodies responsible for maritime economy at all decision-making levels of government, as well as local governments, shipping companies, Maritime Authorities, the Polish Register of Shipping, maritime universities and non-governmental organisations. This objective is in line with EU maritime policy and the practice of developed EU countries.

**Practical Implications:** The publication can be used by researchers, students and executive staff in the maritime sector, decision-makers at maritime companies and administrations interested in optimising management systems for shipping companies. The findings can be applied in Poland and other countries in processes aimed at reflagging ships to national flags. **Originality/Value:** The publication deals with issues that are important, up-to-date and little-known in Poland. There are few items of scientific literature on the subject. The topicality and importance of the issues of flag competitiveness and reflagging, as well as the difficult and complex subject of research. The article presents, taking into account the

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*current conditions, an original strategic research plan conditioning the development and implementation of an optimal model of employment of seafarers in international shipping by Polish maritime transport companies on ships under the Polish flag. The article may fill the existing literature gap in the area under study.*

**Keywords:** *Management of the process of re-flagging of ships, international shipping, national flags of EU countries, competitiveness of flags, seafarer employment models, social security of seafarers, EU maritime policy, public aid, packages of maritime legislation, ships' crews, maritime education.*

**JEL codes:** *M14, L15.*

**Paper type:** *Research article.*

## **1. Introduction**

"Shipping is the cornerstone of Europe's security-from energy to food and supply chain security" (EU Shipping to 2029, 2023). The European Union-controlled maritime fleet is one of the largest and most innovative in the world, allowing the EU to play a leading role in global maritime logistics. It accounts for 39.5% of the global fleet, creates two million jobs and employs 685,000 people, contributes €54 billion annually to the EU's Gross Domestic Product (GDP), delivers needed goods, supports EU exports and imports in foreign trade by sea and connects European citizens with the rest of the world.

Maritime transport also plays a strategic role in achieving climate goals. The EU benefits greatly from free and open access to international markets. European seaborne trade makes the EU an international leader in global supply chains increasing Europe's military, economic and social security. The COVID pandemic, the war in Ukraine and the energy crisis have highlighted the strategic role of maritime transport and seafarers for Europe's security and prosperity.

The main goal of the article is to present the results of the author's scientific research into shipping company management, in particular the causes and effects of the process of re-flagging Polish-owned ships to third country flags. One of the partial objectives is to present the plan of scientific research leading to the creation and implementation of an optimal model of employment of seafarers in international shipping by Polish maritime transport enterprises on ships under the Polish flag. An additional outcome will be the dissemination of knowledge on the vital role of maritime transport and raising the maritime awareness of the Polish society.

The research thesis adopted in the article is that in order to reflag Polish ships back to fly the flag of Poland should be preceded by interdisciplinary scientific research that will provide the basis for creating an optimal model for the employer and

employee of seafarers' employment on ships under the Polish flag. Such model should aim at the optimisation of shipowners' operating costs, appropriately high seafarers' salaries and apply financial aid instruments for the maritime transport sector allowed by the EC (Giannakopoulou *et al.*, 2016; Thalassinos *et al.*, 2009; Arvanitis *et al.*, 2009).

The study included the state-owned shipping companies Polish Steamship Company (*PŻM PP*), Polish Baltic Shipping Company (*PŻB SA*), Polish Ocean Lines Inc. (*PLO SA*), Polish and EU maritime laws, guidelines from the European Commission and maritime organisations.

The scope of the research includes the existing scarce literature and scientific projects funded by the National Centre for Research and Development (Christowa, 2012a; 2012b; 2007). A detailed examination focuses on causes and conditions of transferring Polish-owned ships to third-country flags and the resulting economic, social and military threats to the state, as well as the conditions and benefits of re-flagging these ships back to the national flag. The research made use of a variety of methods: systems analysis, induction and deduction, quantitative methods and benchmarking.

The publication addresses important, up-to-date and little-recognised topic, as the available scientific literature in question is scarce. The issues of flag competitiveness and reflagging, presently being discussed at various forums, are difficult and substantively complex subject of research.

This author presents, taking into account the current conditions, an original strategic research plan that has to precede the development and implementation of an optimal model of employment of seafarers in international shipping by Polish maritime transport companies on ships under the Polish flag. The article reduces the existing literature gap in the area under study.

## **2. Analysis of the Processes of EU Ships Registration under the Flags of Third Countries**

In the early 20th century, merchant ships around the world flew national flags. This changed in the 1970s. Since 1983 23% of the world fleet has changed from national to third country flags. In 1995, the figure was 51%, rising to 68.3% in early 2011 (Review of Maritime Transport, 2011). The main reason for reflagging is the competitively lower flag-of-convenience cost of ships, mainly in the segment of ship labour costs and seafarers' social security liabilities, as well as the administrative and legal costs of running a company (Thalassinos and Zampeta, 2012).

Registering ships in a country's registry means hoisting its flag on the ship and, consequently, subjecting maritime carriers to the legal, fiscal and regulatory regime of the country of ship's registry. The process of re-flagging ships is ongoing.

The largest share of sea-going commercial vessels of the world fleet was registered at the end of 2011 in Panama, one of the countries offering low taxes and favourable banking secrecy protection regulations, similar to so-called tax havens and offshore financial centres. Offshore companies are understood to be corporate vehicles established in countries categorised as 'tax havens' (<http://www.raje-tax.pl/spolki-offshore.html>).

Similar conditions are created by Liberia, Vanuatu, the Marshall Islands, Malta, the US Virgin Islands and the British Virgin Islands, and other. These countries offer regulations aimed at minimising the burden of tax and other public receivables, protection of assets from future creditors, maximum confidentiality about the asset status of citizens and corporations, and a flexible business formula, e.g., by creating companies that are an intermediate form between a company and a foundation (Christowa, 2012).

The tonnage share of the shipping fleet owned by Polish carriers registered under the Polish flag and under the flag of open registers of third countries between 2000 and 2009 is shown in Table 1 and Figure 1.

**Table 1.** *Tonnage share of the transport fleet owned by Polish carriers registered under the Polish flag and under the flag of third countries between 2000 and 2009.*

	Year	Percentage share of tonnage owned by Polish carriers of ships sailing under the Polish flag [%].	Percentage share of tonnage owned by Polish carriers sailing under the flags of third countries [%].
1.	2000	42.02	57.98
2.	2001	29.84	70.16
3.	2002	10.96	89.04
4.	2003	11.27	88.73
5.	2004	0.91	99.09
6.	2005	1.07	98.93
7.	2006	0.99	99.01
8.	2007	1.29	98.71
9.	2008	1.22	98.78
10.	2009	1.39	98.61

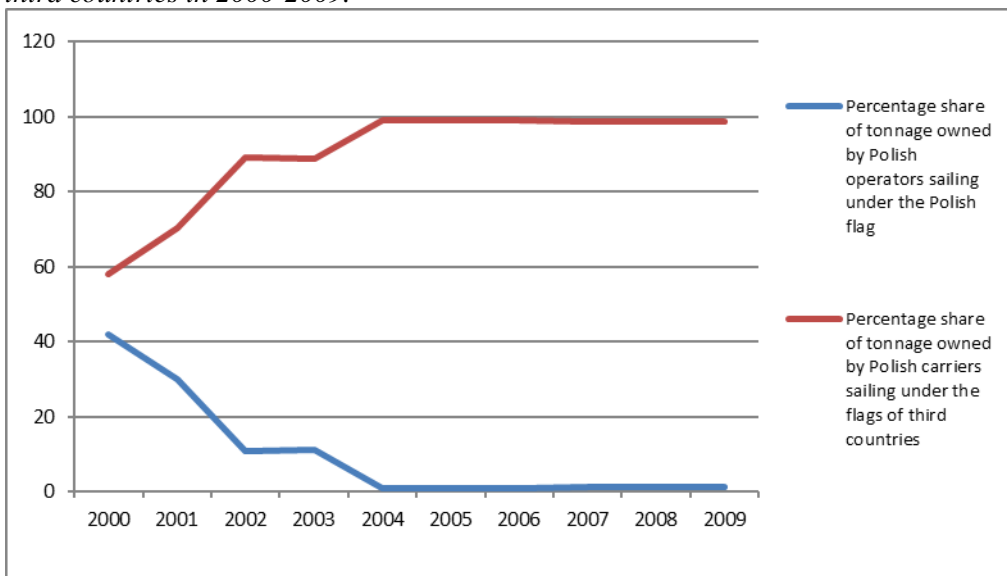
**Source:** *Author's compilation based on data found in: Statistical Yearbook of the Maritime Economy 2010, Central Statistical Office, p. 223. Statistical Yearbook of the Maritime Economy 2009, Central Statistical Office, p. 215-216. Statistical Yearbook of the Maritime Economy 2004, Central Statistical Office, p. 156-157.*

The situation deteriorated further between 2010 and 2022. In January 2010, out of 121 commercial vessels owned by Polish carriers, only 18 were flying the national flag. In 2013 one vessel remained, being prepared for re-flagging to a foreign flag. As of 2019, not a single commercial vessel of Polish ownership in international shipping has been flying Poland's flag. Between 2015 and 2023, despite the announcements of the authorities responsible for maritime affairs, the desired

changes did not take place. Vessels of Polish ownership are still being registered under foreign flags. Newly built sea ferries were supposed to be registered in Cyprus.

The Tonnage Tax Act and the Maritime Labour Act have not been amended in line with EU countries. As a result of decision-making omissions, the vital pension and retirement interests of Polish seafarers were not secured. This problem is still present and should be solved in the coming years. After a period of omission and neglect, it is time for decisions.

**Figure 1.** Dynamics of re-flagging of vessels owned by Polish carriers to the flags of third countries in 2000-2009.



**Source:** Own compilation based on data contained in: *Statistical Yearbook of the Maritime Economy 2010*, Central Statistical Office, p. 223, *Statistical Yearbook of the Maritime Economy 2009*, Central Statistical Office p. 215-216, *Statistical Yearbook of the Maritime Economy 2004*, Central Statistical Office, p. 156-157.

In today's Poland, for reasons beyond the control of shipowners, it is no longer profitable to hoist the national flag on Polish-owned vessels. The reason for this state of affairs is the excessive fiscalism of the Polish state and the still unfinished work, which has been going on for many years, on creating an appropriate package of maritime laws.

The legal regulations in force in Poland lead to a loss of competitiveness by Polish shipowners in the global maritime transport market, as well as reduction in the net earnings of seafarers. Consequently, Poland loses its transport management position and share in foreign shipborne trade. Key factors influencing the decisions of global maritime carriers to change national flags on ships include:

1. Free movement of capital and human resources and unlimited choice of seafarers' jobs on the international labour market.
2. A wide and competitive offer to register ships under the flags of other countries and the possibility for maritime carriers to free themselves from national expensive regimes including taxes, salaries, social security and national labour law.
3. Progressive liberalisation of the law allowing owners to employ seafarers from other countries and the carriers' ability to raise the competitiveness by significantly reducing labour costs.

The transfer of ships to the national flags of European Union countries is one of the strategic objectives presented by the European Commission in its Communication 'Strategic goals and recommendations for the European Union's maritime transport policy until 2018'. (European Commission Communication, 2009). The European Commission recommended EU Member States to adopt regulations, addressing the following areas:

1. Safe and high quality shipping;
2. Increasing the competitiveness of the national flags of the European Union countries;
3. Safety and decent working conditions for seafarers on board ships and their social security.

The importance of the content of the European Commission Communication stems from the following facts:

1. More than 80% of the world's goods are transported by sea, and demand for maritime transport services is on the rise,
2. 39.5% (deadweight tonnage) of the global fleet is European-owned,
3. Within Europe, short sea shipping carries around 40% of cargo,
4. The number of seafarers employed worldwide exceeds 1.5 million,
5. The competitive advantage of third-country ship registers is increasing,
6. The number of seafarers from the local labour market employed on ships under the national flags of the EU is decreasing.

The instrument used in the European Union countries to counteract negative processes of re-flagging to flags of third countries is the granting of state aid to the maritime transport sector authorised by the European Commission (European Community Guidelines). Poland does not use this assistance. Countries such as Germany, the United Kingdom, Denmark and Norway apply state aid to ship labour costs. The actions of the governments of these countries strengthen the competitive position of national carriers in the global maritime transport market.

State aid, apart from the proper application of the tonnage taxation, is concentrated in two key areas of public-law liabilities. These are the exemption from income tax

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levied on salaries and the refund of or exemption from payment of seafarers' social security contributions.

With regard to labour costs on commercial vessels, public aid includes:

1. Direct government subsidies partly financing companies liabilities for personal income tax and social security contributions, e.g., in Germany and Norway;
2. Covering the cost of personal income tax exemption for the seafarers' occupational group, e.g., in Denmark and Cyprus;
3. Relieve the seafarer's income from the obligation to pay social security contributions, which are largely covered by the maritime carrier, e.g., in Denmark and Cyprus.

State aid takes the form of subsidies intended to finance amounts equivalent to the difference in labour costs between the national register of a European Union country and the open registers.

The shipowner's decision on the choice of flag state and ship management location is of strategic importance to the shipping company concerned, primarily in economic terms. The European Union is trying to introduce through Member States an incentive system for shipping companies.

Among the factors that determine the choice of flag state by EU and Polish operators is certainly the law, beneficial for taxation reasons, which is one of the tools of strategic management of a shipping company. The maritime policy of the state determines how it will support its shipping entrepreneurs through the creation of appropriate law and the use of aid measures allowed in the European Union.

Poor competitiveness of the Polish flag leads to the operation of Polish vessels under foreign flags. This, in turn, results in a loss of potential revenue for the state budget from, *inter alia*, the following sources: tonnage tax, ship registration fees, fees for issuing various types of maritime documents. In the current Polish regulatory system, the state budget is not fed with amounts of public law dues in relation to the employment of seafarers abroad (Christowa, 2012).

The capital and organisational model of registering ships under the flags of third countries (so-called 'flags of convenience'), forced by the global shipping market and applied by Polish maritime carriers, may carry risks of macroeconomic, regional, social and personal nature for Polish seafarers employed abroad. Insurance in the Polish social security system is voluntary for foreign workers, including seafarers.

This means that some seafarers and their families probably do not pay any social security contributions. In the future, this phenomenon may cause drastic impoverishment of seafarers' families. The projected amount of a seafarer's monthly

pension, assuming that the minimum contribution is paid to the social security institution (*ZUS*) throughout their working life, is drastically low. As a result, the future pensioner, a Polish seafarer employed on ships operating under foreign flags, will be forced to rely on public welfare and the standard of living of seafarers' families will be below the poverty line.

Using the available forecasting calculators of the *ZUS* for calculations and simulations, we get a seafarer's future pension estimate at about 53% of the national minimum salary. The projected amount of social welfare assistance in Poland for seafarers' families after 35,000 seafarers employed on foreign-flagged ships retire would be about PLN 1.6 billion over a period of 20 years.

A worrying phenomenon in the global seafaring labour market is the increasing shortage of ship officers. The International Maritime Organisation (IMO) predicted that there would be a shortage of more than 25,000 officers in the global fleet by 2015. The demand for officers is steadily increasing, with present estimates of the shortage oscillate around 30 000 by 2030.

In order to increase the employability of seafarers from European Union countries, it is necessary to take measures aimed at promoting this group of workers, as well as to make it easier for young candidates entering the maritime sector to undergo vocational training and obtain required certificates, then secure employment on EU vessels. This is the only way to reduce the shortage of EU maritime workers.

Having highly qualified seafarers in EU countries, including Poland, is a socio-economic benefit of exceptional value. All actions aimed at the continuous upgrading of seafarers' qualifications should be considered as a cornerstone of the reconstruction of Europe's maritime elite, which should have a positive impact on the attractiveness of the seafaring profession.

Seafarers play a key role in the global economy, facilitating international trade and connecting nations across the seas. They are the backbone of the maritime transport industry. The EU should continue to strengthen and promote the retraining and upskilling of seafarers, in particular in light of the ongoing review and revision of the STCW Convention on Standards of Training, Certification and Watchkeeping (STCW), which is essential for the success of the green and digital transformation of shipping. Green and digital technologies are evolving rapidly.

The immediate need to retrain and upskill seafarers is therefore a priority for the shipping industry. Recent studies have shown that around 800,000 seafarers will need to be retrained by mid-2030. Building skills in new ship technologies, fuel types and safety regulations should remain a priority (EU Shipping to 2029, 2023).

There are no publicly available statistics on seafarer employment in Poland, identifying:



1. Number of seafarers employed on vessels flying the flags of different countries of the world, with an indication of those employed on vessels owned or co-owned by Polish maritime carriers;
2. Number and salaries of seafarers employed on Polish-flagged vessels;
3. Number of seafarers insured at ZUS on a continuous basis;
4. Amount of seafarers' pensions.

This unavailability makes it difficult to conduct ongoing monitoring of the Polish seafarers' labour market and counteract negative social phenomena in this professional group.

Seafarers working on ships under foreign flags, as citizens of the Republic of Poland, are deprived of their fundamental right, the right to vote, because no electoral districts are created on their vessels, formally belonging to national shipowners but legally constituting the territory of a foreign state.

### **3. Factors for Reflagging Polish-Owned Ships to the National Flag**

The problem of returning ships to the national registry through the introduction of legal regulations aimed at levelling the competitiveness of Polish entrepreneurs operating in the international maritime shipping sector and adapting fiscal and legal regulations to the European Commission guidelines remains to be solved. The most important factor for achieving these goals is political will and know-how (Christowa, 2013).

In addition to the real financial benefits for the state of introducing regulations to equalise the competitive position of ships under the Polish flag in the global shipping market, it is necessary to identify the risks of the Polish state failing to do so in the macroeconomic and social, regional dimension, in relation to Polish maritime carriers and seafarers working on board ships.

Macroeconomic and social threats:

1. The low competitive position of the Polish flag ships and the lack of Polish-flagged ships operating in the international shipping market,
2. Lack of incentives and outflow of investment capital necessary for the development of the international shipping sector,
3. Economic stagnation of design offices, research centres and cooperative industries in the maritime transport sector in Poland,
4. Low level of public-law receivables from the registration of ships under the Polish flag,
5. Loss of control by the state treasury and the ministry responsible for maritime affairs over Polish property assets moved abroad under the jurisdiction of countries known as tax havens,

6. The country's dependence on third-country flag registry transport services in the event of armed conflicts around the world,
7. Increased labour emigration of the seafaring professionals to EU countries and to third countries,
8. Escalation of Poland's social problem, expected to occur in 10 to 15 years' time, as a result of the lack of systematic social and health protection for some 35,000 seafarers and their families, and in the near future the submission of many applications for financial social assistance in the country,
9. Dropping attractiveness of the Polish seafarer's profession, with a consequent significant and negative impact on the intensity of maritime education in Poland,
10. Failure of the Polish government to implement the European Community Guidelines on aid to the maritime transport sector, as is done in many EU countries.

Threats to the development of coastal regions in Poland:

1. Failure to develop maritime know-how,
2. Declining training and employment intensity of maritime administration,
3. A projected increase in welfare payments to seafarers and their families from local government budgets,
4. Escalation of applications to the Employment Agency (*BPP*) from unemployed seafarers, staying in Poland in between contracts on ships, in order to acquire the right to free health care.

Threats to Polish maritime carriers:

1. Dependence on regulatory risk from countries outside the European Union,
2. Maintaining complex capital and decision-making structures and bearing the costs of an overly elaborate organisation, including the costs of applying the laws of many of the world's flags,
3. Lack of access to a regulated and stable labour market for seafarers in Poland,
4. Lack of employment opportunities for workers covered by a regulated and stable social security system,
5. Lack of job stability in the company and impossibility to pursue a career path for employees, as well as a lack of incentives to support employees in improving their professional skills,
6. Creation of potential corrupting conditions.

Threats to Polish seafarers working in the profession:

1. Lack of satisfactory pension, disability and health care for seafarers and their family members,
2. Dependence on employers' regulatory risk,

3. Employee's uncertainty whether the employer has complied with all safeguards related to working on a vessel subject to international regulations,
4. Difficult and very costly path to seek legal assistance to get payment of overdue salaries for shipboard work in the event of bankruptcy or fraud by the employer,
5. Difficult and very costly route to legally demand the payment of any compensation or sickness benefits owed to a seafarer, for example, for loss of health resulting from an accident while working on board.

Estimated revenues for the state from the registration of vessels of Polish maritime carriers under the Polish flag are insignificant, but the escalating registration of Polish-owned or jointly-owned vessels under foreign flags results in a lack of budget revenues from the maritime transport sector. The model of registering ships under third country flags currently used by Polish maritime carriers creates a number of economic, social, military and personal risks for Polish seafarers employed abroad.

With a view to benefiting from the return of the Polish maritime sector capital moved out of the country and regaining the competitiveness of the Polish flag, a programme for the return of Polish-owned ships from so-called tax havens to Poland should be set up, based on examples of legal regulations existing in EU maritime countries. The following actions are required:

1. Carry out a systematic assessment of the existing state of ownership of shipping companies and staff,
2. Estimate the macro- and micro-economic benefits of re-flagging vessels and the lost benefits of not doing so,
3. Formulate guidelines for regulatory changes and amend the Tonnage Tax Act, the Ship Labour Act and the Polish Order Act in the subject area,
4. Establish a Programme for the process of reflagging Polish-owned ships to the national flag.

A prerequisite for the implementation of these tasks is the substantive support of decision-makers through comprehensive scientific research. The research would aim to provide real, effective and reliable scientific support to Polish decision-makers, in line with European Commission regulations and International Labour Organisation (ILO) and International Maritime Organisation (IMO) conventions, for the effective implementation of the package of maritime laws and aid instruments, improving the competitiveness of Polish shipowners on the global shipping market.

Many of the current problems affecting legislative delays in Poland stem from insufficient knowledge, a lack of familiarity with procedures, inability to build a holistic, systematic approach to maritime affairs in the legislative and executive spheres of the government, and poor activity on the part of national maritime administration in the European Union.

The European Union is striving hard to re-flag as many ships as possible under the flags of its Member States. This is also one of the fundamental priorities of EU maritime policy. The question arises as to whether the Polish Government is prepared to implement this priority, which has economic, social, defence, promotional and patriotic dimensions.

#### **4. Concept for Research Leading to an Optimal Model for the Employment of Seafarers on Polish-Flagged Ships**

The seafarers' employment market is global. Poland lacks specialised research institutions examining the international shipping labour market. Since the 1990s, Poland has been a major exporter of seafarers in the international labour market. In 2010, about 100% of Polish seafarers were employed under foreign flags on merchant ships in international shipping.

The number of seafarers employed in shipping by European Union maritime carriers and the European Economic Zone in 2005 was estimated at about 35,000. Commercial vessels of Polish ownership do not fly the Polish flag. Active Polish seafarers are employed by foreign companies.

The employment model for seafarers on ships operating under the Polish flag was defined by the Act on Work on Merchant Maritime Ships (Act on Work on Merchant Maritime Ships, 1991) and the current Maritime Labour Act (Maritime Labour Act, 2015). The regulations contained in the Acts cover employment and safety conditions, qualification requirements and seafarers' entitlement to certain social benefits. Progressive amendments to the content of the Acts are necessitated by the ratification of the Maritime Labour Convention.

The laws regulating the employment of Polish seafarers in international shipping originate from international regulations as well as sensitize Polish legislation, which implements the regulations of international law into the Polish legal system. The most important stage in the creation of Polish legislation is the work in the bodies of the European Union and the Polish Parliament.

It is in Poland's interest to prepare, in a professional manner, representatives of Polish authorities in the bodies of the European Union and the Polish maritime administration. It is necessary to sensitise the civil service to maritime affairs and to raise the level of maritime awareness in Polish society. In order to implement European Union law, it is in Poland's interest to participate in the EU legislative process in an informed manner, and ensure that the national legislative process proceeds smoothly, and Polish normative acts are implemented in a timely manner.

It is imperative that specialists in maritime law and international law of the sea be employed in the ministries responsible for maritime economy and maritime transport

and in other state authorities responsible for the implementation of treaty obligations resulting from Poland's membership of the European Union.

European maritime transport competes internationally. Global challenges can only be met through consistent regulations that ensure equal opportunities for companies at international level. An appropriate regulatory and fiscal framework is crucial to ensure the global competitiveness of EU shipping companies. It is necessary to develop a coherent, economically sound, socially sensitive and workable model for the employment of seafarers in international shipping by Polish maritime transport companies on ships under the national flag.

Table 2 presents a strategic research plan that takes into account the current conditions. It is required for the development and implementation of an optimal model of employment of seafarers in international shipping by Polish maritime transport enterprises on ships under the Polish flag.

**Table 2.** *Research plan leading to the creation and implementation of an optimal model for the employment of seafarers in international shipping by Polish maritime transport companies on ships under the Polish flag.*

<b>RESEARCH TASKS</b>	<b>OBJECTIVES</b>
<p><i>Task 1</i> Evaluate the employment patterns and social security system of seafarers employed on ships under national flags in Germany, Norway, Denmark and Cyprus from 2010 to 2023. Identify best practices. Use and update existing research results, including those carried out in 2010-2012, within the framework of the development project N R10 00031 10, headed by Czesława Christowa, funded by the National Centre for Research and Development (NCBR).</p>	<p><i>Objective 1</i> A comparative analysis and evaluation of the existing (state: 1.01.2024) employment models and social security systems for seafarers on ships under national flags in selected European countries to identify possible use of best practices in Polish conditions, including an analysis of the optimal models of state support for the employment of native seafarers on ships under national flags developed over many years in Europe.</p>
<p><i>Task 2</i> Analyze Polish legislation regulating the employment of seafarers in international shipping on vessels under the Polish flag. Legal status: January 2024.</p>	<p><i>Objective 2</i> A detailed, multi-faceted analysis of the Polish law regulating the employment of seafarers in international shipping on ships under the Polish flag and an indication of the existing systems differences between the legal regulations in Poland and in other EU countries.</p>
<p><i>Task 3</i> Analyze the employment model of seafarers by Polish maritime transport companies on vessels</p>	<p><i>Objective 3</i> Multi-criteria evaluation of the current employment model for seafarers by Polish maritime transport companies on Polish-flagged</p>

under the Polish flag.	vessels.
<p><i>Task 4</i> Analyze the employment model of seafarers by Polish maritime transport companies on ships under flags of third countries.</p>	<p><i>Objective 4</i> Identification, description and assessment of the model of employment of seafarers by Polish maritime transport companies on ships under flags of third countries, with an indication of the areas of competitiveness of this model, the complexity of the salary system, economic and social risks, and the lost revenue to the state budget.</p>
<p><i>Task 5</i> Identify and assess social security for Polish seafarers employed in international shipping.</p>	<p><i>Objective 5</i> Characteristics and assessment of the social security of Polish seafarers in international shipping, identification of legal loopholes and social risks for seafarers and their families.</p>
<p><i>Task 6</i> Carry out multi-criterial economic analysis of the competitiveness of the employment of seafarers on Polish-flagged vessels in the European labour market of the maritime transport sector.</p>	<p><i>Objective 6</i> Performing a multi-criteria analysis as specified in Task 6 from the point of view of the interests of the shipowner and the seafarer and identifying the economic reasons for the regulatory changes in Poland.</p>
<p><i>Task 7</i> Create an economically optimal model for the employment of seafarers in international shipping by Polish maritime transport companies on ships under the Polish flag.</p>	<p><i>Objective 7</i> The creation of an optimal model for the employment of seafarers in international shipping by Polish maritime transport companies on ships under the Polish flag, allowing to maintain the conditions of fleet competitiveness, ensuring employment and decent salaries for seafarers' crews, as well as the social security of this group of workers and their families.</p>
<p><i>Task 8</i> Determine political, legal, economic and social conditions for the implementation of the employment model in international shipping of seafarers by Polish maritime transport companies on ships under the Polish flag.</p>	<p><i>Objective 8</i> Identification of barriers and conditions (political, legal, economic and social) for the implementation of an employment model for international shipping of seafarers by Polish maritime transport companies under the Polish flag while maintaining their competitiveness in the global shipping market.</p>
<p><i>Task 9</i> Recommend amendments to the Polish legislation for optimum employment of seafarers in international shipping on Polish-flagged vessels.</p>	<p><i>Objective 9</i> Development of a proposal for amendments to the Polish law that will be conditions for the implementation of the project of employment in international shipping of seafarers on ships under the Polish flag.</p>
<p><i>Task 10</i> Identify the economic and social</p>	<p><i>Objective 10</i> Assessment of the economic and social benefits</p>

benefits and conditions for the implementation of the recommended project for the employment of seafarers by Polish maritime transport companies on ships under the Polish flag.	and conditions for the implementation of the recommended project for the employment of seafarers by Polish maritime transport companies on vessels under the Polish flag.
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*Source: Author's work.*

The direction and scope of the research is in line with the guidelines of the EU and Polish maritime policy and other strategic documents on maritime transport.

## 5. Summary

The following thesis has been proved in this article. The reflagging of Polish ships to the national flag requires certain conditions to be met. One is the creation of an optimal model of employment of seafarers on ships under the Polish flag for both the employer and the employee. At the same time shipowners' operating costs have to be optimized, and adequately high salaries for seafarers and decent social security for this professional group and their families have to be assured.

It is necessary to carry out interdisciplinary research by a team of scientists and practitioners in order to create an optimal model of employment conditioning the reflagging of Polish ships to the national flag.

The return of assets registered under 'flags of convenience' and regaining the competitiveness of the national flag on ships of Polish ownership should become a strategic objective of the institutions responsible for maritime economy at all decision-making levels of government, local government, shipping companies, maritime authorities, the Polish Register of Shipping, maritime universities and non-governmental organisations. This objective is in line with the maritime policy of the EU and the practice of developed countries of the Community.

The use of state aid for the maritime transport sector authorised by the European Commission is an effective instrument to counteract the adverse phenomena of reflagging ships from national flags to the flags of third countries.

The implementation of an optimal model of seafarer employment by Polish maritime transport companies on vessels under the Polish flag depends on providing state aid to maritime transport, addressed to maritime carriers and covering public-law liabilities concerning income tax and social security contributions for seafarers, and addressed to seafarers and covering public-law dues concerning income tax and social security contributions on the part of the employee.

The statutory regulations on social security for seafarers and their families should focus on state aid for the reimbursement of social security contributions for seafarers

working on Polish-flagged ships, social security for seafarers and their families on Polish-flagged ships in the event of incapacity for work or loss at sea and social security for seafarers working on foreign-flagged ships.

The restoration of the Polish flag on ships will provide cover for the anticipated negative phenomena resulting from the lack of social security for more than 25 000 seafarers' families, manifested in social welfare claims in Poland.

The change of Polish social security regulations for Polish seafarers employed in international shipping can be achieved through EU regulations, whose pressure to change the legislation of individual EU member states is increasing.

The development of Polish solutions in this area, preceded by an analysis of the best European practices, will make it possible to reduce as much as possible the time of experimentation in the search for practical and effective legal regulations. The identification and use of long-standing European Union practices will result in the certainty of notification of Polish legislation to the European Commission.

The article addresses cognitive, organisational, methodological and postulatory aspects. It can be used by researchers, students and practitioners in the maritime sector as well as decision-makers in maritime companies and administration interested in optimising management systems of shipping companies. The results of the research can be applied in Poland and other countries intending to reflag ships to national flags.

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