

Seafarers - trends and challenges*

The shipping industry has seen an unprecedented demand for its services for the past three or four years. The driving factors are the Chinese and Indian economies, which are growing at a phenomenal rate.

The rapid growth of LNG trade is another important factor. Shipyards are booked to full capacity until 2008-2009. Over 400 new ships of all types will be added to the world fleet each year, possibly through to 2010.

While it takes only a year or two to build a ship, it takes 10 years to turn a new recruit into a master. The manning industry worldwide, is finding it difficult to meet the demands for these additional sets of crew for the new ships.

In addition to the shortage of officers due to the increase in world tonnage, other factors are making the situation even worse.

During the past decade, the introduction of the ISM code, oil major vetting inspections and stricter Port State Control have raised standards substantially. As a result, the number of 'well

qualified officers', or 'employable officers' available were much less than the number of certified officers given in official statistics of each country.

In their 2005 study, BIMCO/ISF mentioned a worldwide shortage of over 10,000 officers. The situation with ratings continued to be satisfactory with a surplus of 135,000 ratings worldwide.

These statistics were based on information given by employers, manning agents and flag states about the number of officers employed or available in each country.

The reality at the sharp end is that the shortage of 'employable officers' is far worse than generally reported. The 'selection rate' in some countries is extremely low, especially for the tanker/gas sectors. Also, the STCW 95 has not yet been successful in achieving uniform

training standards worldwide.

The day-to-day recruitment situation for officers, practically worldwide, is presently a nightmare for the manning departments of companies. This acute shortage of 'employable officers' is causing a chain reaction of misery in other departments of every company, with respect to ISM Code compliance.

Due to the shortage, promotions occur more quickly than desired by the shipowners and charterers, especially in the oil and gas sectors. Less experienced officers tend to make more mistakes causing more hazardous situations on board.

Officer retention rates are on the decline in many companies, as manning agents are engaged in 'wage warfare' in an attempt to lure officers from each other.

Due to the easy choice of jobs, some officers are beginning to get

an 'I don't care' attitude to their jobs. This attitude is a major concern for safety managers, as we all know that a poor attitude to work leads to errors.

The chain reaction goes further. Often the well-intentioned simple seafarer, who is already overworked and under stress, is jailed and criminalised for his unintentional errors or mistakes. For these reasons, youngsters in many countries have decided that seafaring is not an attractive profession.

As a result, less new recruits are becoming available, especially in the OECD countries, further affecting the worldwide shortage of officers. And the supply of existing officers from the OECD countries is also on the decline. They are either close to retirement, taking jobs as consultants, or will cost a lot more than the shipowners are willing to pay.

It is evident that this worldwide shortage will get worse over the next three years, unless the growth of world trade falters for any reason.

The intake of new recruits therefore needs to be substantially increased to keep up with the demand. Each ship must have two cadets on board. I would even suggest that it might be an idea to legislate internationally that all ships must have two trainee officers on board.

Asian countries are now supplying officers in large numbers to the international maritime industry. The nations that are becoming major crew supplying nations are India, Philippines and China, followed by Indonesia, and Myanmar. Vietnam has recently joined the ranks and Cambodia may join in the future. Bangladesh and Pakistan also have some potential, but unfortunately are disadvantaged due to geo-political reasons since the tragic events of 9/11.

In the eastern European region, Ukraine and Russia seem to be

emerging as leaders. Croatia, Poland, Latvia and others seem to be losing interest in being crew suppliers as the opportunities for jobs grow in the wider European Union.

The shift of labour resources from OECD countries to Asia and Eastern Europe has been happening gradually over the last two decades, mainly due to economic reasons and due to the lack of interest in a seafaring career among contenders in the OECD countries.

It is also happening due to the rapid growth of Asian shipping companies, especially in China, and Japan.

Major concerns

The shortage of officers and the lower wages of Asians make them an attractive alternative to seafarers from OECD countries. However, there are various issues that will need to be tackled by each of the nations in the region, if they wish to improve their market share of the worldwide manning industry.

While the recruitment of

officers has shifted to countries with lower economic strength, the shift of training colleges and investment into maritime training into the new crew supplying nations has not kept pace with this change.

In most OECD countries, in the past, the local governments and the local industry supported maritime training institutions. However, in the Asian region as well as the Eastern European nations, the governments, with the exception of China, have not been giving any major incentives or subsidies to the maritime colleges.

Most of the countries supplying seafarers cannot afford to give incentives. The shipping companies from OECD countries that take Asian officers have also not been too generous.

The last two decades have been characterised by 'contract employment' and negligible training by most of the shipping companies. Officers have been employed on the basis of 'least cost'.

Due to the raising of standards through ISM, PSC and oil majors,

there is a visible change now in the attitude of companies and governments towards maritime training. The investment into hardware - classrooms simulators and laboratories - is now being done by the private sector in all the crew-supplying nations, at an unprecedented rate.

However, all the countries are struggling to find good faculty for their training institutions. This lack of sufficient good quality faculty is perhaps the single most critical challenge for the 'new' crew supplying nations.

Other concerns

It is easier to discuss these concerns for each of the countries in the region. These comments are my personal opinion only. It is my hope that discussion of these concerns will encourage debate and discussion in the countries concerned and hopefully contribute to improvements.

China

China has been marketing itself as a major crew-supplying nation

OECD Countries		Asian countries		East European countries	
Country	No. of officers	Country	No. of officers	Country	No. of officers
Australia	4,800	Bangladesh	4,522	Bulgaria	2,075
Canada	4,557	China	42,704	Croatia	10,300
Denmark	5,488	India	46,497	Estonia	3,684
Finland	2,000	Indonesia	7,750	Georgia	1,378
France	2,983	Myanmar	6,000	Latvia	7,515
Germany	4,800	Philippines	46,359	Poland	8,446
Greece	17,000	South Korea	8,201	Russia	21,680
Italy	9,560	Vietnam	10,504	Ukraine	28,908
Japan	12,968				
Netherlands	3,858				
Norway	8,100				
Spain	4,000				
Sweden	4,892				
Turkey	22,091				
UK	14,050				
TOTAL	121,147	TOTAL	172,537	TOTAL	83,986

Source: BIMCO/ISF

at very economic wages, since the mid 1990's. The marketing has been very successful and in fact, the present situation is that demand far exceeds supply. The Chinese officers are generally hardworking and sincere.

The fast growth of the Chinese shipping companies has absorbed most of the supply and the availability of officers for foreign owners is very limited. Officers from the Chinese coastal trade generally are not 'employable' on international ships.

Training is shifting from the four year degree courses in universities to a three-year programme in regional colleges. The officers from the established universities generally leave sea-life very quickly for shore jobs.

The main concerns about training in China continue to be:

- English communication skills, especially in the regional colleges.
- Commercial knowledge of deck officers.
- Importance given to safety procedures.

There is also a problem that the training standards among the different colleges varies considerably. Availability of good faculty of international standards is a major concern in China.

Another factor concerning recruitment from China is the lack of a free-market environment for hiring seafarers.

This situation is changing slowly with the new laws, but presently the complaint from

many shipowners is that the control of the local manning agents is leading to reduced retention rates and lack of loyalty and this prevents many shipowners from choosing Chinese officers for their ships.

China has lost a significant amount of market share to other countries like the Philippines and Ukraine due to the delay in relaxing its laws to allow foreign companies to directly employ Chinese crews.

It is also evident that in modern China, seafaring is not considered as a great career choice in the coastal regions. Availability of good students willing to go out to sea is reducing.

The wages of Chinese officers are also going up rapidly and the economic advantage to the shipowner is no longer significant compared to costs from other crew supplying nations.

Philippines

The Philippines continues to be the largest and popular supplier of seafarers to international shipping and is likely to retain this position in the near future. It has regained some of the market share that it had lost to China between 2000-2005.

A lack of the supply of officers, especially senior ranks is the main concern in the Philippines. The percentage of junior officers who are able to clear the tightened examination systems is extremely low. The country is taking many initiatives to

improve the situation, but a lot more needs to be done.

The industry perception is that the traditional system of ratings moving on to become officers is the cause of the low results in the Philippines. It is also a major concern that even today, the quality of the recruits in some cadet academies leaves much to be desired. The Philippines has the potential and the advantage of English. It is only a matter of attracting students of higher abilities to choose seafaring as a career.

Better institutions are being supported. However, more needs to be done by the administration to control the quality, by setting minimum standards for new recruits and by keeping the examination standards at international levels.

The administration also seriously needs to audit the quality of the faculty being used in many of the institutions.

India

India has been gaining market share for officers especially in the specialised vessel sectors. The country is widely recognised as a good alternative source for officers for the tanker and gas sectors.

India has been slower in investing into its maritime education sector, however, this is changing rapidly with a new government funded university and substantial investments by the private sector in the last five

to seven years.

The basic education system in India is well established and has the advantage of being conducted in English. However, the rapid economic growth is giving many new professional choices to the youngsters.

Recruitment in India will need more effort in the future and the maritime industry will need to compete with other international industries like IT, banking and so on, who have been targeting the youngsters in India.

Faculty and quality of teaching is not a concern in India, however, the country needs to be participating more in international maritime forums to be able to develop as a major contender as a crewing source.

In proportion to the population of India, the market share of Indian seafarer is still quite low in comparison to countries like Philippines.

Indonesia

Indonesia is a country with a lot of potential. But it has so far not taken any large steps to become a major officer supplier.

Training standards achieved are generally perceived to be less than international standards, but this again is changing.

Bangladesh

Bangladesh is a country with a large potential that has not been fully tapped, perhaps due to the lack of a visible maritime community.

The education system is based on the British system and students study in English. It is surprising that the market share of Bangladesh is not much more.

Vietnam and Cambodia

The industry is watching the developments here carefully to see if these countries can contribute to the supply of seafarers for foreign shipowners.

Since these countries are new entrants to the market, it will be a few years before they can be considered as established sources.

Quality of education and training achieved is still under scrutiny by the industry. English communication skills may be one area of concern.

The future

The lower cost of living in Asian countries certainly gives them an advantage that can be used to increase their market share of the global maritime industry.

Countries like China, India, and the Philippines have a long history

of seafaring and there is no reason why they should not take their rightful place as modern seafarers of the 21st century.

Ukraine and Russia seem to be the only countries that are likely to remain as serious competition for the Asian region.

The availability of jobs in the European Union is likely to affect the future availability of officers from countries like Poland, Croatia, Romania, Latvia, Estonia and others.

Governments in Asia will need to nurture the maritime sector by providing a welcoming environment to ship operating companies and by making laws that assist the employing companies. Shipping is a truly globalised industry and the shipowner has a choice of taking seafarers from any part of the world!

The main challenge for the Asian countries will be to improve the maritime training institutions to be able to provide officers that meet the demands of the international

shipping industry.

The future seafarer needs to be a highly skilled professional with good leadership and managerial capabilities.

The increased complexity of ships and the higher expectations of the regulatory and commercial stakeholders require seafarers to be constantly alert. They need to be well informed of all the latest regulations and local laws.

We live in a world of practically zero-tolerance for mistakes by ship's officers. In such a scenario, it is imperative that the training standards of seafarers keep pace with the industry.

The STCW 95 convention is in need of some review because it has not been able to fully deliver the desired improvements in achieving common training standards worldwide. The convention will be revised in two or three years time, but the basic problem of finding good dedicated teachers will continue to be a challenge for many countries.

Asian countries can achieve greater success in achieving their goals in training if they are more willing to co-operate with each other in this field rather than compete. There is a large pool of expertise available among Asian seafarers that can be attracted to the teaching profession - if the salary paid is adequate!

In conclusion, I would say that the full potential of Asian seafarers, to replace the officers from OECD countries, is not yet fully realised. The numbers of recruits needs to be increased and the quality of teaching needs to be improved to keep pace with the rapidly changing shipping industry.

The next 50 years belong to the Asian seafarers!

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**Taken from a speech given recently by Captain Pradeep Chawla, director quality assurance and training, Anglo-Eastern Ship Management.*