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# CHINESE AND FILIPINO SEAFARERS: A RACE TO THE TOP OR THE BOTTOM?

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## INTRODUCTION

All countries with significant coastlines and groups of islands inevitably produce seafarers at some time or other in the course of their economic development, and the two countries which are the subject of this paper are no exceptions. Chinese ships and seafarers were famously exploring the Indian Ocean more than a century before the arrival of the Portuguese and once the Spanish Pacific empire was established in the 16th century, the ships linking Mexico to Manila were mainly crewed by Filipinos. And it need hardly be said that Chinese and Filipinos have both been employed by foreign ship-owners throughout the 20th century. What is unquestionably new is the magnitude of Filipino seafarers' employment in the world's merchant ships and the extraordinary growth of China as a nation with a major stake in the shipping industry, both as ship-owner and as a source of seafarers.

The arrival of a major new maritime nation, the newness of a global labour market and the involvement in it of countries whose social, political and economic structures and institutions are not well-known or understood, naturally raises a number of issues, hence the cluster of SIRC studies focused on the demographic characteristics and systems of training, education and recruitment in what have come to be called the 'labour supply' countries. While this paper is of course entirely devoted to China and

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the Philippines, a similar study has been completed on Turkey, others are close to completion in Central and South America, and a study of India is in progress.

This paper comparing the Philippines and the People's Republic of China summarises a large amount of otherwise detailed and extensive information. The preliminary discussion of the numerical contribution made by Filipino and Chinese seafarers to the global labour market sets the tone of the discussion. After a brief note on seafarers' regional origins and family backgrounds, the paper focuses its analysis, first on recruitment, pay and trade union affiliations, and then on maritime education and training. By comparing these dimensions, we highlight the diversity and dynamics of seafarers in those two countries and argue that aside from numbers, the race to the top or the bottom of the seafarers' global labour market involves factors such as demographics, quality of maritime education and training, labour institutions such as trade unions, and other social dimensions.

We note that the variations in the practices have important implications affecting the supply of both Chinese and the Filipino seafarers, indeed seafarers of all nationalities to the world fleets. In the conclusion, we address this issue by attempting to answer the question raised in the title of this paper: What should China and the Philippines do in the face of globalisation? Should they compete against each other by depressing each other's wages and other standards and race to the bottom? Or should they help and support each other and race to the top standards?

## **THE RESEARCH**

Data presented in this paper are drawn mainly from SIRC Global Labour Market Country Studies, conducted by SIRC researchers and associates in China and the Philippines in 2002 and 2003, and supplemented with information from other sources including SIRC Seafarers Database and available literature.<sup>2</sup> Specifically, data on

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<sup>2</sup> The SIRC Global Labour Market Study represents a core part of the Centre's research on world seafarers. It has two main components: the annual survey of crew composition based on crew lists collected worldwide from maritime administrations, flag state registries, port authorities and

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Chinese seafarers came from a survey of 189 seafarers conducted on board ships in four major port cities in 2002 (Shen *et al*, 2003) and another survey of 131 seafarers and 309 students in the country's MET institutions in 2003 (Li & Zhao, 2003).

Data on Filipino seafarers came from a survey of 374 seafarers in international ships and of 658 students in 11 MET institutions nationwide in 2002 (Amante, 2003). In addition to the questionnaire surveys with seafarers and students, in-depth interviews were also conducted with employers, crewing agents, government officials, trade union leaders and MET instructors in both cases.

### **CHINESE AND FILIPINO SEAFARERS: AN OVERVIEW**

Further to SIRC report on the number and distribution of shipboard world seafarers in 2001 (Lane *et al*, 2001), the 2002 SIRC global census of the crews of cargo ships trading internationally showed some 28 per cent of seafarers were Filipino and 6 per cent Chinese.<sup>3</sup> Where almost all Filipinos were employed aboard foreign-flag ships (96 per cent), the great majority of Chinese (80 per cent) were employed aboard nationally-flagged ships (25 per cent), Hong Kong-flagged ships (20 per cent) and approximately 35 per cent aboard Chinese-owned Panamanian-flagged ships. The general nationality distribution of the world's ten largest seafarer populations is shown in **Table 1** and this underlines the point that regardless of nationality, the world's shipping industry just like the world's textile and clothing industries, has become heavily dependent upon labour from the lower income countries.<sup>4</sup>

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immigration agencies; country studies conducted by SIRC researchers with collaboration from senior researchers in relevant countries and world regions.

<sup>3</sup> The SIRC Seafarers Global Labour Market Database counted seafarers on board ships and did not include those on shore leave or those waiting for employment. The total number of seafarer is estimated at 1.23 million (404,000 officers and 823,000 ratings) if those on shore leave and waiting for employment are included (ISF, 2000).

<sup>4</sup> According to World Bank (2003), the GDP per capital was \$838 for China and \$1050 for the Philippines in 2001 based on exchange rates. In comparison, the GDP per capital was \$37,600 for the US and \$25,300 for the UK in the same year.

**Table 1. Ten Largest Seafarer Nationality Groups (2002)**

Rank	Country	% of world total
1	<b>Philippines</b>	<b>28.1</b>
2	Russia	6.8
3	Ukraine	6.3
4	<b>China</b>	<b>6.2</b>
5	India	5.0
6	Indonesia	4.0
7	Poland	3.5
8	Greece	2.8
9	Turkey	2.5
10	Myanmar	2.3
	<i>All top 10</i>	<i>67.5</i>

Source: *SIRC Global Seafarers Database, 2003.*

When we come to a comparison of the age and rank of Chinese and Filipino seafarers, the data in **Table 2** shows Chinese officers are much more likely to reach senior officer rank (master, chief engineer, chief officer, second engineer) than their Filipino counterparts. This difference appears to be largely a function of the fact that most Chinese work aboard Chinese-controlled ships and accordingly have considerably improved promotion prospects. No doubt the same explanation also serves for the larger proportion of Chinese junior officers.

**Table 2. Distribution of Chinese and Filipino Seafarers by Rank (2002)**

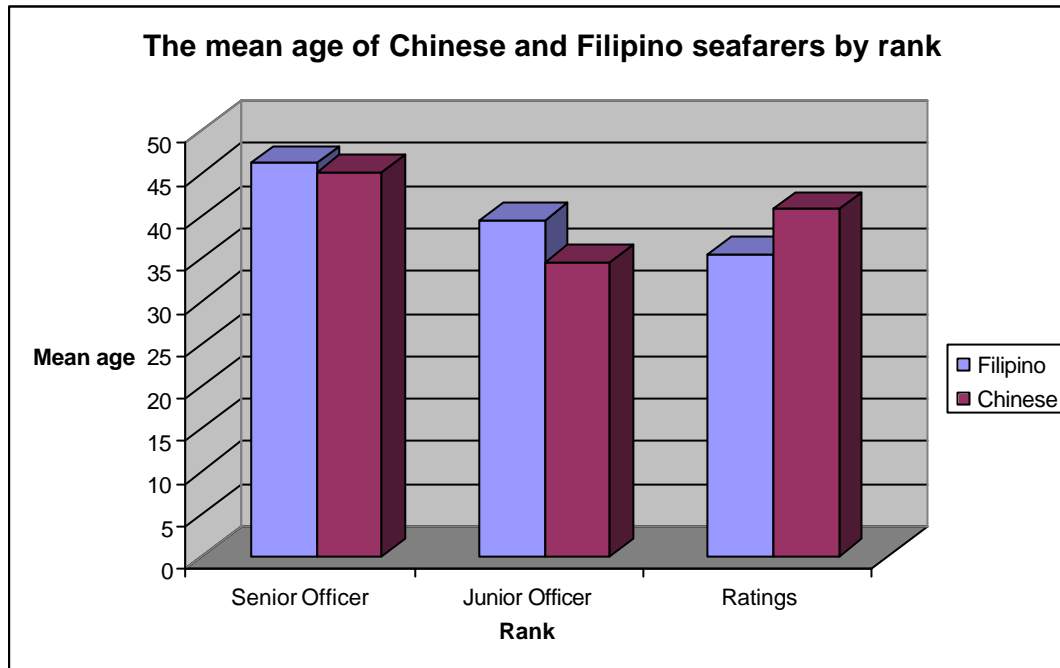
Rank	Chinese	Filipino
Senior officers	18 %	9 %
Junior officers	25 %	19 %
Ratings	57 %	72 %

Source: *SIRC Global Seafarers Database, 2003.*

As the data in **Figure 1** shows, although Filipino senior officers are a few years older than their Chinese counterparts the differences are not great and in any case probably reflect the enhanced promotion possibilities in an expanding nationally-owned fleet. The same reasoning presumably would apply to the significantly lower age profile of Chinese junior officers. Where ratings are concerned the significantly higher age of the Chinese ratings reflects the high levels of unemployment among them, due largely

to the replacement of older ships with large crews by new ships complements not much larger than the world average.

**Figure 1. Chinese and Filipino Seafarers by Rank and Age (2002)**



Source: SIRC Global Seafarers Database, 2003.

## DEMOGRAPHICS

### Regional Origin

Attitudes and values of seafarers are shaped by their socio-economic backgrounds. In both China and the Philippines, poverty and rural origin are two striking features in many seafarers' and students' backgrounds. In China, *hukou* registration defines individuals as having either an urban or rural status and this is important in determining the individual's life-chances because urban residents have far more opportunities than rural people do. In the SIRC survey of active Chinese seafarers 80 per cent were registered as urban residents whereas most students in maritime training and education (80 percent) were registered as rural residents. In 2000, Dalian Maritime University recruited 746 new students among whom 70 percent originated in inland provinces. In the same year, neither Dalian Maritime University nor

Shanghai Maritime University was able to recruit any student from Dalian or Shanghai (Shen & Zhao, 2001). In the Philippines the great majority - 81 percent - of the seafarers in the survey originated from high poverty rural areas of the island provinces of Cebu, Bohol, Mindanao and Leyte.

### **Family Backgrounds**

Filipino seafarers typically come from large families, with an average of 6 siblings or an average family size of eight members (with two parents). In comparison, Chinese seafarers belong to small families, with an average family size of three to four (two parents with or without a sibling). Most Filipino and Chinese seafarers are married, with children. All Chinese seafarers with children have only one, reflecting the effectiveness of the country's strict family planning policy. On average, Filipino seafarers have four children.

Where socio-economic status is concerned both Chinese and Filipino seafarers are recruited from among families of lower social status. In the Chinese survey, some 60 percent of the seafarers' fathers were either peasants or other manual workers. In the Filipino sample, most (58 percent ) of seafarers' fathers were engaged in fishing and farming.

Where mother's occupations were concerned, we found that some 53 per cent of Chinese mothers were peasants, 16 per cent were other manual workers and 13 percent were white-collar employees, a similar proportion to that found among Filipino seafarers' mothers (12 per cent). Most (55 per cent) Filipino mothers were fulltime housewives, 15 percent were self-employed market vendors.

In the Chinese survey, a comparison of parents' education and occupation as between serving seafarers and students in MET institutions suggests a clear decline in seafarers' social status. While some 10 per cent of seafarers' fathers were reported as having experienced higher education, only two per cent of students' fathers were found to have been to colleges or universities. A similar pattern was found in fathers' occupations. Over 19 percent of serving seafarers' fathers were white-collar workers but only six percent of students' fathers were in the same category. The new

generation of Chinese seafarers seems to be drawn increasingly from families where parents are likely to be less well-educated and employed in less prestigious occupations.

## **RECRUITMENT, PAY, UNION AFFILIATION & MET**

What is the context by which China and the Philippines supply seafarers in the global labour market? In what conditions are Chinese and Filipino seafarers trained, recruited and paid? Variations in practices with respect to pay, recruitment, trade union affiliation, and maritime education and training, among other dimensions, affect both quantity and quality of supply of seafarers by both countries. The following details provide a rough sketch or landscape for the labour market entry of seafarers in both countries.

### **Recruitment**

#### *Philippines*

Filipino seafarers are mostly dependent upon crewing agencies for their entry into the labour market, although some shipping firms recruit directly. Most of these agencies are concentrated in Manila. In 2002, there were 417 crewing agencies involved in the recruitment, processing and deployment of the 209,953 seafarers recorded as being contracted. These agencies are under the control of the Philippines Overseas Employment Administration (POEA), a government body set up in 1994 to regulate crewing agencies and the deployment of seafarers.

Although the agency is the formal point of entry into employment, the seafarers' own job search begins, as it does universally and in all occupations, with accumulating scraps of labour market intelligence from such formal and informal sources as advertisements, relatives, friends, classmates, school officials, former crew members and shipmates. They simultaneously make daily visits to agencies for the latest job postings and announcements. The Rizal Park seafarer labour market is the venue for



checking information with other seafarers, information about working conditions, policies and practices of crewing agencies and shipping companies.

Seafarers fly or travel by ferry into Manila, often from various islands hundreds of miles away and often spend months in job search. In our survey we found that the average cadet took 13 months to find his first job. Only those seafarers employed through a shipping company's wholly-owned agency could expect to have to wait for less than two months for their next ship. While engaged in job search in Manila, seafarers may stay with friends or relatives but most lodge in cheap and crowded rented 'apartments' or trade union-owned dormitories. According to the ILO convention and Philippines law, crewing agencies are not allowed to charge seafarers for placing them in employment. Seafarers however say that instead, they sign on for "cash advances", or "training and orientation fees" which are deducted from their pay later on. The market is most harsh to cadets. Many young graduates of the maritime academies have to work as 'utilities', i.e. as volunteer assistants, for the agencies for months without any pay before they can hope to have a assignment.

The POEA prescribes a Standard Employment Contract (SEC) which specifies the job title, length of employment at sea, hours of work, holidays, allowances, and pay of the seafarer. The SEC also specifies the procedures for repatriation, and the process for settling grievances, and compensation claims. It has a long annex listing types of injuries and corresponding compensation levels. The POEA standard employment contract for seafarers requires that the duration of the contract should not exceed 12 months. In practice most contracts are for between 6 to 9 months. Contract extensions are however possible and this is accepted by the POEA.

### *China*

In China, seafarers' recruitment is much more varied. Seafarers may be direct and regular employees of shipping companies, clients of crewing agencies or attached to the labour bureaux of local governments.

Until the late 1990s, the absolute norm was for ocean-going seafarers to be attached to shipping companies and to rely on the company for assignment to ships and life-

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long employment. Enterprise reform since the late 1980s has broken this pattern and fixed-term labour contracts have been introduced to cover all seafarers. However, different terms and conditions are provided for 'old seafarers', those employed before the adoption of the fixed-term contracts and 'new seafarers', those employed after its adoption.

'Old seafarers' are still treated as 'company men', although many have been forced into early retirement or made redundant. These seafarers still view themselves, and are viewed by their employer, as 'belonging' to the shipping company. This sense of 'belonging' is made material by the fact that virtually all matters concerning the seafarers' work and life, such as ship assignment, wages payment, leave rotation, party membership development, housing allowances and social security, are dealt with internally by the shipping company. To these seafarers, the shipping company is their 'work unit', which they depend upon for survival. They need to sign two kinds of contracts: *the employment contract*, which notes their overall employment conditions and relations with the company, and *the 'sailing contract'*, which specifies terms and conditions for any particular voyage. Most of these seafarers are placed on nationally-owned ships, many of which fly the Panamanian flag.

Shortages of officers and a surplus of ratings impact on the length of duty tours. Officers, especially senior officers, have to stay at sea longer than before, often for more than 9 months or, alternatively, have to significantly reduce their home leave periods. On the other hand, ratings' sea service at sea has been drastically reduced 'so that more seamen can share our ships', as the HR Manager in a big shipping company explained in an interview. In most cases, it is normal for a rating to spend 6 months at sea in the calendar year. Compared with 'new seafarers' or seafarers recruited since the late 1990s and from the country's inland rural areas, these seafarers are in a relatively privileged position.

'New seafarers' are attached to crewing agencies or quasi-crewing agencies like the Seafarers Bureau operated by local labour bureaus (to be discussed later). These seafarers depend on agencies for job, training, and management of all other affairs relevant to their employment. Such a regime has effectively ended seafarers' dependency on shipping companies, the traditional 'work units', which were a most

important hallmark of the planned economy. 'New seafarers' have, therefore, been exposed to the risks of the labour market. Here, the lack of information of job opportunities, the absence of trade union representation etc have created new forms of dependency for seafarers. Now, seafarers have to rely on middle men and such a dependency makes individual seafarers more vulnerable to exploitation (Zhao & Li, 2003).

Compared with their counterparts in the Philippines, Chinese crewing agencies are a new phenomenon in the People's Republic and a direct result of the economic reforms since the 1980s. As of 2002, there were 54 crewing agencies registered with the Co-ordination Council for Overseas Seamen Employment of China (COSEC), a semi-governmental body set up in 1989 to co-ordinate the employment of Chinese workers to provide labour and service overseas, including seafarers' employment on foreign ships (COSEC, 2002). Most of the agencies are concentrated in such large port cities as Dalian, Qingdao, Tienjin, Shanghai and Guangzhou, although Beijing is the site of the two largest agencies in China, COSCOMAN (COSCO Manning Co-operation Inc.) and MASES (China Marine & Seamen Service Corp). Agencies can also be found in Wuhan, a metropolis located in central part of the country but with the largest and busiest port on the Yangtse. (Li, 1998; MASES, 1998, cited in Zhao 2000, and Shen & Zhao 2001).

As in the Philippines, quality of service varies greatly from agency to agency. There are agencies with whom seafarers are most satisfied with, and also agencies denounced by seafarers, trade unions and welfare agencies for abuse or negligence of seafarers they provided for unscrupulous foreign ship owners.<sup>5</sup> Again like their Filipino counterparts, some Chinese agencies charge fees to both foreign ship owners and seafarers. Double book-keeping was reported by a considerable number of seafarers interviewed by both authors and their associates for their respective studies.

Many of the crewing agencies, especially the larger ones are subsidiaries of the personnel /human resource departments of big state-owned shipping companies located in main port cities, hence, for example, COSCOMAN-Shanghai Ltd.,

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COSCOMAN-Guanzhou Ltd and so on. These 'Ltds' are subsidiaries specialising in the recruitment of seafarers for foreign ship owners (Shen & Zhao, 2001). With close personnel, political and technical links with parents shipping companies, these agencies are in an advantageous position in getting quality seafarers and relatively better regulated.

Overall, the agencies in China are, paradoxically, less centrally regulated than those in the Philippines. In China, there is no governmental body like the POEA charged with the administration and regulation of affairs concerned with seafarers taking employment on foreign ships. Many manning agencies operate without any awareness/concern for national and international labour and maritime rules and regulations. Seafarers involved in the widely-reported cases of the *Acadia* and *Pescama* were among those employed through manning agencies of this kind (Zhao, 2000).

The least regulated, however, are the agencies that operate underground and have never registered with COSEC or any other national organisation. Most of the seafarers dependent on these agencies are seafarers who have been made redundant by state-owned shipping companies. Dumped at the bottom of the labour market, they are most vulnerable to exploitation. These seafarers are called 'free seamen (*ziyou chuanyuan*)' and virtually entirely depend upon crewing agencies for their economic survival.<sup>6</sup>

The labour bureaux are government agencies, hived off from the Ministry of Labour at the provincial and local levels, and in charge of urban residents' employment issues. They normally show no interest in administration or management of employment affairs concerned with individuals from the countryside but this is not the case with regard to the shipping industry. A recently completed SIRC case study in an under-developed district in central China suggests that local government in inland provinces have started playing an active part in seafarers' training, employment and management (Li & Zhao, 2003). Our case study found that one local government

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5. Examples include the notorious cases of *Acadia* and *Pescama* (Liu & Li, 1997) and letters of complaint sent to ITF from Chinese seafarers.

agency, called the Seafarers Bureau, had been set up with personnel support from the labour bureau, with the aim of ‘promoting the training and export of seafarers from our inland regions for national and international ship owners’. The agency has close bureaucratic links and political support from the Labour Bureau but with clear market functions – it charges fees from both seafarers and their employers. The bureau takes charge of seafarers’ education and training, employment placement, management and further training (when seafarers are between ships). Evidently, although a government agency, the labour bureau-tied agency also functions as a crewing agency, mirroring some typical features of the country’s ‘socialist market economy’ where the state strives to promote market values. Such dual identity allows the local government to benefit most from both the state and the market resources.

## Pay

Seafarers’ pay has always been a politically sensitive and practically difficult topic. While the general impression in the industry is that Chinese seafarers receive lower wages than the Filipino seafarers and some commentators speculate that Chinese seafarers earn on average 20 percent less than their Filipino counterparts (Hand, 2001a), there was no valid data supporting such impressions or speculations. Data collected through our respective studies confirm that the total pay received by Chinese seafarers employed on ocean-going ships in big state shipping companies, on average, was 35.8 percent lower than that received by the Filipino seafarers, as shown in the following table.<sup>7</sup>

**Table 3. Average total ‘all-in’ monthly pay (in USD), 2001**

	<b>Filipino</b>	<b>Chinese</b>	<b>Difference</b>
Captain	2978	2011	967 (33%)
Chief Engineer	2765	1857	908 (33%)
Chief Mate	2300	1420	880 (38%)
AB	1001	611	390 (39%)

Source: Amante, 2003; Shen & Zhao, 2001.

<sup>6</sup> Dr. Bin Wu’s survey in Hong Kong included many seafarers in this category in his sample and the research report will be published soon.

<sup>7</sup> It would be ideal if a direct comparison could be made between wages received by Chinese seafarers on foreign ships and the wages received by Filipino seafarers on foreign ships. Unfortunately, there is no complete data available for the authors to make such comparison. The comparison presented here, however, provides some insights regarding the pay regimes for both cohorts.

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On foreign ships, seafarers supplied by large crewing agencies are usually among the most experienced and with good formal standards in speaking English. On average, the pay received by these 'cream' seafarers was 30 percent higher than those placed on national vessels, and this is particularly true for officers. It must be noted that this tends to be the practice of large crewing agencies, hence does not reflect the practice of small (and usually less regulated) agents (Shen & Zhao, 2001). The figure, however, suggests that the pay received by these Chinese seafarers is close to the levels of Filipino seafarers taken as a whole, though it does need to be borne in mind that the labour market for Filipino seafarers is also stratified in terms of quality.

Our study on Chinese seafarers employed through medium and small crewing agencies (hence more vulnerable to exploitation) and placed on both national and international ships found that the highest 'all-in' monthly pay was 16,600 *yuan* (\$2000), the lowest 1,000 *yuan* (\$120), and the average 5506 *yuan* (\$663). In contrast, seafarers in the Filipino sample reported the highest pay of \$2978, the lowest \$358, and the average of \$1,224. On average, the Filipino 'all-in' monthly pay doubles the size received by the Chinese seafarers in this category.

### **Trade Union Affiliation**

Freedom of association is a key labour standard. The capacity and strength of trade unions to negotiate and collectively bargain for pay, and other terms of employment can play a major part in determining the payroll costs of shipping firms. In China, trade unions are positioned as subordinate organisations to the Communist Party and all trade unions, including All China Seamen's Trade Union, are 'unified' under the monopoly of All-China federation of trade Unions (ACFTU). As workers in other industries in the state sector, seafarers in state shipping companies 'automatically' become union members at the time of their employment and their membership last as long as their employment. Nearly all the sampled seafarers reported that they were union members although few of them were aware of their labour rights.<sup>8</sup> In the

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<sup>8</sup> The National People's Congress made amendments to the Trade Union Law in October 2001. The amendments brought in some favourable changes, making the country closer to ILO labour standards, although the Law in whole is considered as not effective on strengthening workers' rights. The role of Chinese trade unions is still viewed as more to help maintain social stability than to protect workers' rights and democratise union movement (Masako Asaeda, 2003).

Philippines, union membership is for the duration of the seafarers' employment contract, mostly from 6 to 9 months. Collective bargaining agreements may include all Filipino seafarers in a given voyage (union or closed shop provision). Membership fees of mostly \$5 monthly were automatically deducted from the seafarers' pay. About 47 percent of the Filipino seafarers said they were union members, and 10 percent said they were former union members. About 43 percent said they were not members of unions. A greater percentage of junior officers (51 percent) and ratings (47 percent) were union members, compared to senior officers (38 percent).

## **Maritime Education and Training**

### ***Institutions, enrolments and throughputs***

Consistent with its being the largest seafarer supplying country, the IMO's *Compendium of Maritime Training Institutions* (IMO 2003) shows that the Philippines has 98 MET institutions, the world's highest. Philippine official reports show that across the country, there are 76 maritime education institutions and 41 seafarers training centres in 2002.

While the annual enrolments are estimated at 26,500, graduates from both deck and engine programs were registered as 5,178 in 2001 (CHED Maritime Section 2002). The huge gap between the number of new students enrolled for MET studies and the number of graduates from these institutions suggest a large drop out or wastage rate. Most students were unable to afford the costs hence could not finish the course; many are unable to find placements for cadetship or shipboard training. Most maritime schools have 'ladder-type' systems, wherein students unable to finish the 4-year college program could be awarded an 'associate in nautical science' or 'associate in marine engineering' degree. The high wastage rates suggests inefficiencies in the 'free market enterprise' system of student admissions, which emphasise profit in admitting large number of maritime students who pay tuition, rather than quality.

China has two maritime universities and maritime departments in five other universities offering BSc and postgraduate degrees in maritime transport and engineering. In addition, there are six colleges offering non-degree MET courses, 22

marine or nautical schools and 40 training centres offering short updating courses. Annually, an estimate of 5,000 students are enrolled as deck and engine officers and 'several thousands' as ratings (Gao, 2002, Cui, 1998). The official figure notes that, in 2001, 3,927 graduated with BSc or other higher education certification from MET institutions with a pass rate of 89 percent.<sup>9</sup> According to senior staff in the career office of one MET institution, most of the graduates who did not go to sea had employment in other sectors of the maritime industry. **Table 4** gives a summary of some main features concerning the number of institutions their total annual enrolments and graduates in China and the Philippines.

**Table 4. MET institutions, enrolments and throughputs (2001)**

	CHINA	PHILIPPINES
<b>INSTITUTIONS</b>	<ul style="list-style-type: none"> <li>▪ 2 universities for BSc &amp; higher degrees in MET</li> <li>▪ 5 universities offering BSc &amp; higher degrees in MET</li> <li>▪ 6 MET colleges</li> <li>▪ 22 MET vocational schools</li> <li>▪ 40 MET training centres</li> </ul>	<ul style="list-style-type: none"> <li>• 76 MET institutions offering officer and rating programs at the college and associate levels</li> <li>• 41 training centres</li> </ul>
<b>ANNUAL ENROLMENTS</b>	<ul style="list-style-type: none"> <li>▪ 5,000 officers</li> <li>▪ several thousands ratings<sup>10</sup></li> </ul>	<ul style="list-style-type: none"> <li>▪ 27,000 (officers &amp; ratings)</li> </ul>
<b>ANNUAL THROUGHPUTS</b>	<ul style="list-style-type: none"> <li>▪ 3,927 graduates attending CMSA Exam (2001)</li> <li>▪ 3,477 certified by CMSA (2001)</li> </ul>	<ul style="list-style-type: none"> <li>▪ 5,178 graduates in 2001</li> </ul>

Sources: Song, 2002a, 2002b; Gao, 2002; Cui, 1998.

As in the rest of the world, seafaring is still a male monopolised occupation in both countries. In China, all the institutions, except one in Shanghai, are closed to women for marine training. Comparatively, the Philippines seem to have a more proactive

<sup>9</sup> Of those who passed the examination, 1852 (53.3 percent) were deck officers and 1652 (46.7 percent) were engine officers.

<sup>10</sup> While it has been widely agreed that about 5,000 students are enrolled for officer training in Chinese MET institutions every year, estimates of the number of ratings enrolled for training vary greatly. In 1998, Cui noted, 'Every year, our country's marine schools take 20,000 students and train them into ratings'. According to Gao's report in 2002, the annual intake of students for rating training became 'several thousands (Gao, 2002). The conflicting figures may suggest that the country has significantly reduced its training program for ratings because, as in many other labour supplying countries and as many Chinese shipping companies noted in our study, 'China has a surplus of ratings.'



approach: a dozen or so female students were found in each of the five biggest maritime colleges during our fieldwork in 2001.

### ***Ownership & Governance***

The state's influence over MET institutions is critical in regulating the quality and volume of the seafarers' flow into the global labour market. China and the Philippines present a strikingly different picture in terms of the MET institutions' ownership. In the Philippines, there is an active private sector engaged in seafarers' education and training. Of the 76 maritime institutions, only seven are owned by the government. One, MAAP, is financed by national and international trade unions, and several training courses in other institutions are supported by foreign investment (mainly from Japan and Norway). All other institutions and training centres are owned by entrepreneurs with interests in other areas of education and business more generally. Many school owners are involved in politics or have supportive connections with politicians.

In China, virtually all the maritime universities, colleges, academies, school and centres are directly or indirectly owned by the state via state-owned shipping companies. In recent years funding sources have been diversified to include funds from provincial or local governments, shipping companies, foreign ship owners and students' fees (discussed in more details below). Lack of funding for seafarers education and training is a serious problem faced by both the public and private sectors and in both China and the Philippines.

**Table 5. MET ownership and governance**

	<b>CHINA</b>	<b>PHILIPPINES</b>
<b>OWNERSHIP &amp; FUNDING</b>	<ul style="list-style-type: none"> <li>▪ State (most)</li> <li>▪ Shipping companies (e.g. Qingdao Marine College)</li> <li>▪ Joint venture (e.g. Sino-Norwegian Centre)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Private (most)</li> <li>▪ State (7)</li> <li>▪ Trade Union (1 MAAP)</li> <li>▪ Foreign capital (IDESS, Norwegian Training Centre, etc.)</li> </ul>
<b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>▪ Ministry of Education &amp;</li> <li>▪ Ministry of Communication</li> </ul>	<ul style="list-style-type: none"> <li>▪ Philippine Overseas Employment Administration (POEA)</li> <li>▪ Maritime Training Council (MTC)</li> <li>▪ Professional Regulation Commission (PRC)</li> <li>▪ Commission on Higher Education (CHED)</li> <li>▪ Maritime Industry Authority (MARINA)</li> </ul>

As in the above table, both countries have designated bodies responsible for administration of seafarers' maritime education and training. In the Philippines, Philippine Overseas Employment Administration (POEA), Maritime Training Council (MTC), Professional Regulation Commission, Philippine Commission on Higher Education (CHED) and Maritime Industry Authority (MARINA) are all important administrative components regarding seafarers training and education. In China, Ministry of Education and Ministry of Communications are responsible for the administration. China does not seem to have as many specifically designated government regulatory agencies responsible for seafarers' affairs.

### ***MET Process for Students***

A formal Philippine maritime education consists of four to five years' college degree programmes for officers (marine deck and engineers) and 2 to 3 years' associate non-college degree programmes for ratings. College admission requires that the student has completed 6 years of elementary and 4 years of secondary (high school) education,

that is, a total of 10 years' compulsory pre-collegiate education. Many of the maritime schools offer a 'ladder-type program', according to which, after completing 2 to 3 years' schooling, students are given an 'associate nautical or marine engineering degree'. Graduates from such program find employment as ratings.

Graduates of the 'associate' degree program may find employment as ratings, but they have the option to proceed to the regular 4 – year college course. Students able to find placement and undergo shipboard cadetship training complete the program, and are awarded a college degree. They are then eligible to take the licensure examinations for marine officers. Those who don't finish, or fail the licensure examinations find employment as ratings.

In China students typically need two more years' pre-HE education before admission into universities for the MET degree study; Chinese ratings need significantly shorter time (1.5 years less) to complete the training.

### ***Curriculum and Facilities***

Military training for students is emphasised and practised by most MET institutions in both China and the Philippines. Such training requires several hours a week and mostly in parade and marching formation under all weathers. The training is conducted with the assistance of the Naval Reserve Officers Training Corps (NROTC) in the Philippines and by the People's Liberation Army (PLA) in China. Both countries employ the same rationale: it is claimed that it helps raise students' awareness of discipline and obedience, which in turn would improve their behaviour as seafarers. For their part students are apt to say that the military training is 'absolutely unnecessary, a pure waste of time'. The prevailing beliefs among school officials, common in both countries, is that regimented military training instils strong values of discipline, i.e. obedience into seafarers.

Interestingly, the ITF has been allowed to teach some rudimentary theories and practices of trade unionism to Chinese cadets on a course run jointly by the Norwegian Ship-owners Association and China Shipping at Shanghai's maritime academy (Guest, 2001, Lloyds List Special Report, 16 August, 2001). We note that

this is very rare given that trade unionism remains politically very sensitive in today's China. In the Philippines, maritime college courses include a course on 'Personnel Administration', or 'Human Resource Management' with topics on Philippine labour laws, including labour standards, unions and labour relations.

To most Filipinos, including seafarers, the English language, brought by American colonisation of the Philippines from 1898 to 1946, is not a problem. Indeed, it is a tremendous advantage and 'asset'. According to the observation of some senior industry commentators, 'the proficiency of Filipino seafarers in the vital English language provides the nation with a trump card in its bid to stay number one in crew supply' (Hand, 2001a). English continues to be the official medium of instruction in Philippine maritime college courses, along with 3 or 4 mandatory courses on English communication skills (writing, grammar, and literature). All text-books and training materials in other subjects are also in English, although instructors often use the local language to explain complex concepts or lessons.

For Chinese seafarers, English unfortunately is a 'bottleneck', preventing more Chinese seafarers from employment on foreign ships. Language training and qualification are therefore emphasised throughout the process of a seafarer's recruitment, training, employment and further training. The minimum official requirement is for students to pass CET4 (College English Test, Grade Four) for ratings and CET6 for officers. In comparison, most other HE institutions expect students to reach CET4 as the minimum English standard to qualify them for a bachelor degree. The survey found that 78 percent of the seafarers had passed CET4 and 2 percent had passed CET6 (Li & Zhao, 2003).

China's training facilities, overall, have been described by international maritime press as 'good', 'excellent' or 'among the best in the Far East' in major MET institutions (Lloyds List, 2000; Hand, 2002b), although some shipping companies may not accept this view and the standards vary in some small institutions. In the Philippines, facilities vary greatly depending upon funding levels. 'State of the art' laboratories and equipments are found in a small number of institutions, but training facilities can be very poor in some private institutions.

In China, the reduction of the government funding forces MET institutions to establish closer links with the industry by placing students on board companies' trading ships as cadets. After 12 months, when cadets have obtained enough hands-on experiences, usually under supervision of some designated senior officers, and have successfully accomplished their thesis, the institution would grant them the bachelor's degree or other certificates accordingly. Both the maritime educators and the shipping industry welcome such a cadet training mechanism. Philippines maritime colleges establish linkages and agreements on cadetship and apprenticeship with both domestic and foreign shipping companies, for students to have shipboard training and experience. A common argument among Philippine maritime school officials is that cadetship or apprenticeship aboard an actual ship is better than having an expensive training ship with out-of-date or malfunctioning equipment, which are expensive and hard to maintain.

### ***Cost for Students***

The absolute costs, and who pays for maritime education affect the quality of education and the competencies of a seafarer. As demonstrated in the following, we have reason to argue that to ensure seafarers' quality, shipping companies must take bigger responsibilities in maritime education and training.

Both Chinese and Filipino students have to pay high fees for their maritime education and training and the cost is about the same in both countries. For each one-year or two-semester study in the MET institution, a Chinese student needs about 10,000 *yuan* (\$1,205) to cover his tuition, fees and living expenses, while his Filipino counterpart needs 62,542 *pesos* (\$1,250) to cover the cost. To complete a 4 year MET study in Shanghai or in Manila, the student would need about \$5,000 to cover the cost. This amount of money is equivalent to the total income of 17.5 Chinese peasants, given that average annual national income for rural resident was as low as 2366 *yuan* (\$285) in China in 2001. The cost of maritime education is about five times the average annual income for every Filipino, given that Philippine per capita income was \$ 1,050 in 2001.<sup>11</sup>

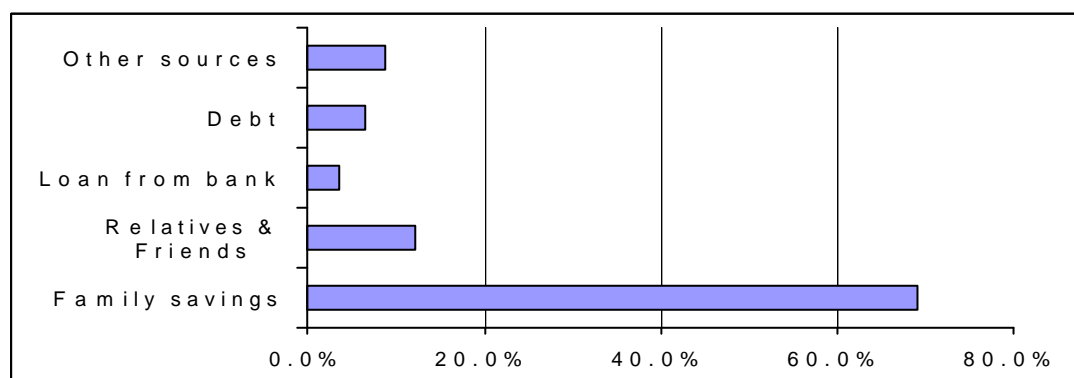
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<sup>11</sup> According to official statistics, the average annual income was 2366 *yuan* (\$285) for rural resident and 6859 *yuan* (\$634) for urban resident (CSSB, 2002). The statistics on the Filipino average annual

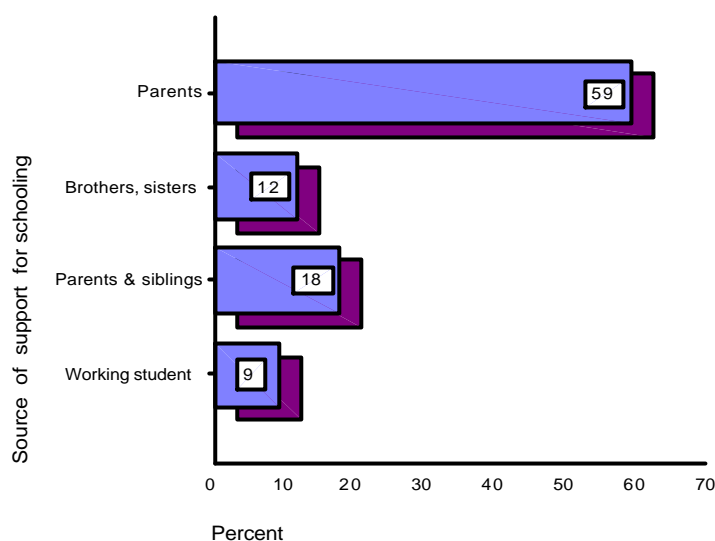
In China, maritime students' tuition fees used to be fully covered by a government grant, but this has been abolished as a result of the twenty years' market-oriented economic reform. There are scholarships, but the number is so small that very few students can get it. In China, we found no scholarship holders among our sampled students; in the Philippines, we found that only 2.3 percent of the sampled students were recipients of scholarships from shipping companies or beneficiaries of the government grant. In some cases, scholarships were given as 'study loans' and the students would be expected to return the money upon successful employment after graduation. No cases of real scholarship were found among the sample of Chinese students, including those under the training scheme with foreign funding, where the trainee is supposed to be 'fully covered'.

In both samples, most students have to rely on parents' savings or loans from friends, relatives and other sources including high-interest bank loans to pay the cost, as illustrated in the following charts (*Figure 2a, 2b*).

**Figure 2a. Source of tuition fees & living expenses: China**



income is from the World Bank Philippine country profile <<http://www.worldbank.org>> [Accessed 10 April 2003]).

**Figure 2b. Source of tuition fees & living expenses: Philippines**

Given that most of the Chinese and Filipino students were from poor rural areas and many from poverty stricken families, the MET cost is evidently a heavy burden to students and their families. Over 46 percent of the Chinese students and 14 percent Filipino students reported that their families had been deep in debt because their parents had to borrow large amounts of money to pay for their study. Many also reported that their parents even sold or leased property such as house, land (only in the Philippine sample), farming animals and cattle to raise funds for their schooling expenses.

It is most noteworthy that considerable proportions of the students (18 percent in the Filipino sample and 11 percent in the Chinese sample) reported that their siblings had to stop schooling to finance the student's maritime education and training. Most Chinese students (64 per cent) consider the fees 'excessively high' and many found it 'unbearable'. Although there is no quantitative data available for the Filipino cohorts, the excessive high drop out rate of 23 percent noted above (indicate that many Filipino maritime students could not afford to continue their schooling. Many students found part-time jobs, 31 percent of the Chinese and 41 percent of the Filipinos, to supplement their study in the MET institutions.

In China, one senior instructor in a maritime training program sponsored by some European ship-owners described a touching scene, '(A)t the beginning of a semester,

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you would certainly see some lads submitting us large amounts of cash - old, dirty and small notes, and even coins. The notes and coins were the students' school fees. I could tell that every *fen* was by their parents to support their study in the academy. It was so moving that tears would well my eyes when I counted the notes and coins....'

## CONCLUSIONS

As indicated by the comparative profiles discussed above, there are significant similarities and differences among the profiles of Chinese and Filipino seafarers indicate significant similarities and variations in terms of age, rank, family backgrounds, social status, work experience, practices in maritime education and training, recruitment, pay and trade union affiliations. Many of these reflect variations in both policies and practices concerning labour and maritime standards prevailing in either China or the Philippines. While there is some divergence in the seafarers' characteristics in both countries, there is increasing convergence in linkages with the global maritime labour market. Further research could examine the comparative history, thrusts and character of labour laws, stakeholders, and governance and institutions concerning seafarers in China and the Philippines.

There has been perceived tension and competition between the two labour suppliers in recent years.<sup>12</sup> Indeed, the competition, or 'race' for labour supply among crewing agencies is true not only for China and the Philippines, but to all seafarer countries mostly in the developing world. 'Race to the bottom' implies competition by eschewing labour and related standards. It therefore implies a need for much improved and effective global regulation and a strong and effective lead from the shipping industry's social partners.

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<sup>12</sup> See for instance 'China threatens to displace Philippines as supplier of seafarers', page 1, *Business World*, May 30, 2002; 'Manning Industry to Resist Competition', *Philippine Star*, 23 August 2001; 'Chinese Onslaught, p. 4, *Tinig ng Marino* (Voice of the Seafarer, published by the United Filipino Seafarers;) September - October 2002); 'China 5 years away', headline news, *Philippine Maritime Enquirer*, December 2002; Marcus Hand, 'Philippines challenged on manning supremacy', *Insight and Opinion*, *Lloyd's List*, 27 November 2001.



It is also desirable that seafarers and welfare agencies world-wide strengthen their associations through various forms of bilateral or multilateral negotiations. Alongside the development of stronger seafarer organisations, we would expect the state to play a more active role in protecting seafarers' welfare and wellbeing in an age of globalisation. With regards to China and the Philippines, there is definitely a big gap between the countries' practices and such a goal, hence the urgent need for both to take immediate bilateral and concerted actions to strengthen their commitment. With regards to their positions in the global labour market for seafarers, their hope definitely lies in their racing to raise the quality of seafarers, and to the promotion of the best standards.