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## THE SIRC COLUMN



The labour market for seafarers is not set to improve dramatically over the next few years, says Dr Bernardo

Obando-Rojas, research associate at the Seafarers International Research Centre.

THE latest International Shipping Federation manpower report, published in 2000, warns of an impending and growing shortage of seafarers, officers in particular, that can only be averted with a substantial increase in recruitment levels worldwide. There is no evidence to indicate this has been the case.

A shortage of seafarers is a question of balance between supply and demand. It exists when there are more job offers than suitable job applicants. The word "suitable" is key to this definition as seafarers seeking employment who are not qualified for the jobs offered do not count as supply.

A manpower shortage is bad news for employers and the industry in general as it means that productivity, and therefore profitability, fall. Under these circumstances, employers will have to compete harder for the existing workforce by offering better employment conditions and wages, as well as training new recruits.

# New jobs for seafarers in short supply

From the perspective of seafarers, a shortage is good news for the reasons mentioned above. If the shortage is critical enough, even unsuitably qualified seafarers may find a job. But is this the current state of the labour market? This question has to be approached by examining demand (jobs on offer) and supply (seafarers available).

Turning first to demand for seafarers, the best indicator is the number of ships in the world fleet. There is a direct correlation between ships and jobs for seafarers. As shipping is an industry composed of many sectors, each operating under different market conditions, the growth of the fleet in each of them varies. The manpower demand from each sector is also different according to the specialised skills required.

Looking at the different sectors, the only one that is currently expanding fast and will continue to do so in the medium term is the gas sector because of increased consumption of what industry specialists agree is the fuel of the future. In the oil tanker trade, the phase-out of single-hull tankers has seen a large number of new tonnage entering the oil tanker fleet to replace old ships being scrapped. Thus the influx of modern tonnage, which also has lower crewing levels, does not necessarily

increase the number of seagoing jobs. The chemical tanker sector has had a difficult year. There are signs of recovery but not of new ships.

The cruise sector, which saw a strong growth over the past decade, is set to slow down because of economic uncertainty, and already a number of companies have cancelled orders for new ships. The container sector continues depressed as there is a chronic tonnage overcapacity and this situation is not likely to improve in the near future. Bulk carriers have had a reasonable year, as demand from the Far East, China in particular, has managed to keep the market afloat. The refrigerated sector has experienced a prolonged downturn, with the market now dominated by alliances and companies. Survey and cable-laying have had a continued depressed period, with many ships laid-up or converted to other type of ships. General cargo ships continue to operate mainly in niche trades and with very narrow profit margins. Statistics show that the general cargo fleet is decreasing as more ships are scrapped and fewer are being built. Demand in the offshore oil sector has decreased in general as political unrest in oil producing countries has affected exploration and exploitation.

According to maritime economic forecasts, the number of ships in the



FILIPINO seafarers check out jobs at the open labour market in Rizal Park, Manila. (Photo: SIRC)

world merchant fleet will register a very moderate growth or may even decrease over the next two years. Taking only the world fleet as an indication, the net effect on seagoing employment is that few new jobs will be created over the next two years. This outlook is just a general indication as uncertainties which no one can foresee, such as climatic conditions or political unrest, can all have an effect on demand for shipping.

But even if there are no new jobs, a manpower shortage can still occur if there are not enough seafarers to replace those who leave the industry

on the grounds of qualifications, age or health.

Low recruitment levels is an issue in most developed countries where seafaring has lost its appeal to younger generations and where there are insufficient seagoing employment opportunities for junior positions. In labour supplying countries, on the other hand, there is no shortage of eager and high-calibre applicants but there are insufficient training places and sponsorship opportunities. Recruitment certainly needs to be stepped up in many countries to maintain the national stock of

seafarers. When taken on a world-wide basis, however, the balance of recruitment is maintained, as low recruitment levels in developed countries are offset by higher recruitment in developing labour-supplying countries.

Supply can also be affected if the existing population of seafarers has a high age profile resulting in most of them retiring en bloc over a short period of time. This is the case in many developed countries where the bulk of the seafaring population is nearing retirement age and recruitment of new entrants is not high enough to replace them.

Regulations can also have an effect on supply. It was feared that the implementation of the STCW-95 convention would lead to ships being stopped because of lack of crews. This was not the case. The number of seafarers forced out of the labour market for not having STCW-95 certificates was not significant and, where it occurred, it was mostly seafarers who, even by STCW-78 standards, were not properly qualified.

If there is a shortage, has it influenced salaries? There is no evidence to point to a significant increase in seagoing salaries or employment conditions. In fact, during the past year many companies, including first-class employers,

were unable to offer any salary increases to seafarers on account of poor market conditions. Casual employment, whereby you are employed for a period of time and then go back home to find yourself unemployed again, is the norm in labour-supplying countries. This is not an ideal employment practice and it is a strong indication of oversupply.

Under present conditions, the labour market for seafarers is not set to improve dramatically over the next two years or so. The nil expansion and even contraction of the world fleet in general will have an adverse effect on the creation of new jobs. On the other hand, there may be job opportunities to replace older seafarers, particularly senior officers, who reach retirement age.

Many labour supplying countries are reporting rising unemployment among seafarers. The first casualties are "general purpose" seafarers, that is those who do not have any specialised training. In order to remain competitive, seafarers need to work out a strategy to make the most of present opportunities and the increasing trend in job specialisation.

There are still plenty of job opportunities for those who are prepared to work hard to achieve continuous professional training and development. When planning your professional future remember that there is no shortage of average "general-purpose" seafarers. The real shortage is for well-qualified and specialised seafarers and this is what will make you attractive to first-class employers.