



The maritime industry – meeting the challenges of training

JAGMEET MAKKAR

Honorary Secretary, The Institute of Chartered Shipbrokers, Hong Kong Branch

THE maritime industry is one of the key pillars of globalisation. The global maritime fleet of technically advanced ships carries over 95 per cent of the world's trade, is capable of carrying over 750 million tonnes of cargo at any time and transports safely and efficiently over half of all oil and oil products consumed globally every year¹. Various disciplines in this industry have roots in engineering, structural design, economics, finance, insurance, legal principles, practical shipboard operations and management, etc. It is a highly dynamic industry where those involved must continuously strive to keep pace with regulatory developments and changes in the market.

Shipping is a self-regulated industry but the public image of international shipping is not very complimentary. The images of oiled sea birds, oily rocks and oil-stained beaches give the impression that our industry is a major polluter of the ocean, kills birds and other wildlife and in general has an irresponsible attitude towards the preservation of the environment. These, however, are extremely isolated incidents, blown out of all proportion by a media hungry for video footage and by politicians who see easy mileage in striding along oil-soaked beaches in front of television cameras². The contribution made by the maritime industry to the world economy and the standard of living is either forgotten or the public is unaware of it. In short, the public perception of our industry and lack of awareness are major concerns.

A common perception that is held by the public at large is to think of the maritime industry as a synonym for the merchant navy, which is not entirely correct. In addition to a career

in the merchant navy, the maritime industry has an immense potential to offer rewarding careers in various other disciplines, including ship design and engineering, commercial shipping, shipbuilding, surveying, shipbroking, maritime law, marine insurance, ship finance, etc.

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While a few of the shore-based careers in the maritime industry require practical shipboard experience as a bare minimum, there are career streams in this industry that do not require this experience. From a United Kingdom study, the annual demand for ex-seafarers ashore is running at between four and five per cent of the total maritime-related shore-based jobs and an Australian study puts this number also at close to six per cent (2460 out of 41,000). These jobs are related to those employed in the middle to senior management categories where practical seafaring experience generally remains the key element in the mix of competencies required for such jobs.

Knowledge of ships, cargo, geography and the market in which they operate coupled with a feel for business is often sufficient for commercial shipping professionals, though shipboard experience is given preference, other things being equal. This is evident from the fact that 75 of the 200 shipbrokers employed in Australia have a maritime background (*Maritime Skills Availability Study*, November 2002). Those involved on the operational side of shipping and port services, be it commercial

or technical, are essentially required to have a very good appreciation of onboard practical working.

In any country, the maritime industry comprises a 'mobile' segment and a so-called 'fixed' segment. The examples of the mobile segment are shipowning activities, shipmanagement (technical and/or manning), shipbrokers (both freight and/or sale and purchase), ship chartering, marine insurance companies and/or brokers, law firms, claims adjusters, recovery agents, ship finance services, marine surveying and consultancy, bunker traders and brokers, representative offices, etc., which can be located anywhere and are dependent only on the quality and cost of the essential services to support this segment.

However, port services and regulatory organisations such as pilotage, towage and salvage, shipagency, shipyards, shiprepair, cargo surveyors and inspectors, government regulatory services, etc. cannot relocate to take advantage of cheaper labour costs elsewhere. For strategic reasons, governments may not like to employ expatriates to man their port and marine departments or may keep such employment to a bare minimum until the local manpower is trained. The result is a shortage of qualified local manpower and an ever-increasing average age, directly impacting on efficiency.

A study conducted in Hong Kong in 2001 reveals that 'the lack of availability of an appropriately qualified and experienced workforce will reduce the efficiency of Hong Kong's PMSI (Port and Maritime Services Industry) ... for every one per cent reduction in the efficiency of this sector, the Hong Kong economy will lose HK\$701 million in direct and indirect earnings. There will be 486 jobs lost for every one per cent drop in efficiency.'

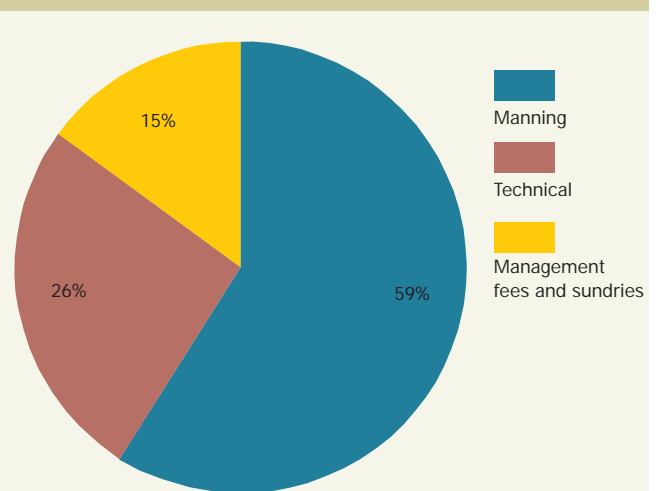
A similar problem is evident in almost all the countries that are not significant suppliers of seafarers. The UK, the rest of Western Europe, the US, Japan, Australia and Hong Kong are prime examples. In the November 2002 *Maritime Skills Availability Study* in Australia, the study terms of reference were to 'identify and examine the existing and emerging trends in the supply and demand of personnel with maritime skills in the Australian shipping industry and the related industries'. The results of this study also highlighted a shortage of qualified manpower and the necessity of onboard training – 'service in the merchant navy provided the most effective training for these shore-based jobs and that a declining shipping industry would deprive the many maritime-related industries of essential skills'.

The existing problem of availability of qualified and experienced manpower can be summarised as follows:

- ➔ A good number of shore-based jobs in the maritime industry require practical shipboard experience as an officer.
- ➔ The centre of gravity for manpower has shifted to countries providing the cheaper crews. See Figure 1.
- ➔ The average age of those having practical shipboard experience in the traditional maritime countries is increasing rapidly and there is minimum (insufficient) injection of younger fresh blood, resulting in an unwanted situation whereby the strategic positions such as port management and the marine department, etc. may have to be manned by expatriates.
- ➔ Lack of awareness amongst the general public and poor perception of the maritime industry based on isolated events.

Even though the UK is no longer one of the major crew supplying nations today, London has maintained its position as

Figure 1: Crew costs in running a ship can be as high as 60% of the total operating expenses



In a continuous quest to improve cost efficiency in order to remain competitive, shipowners are forced to look actively at sourcing cheaper manpower – for example, from Asian and Eastern European countries. The traditional maritime nations are not a main supplier of crews at present – this is hardly surprising due to the high costs and also because the quality of life and alternative careers on shore have reduced the number of youngsters seeking such opportunities. This has had a serious impact on the maritime industry in these countries, since it is dependent upon a highly qualified and experienced workforce.

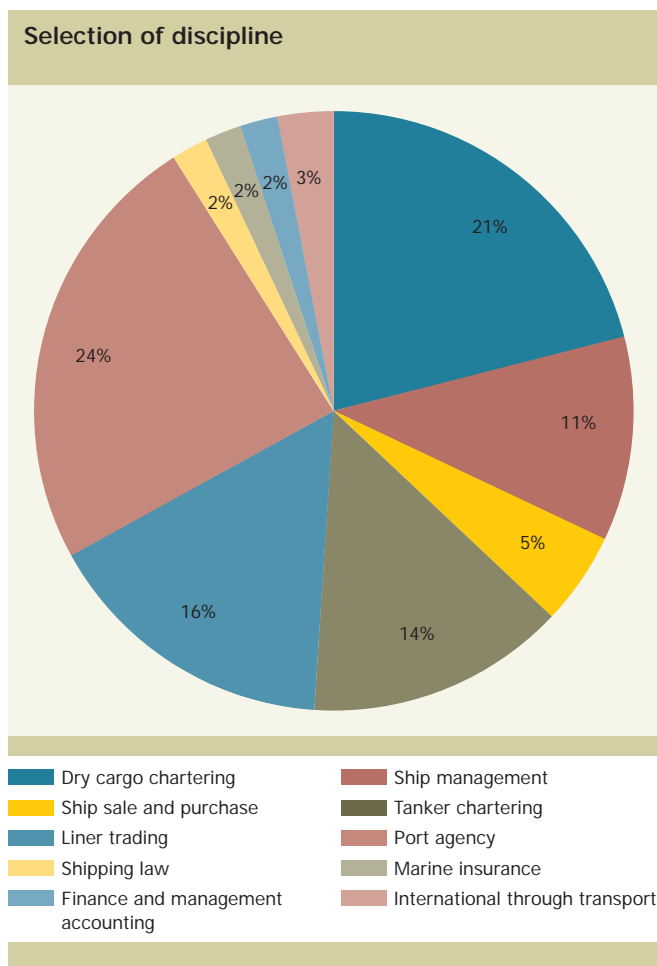
the centre for shipbroking, maritime arbitrations and legal practitioners, marine insurance and derivatives or paper trade. A large number of maritime contracts expressly include English law and arbitration in London. This is because the majority of careers in the maritime industry do not require experience as a seafaring officer. It is easier to impart training in such disciplines, through education and practical or on-the-job experience. The main problem that remains here again is that the youngsters are not well aware of the opportunities that exist in the maritime industry.

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In addition to the regular courses at the polytechnics and universities, there are a few well-established and prestigious institutes that provide relevant and value-added training worldwide through flexible means of study, especially for those who have started their careers and want to progress.

A structured training scheme to impart an understanding of the shipping business followed by focused study of specialised subjects such as dry cargo and tanker chartering, shipmanagement, ship sale and purchase, marine insurance, shipping law, liner trade, port agency, multimodal transport, shipping finance, etc. prepares the youngsters to take up more responsible roles in the industry.

Over the past few years, the number of students undergoing training for shore-based jobs has increased. This includes those at sea wanting to relocate ashore and new graduates but the majority of students are drawn from practitioners in the



Source: Institute of Chartered Shipbrokers, UK.

market who want to acquire a better understanding of various disciplines.

Port agency and dry cargo chartering remain the most popular subjects, following by liner trading and tanker chartering. Shipping law, marine insurance, and finance and management accounting are not the preferred disciplines, as evident from the analysis of the available data.

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It is recognised that we require the injection of younger blood into our industry, like any other industry, but at an accelerated rate. In order to accomplish this challenge we must take concrete measures, such as:

- ➔ Projecting a good image of the industry to the general public by highlighting the importance of and contributions made by the maritime industry in everyday life. Raising the industry profile by developing comprehensive websites in different languages and through articles in non-shipping and widely circulated and read publications.
- ➔ Bringing about awareness of the maritime industry through increased frequency of seminars such as Hong Kong Maritime Week, Sea Vision UK, etc. The Hong Kong Shipowners' Association recently organised the second Hong Kong Maritime Week and a concerted information campaign aimed at primary, secondary and higher education

institutions with the hope of encouraging youngsters and others to think seriously of careers in maritime and logistics.

- ➔ Aggressive canvassing in schools similar to the way universities work to attract the most promising students.
- ➔ Introducing maritime business as a subject in the GCSE or equivalent syllabus in different countries, giving students a knowledge of the overall shipping business, including shipping basics and maritime economics. This would be a difficult task but the effort would be worthwhile considering the outcome.
- ➔ The merchant navy is not for life but is a stepping stone for the ambitious who want to gain experience and move on to other rewarding branches in the maritime industry. Emphasising this point through the publication of career paths of leading industry professionals who had very humble beginnings and rose to great heights will drive home the message.
- ➔ Approaching career consultants and providing comprehensive coverage of the careers offered by the maritime industry is another important step. The more the exposure and familiarisation of such career consultants in different countries, the better the chances of reaching out to the younger blood.
- ➔ Support/subsidies from the governments in those countries where new entrants may find it less rewarding (as compared to the shore pay scales) to begin a seafaring career. An example is the training support provided by the UK government through the integrated Support for Maritime Training (SMarT). It is essential that such schemes are put in practice in the countries facing similar shortages.
- ➔ Finally, promoting those institutions that provide training in all or most of the disciplines of the maritime industry through tutorship and distance learning to new entrants (those starting seafaring or shore-based careers). The well-established Institute of Chartered Shipbrokers and the Lloyd's Maritime Academy of recent times are two such institutes.

Creating awareness in the minds of the general public of the contributions made by our industry is an uphill but essential task if we want younger, well-educated and good quality manpower. While a lot still needs to be done as identified above, from the records of the Institute of Chartered Shipbrokers it is encouraging to see that the number of students realising the importance of keeping pace with the industry requirements for high skills is gradually increasing. This is a good sign and bodes well for the maritime industry.

1 Maritime Week 2003 Brochure.
 2 Pollution Regulation of International Shipping, Jagmeet Makkar and Arthur Bowring, Technical Subcommittee, Hong Kong Shipowners Association, Hong Kong (Enviroseries 2002 – Water and Marine Pollution).

BIOGRAPHY

Jagmeet Makkar is a marine engineer and a Fellow of the Institute of Chartered Shipbrokers, with nearly 23 years of experience in shipping including shipmanagement, newbuilding supervision and commercial shipping.

He has contributed to various industry forums such as the Shipping Consultative Committee HKSAR and the HK Technical Committees of Lloyd's Register and ClassNK. Jagmeet Makkar is also a visiting lecturer at City University (Hong Kong) and Honorary Secretary of the ICS Hong Kong Chapter. He is General Manager of KC Maritime Ltd, Hong Kong.

