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Tang, Lijun

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Seaways

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Covid-19 and seafarer deployment: a tale of three seafarer supplying countries

Dr Lijun Tang

The COVID-19 pandemic caused disruptions to global supply chains as well as a crew change crisis in the shipping industry, as many countries closed their borders and put restrictions on international travel. The crisis inevitably had an impact on the deployment of seafarers. While the crisis itself received considerable coverage – at least in the maritime press - to generate a clear picture of this impact, however, large-scale and robust data is required.

To this end, this article examines and compares how the crisis affected the deployment of Chinese, Indian, and Filipino seafarer officers up to the end of 2020, based in statistics published by the respective maritime authorities, namely the Maritime Safety Administration (MSA) in China, the Directorate General of Shipping (DG Shipping) in India, and the Maritime Industry Authority (MARINA) in the Philippines. The comparison will also shed light on the demand and supply of officers in all three countries and in the industry as a whole.

This article focuses on seafarers deployed on ocean-going (international) ships only, as it was these vessels that were most affected by the crew change crisis.

Seafarer officer deployment in the three countries

The Philippines

The deployment of Filipino officers suffered a dramatic decline between 2018 and 2020 (see Figure 1). This decline was the result of two major but unrelated factors. In 2020, the number of Filipino officers employed at sea was almost halved; falling from 97,500 to 50,277 – a drop of 48%. This was largely caused by the lengthy and strict lockdowns imposed by the government in response to the Covid crisis. Furthermore, to save costs, some charterers reportedly barred ships from diverting to the Philippines for crew changes. As a result, tens of thousands of Filipino officers were stranded ashore and could not be deployed.

The 2019 fall was equally alarming – from 143,190 to 97,500; a drop of some 45,690, or 32%, but it was caused by a different factor. There has been no evidence to suggest that Filipino officers were exiting the profession in large numbers. By contrast, numerous reports suggest that stakeholders, including Filipino manning agencies and government officials, have been lamenting the dire situation of a large number of Filipino seafarers losing employment. As such, it can be safely deduced that it was a shrinking of demand for Filipino officers that led to the 2019 decline.

Figure 1 also shows the number of seafarers taking the Officer-in-Charge (OIC) Certificate of Competency (CoC) exams between 2017-2019. It shows that more than 13,000 Filipino seafarers took such exams each year. Such a huge number indicates that there is no shortage of Filipinos who are keen to embark on a seafarer officer career.

In the context that 143,190 Filipino officers were deployed in 2018 and that more than 10,000 newly certified OICs were added to the workforce each year in 2018 and 2019, the deployment of merely 50,277 Filipino officers in 2020 suggests that more than 100,000 Filipino officers were unemployed in the year.

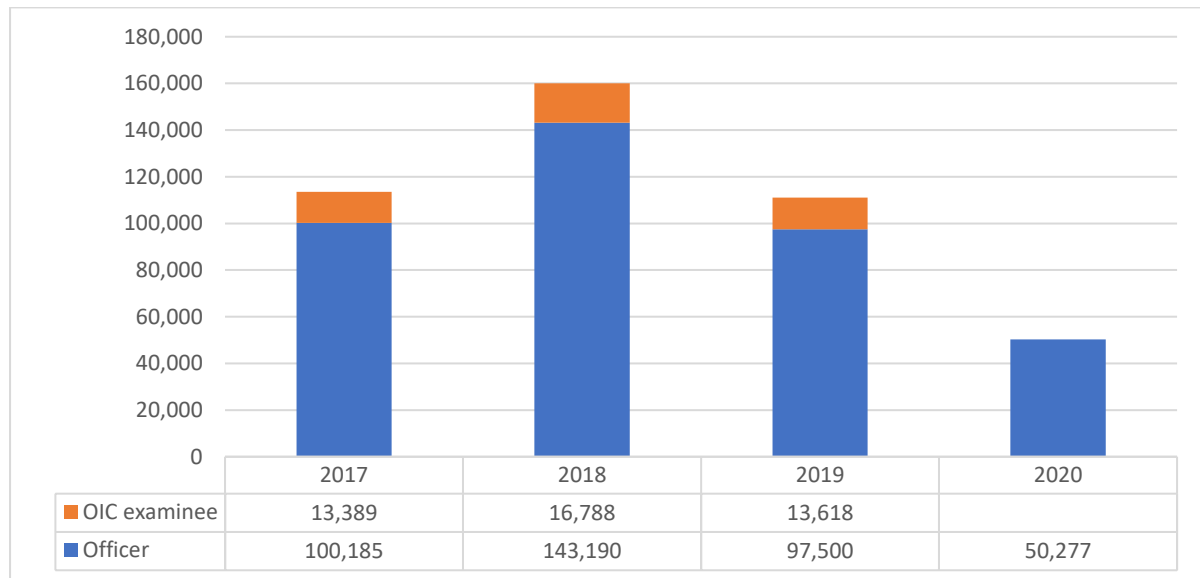


Figure 1 Deployment of Filipino officers and number of OIC examinees 2017-2020

India

While MARINA’s deployment information lumped all officers together, both DG Shipping and MSA provided a breakdown of the statistics by rank. As the picture for deck officers largely mirrors that for engineer officers, this article focuses only on Indian and Chinese deck officers so as to save space.

The deployment of Indian officers was not greatly affected by the pandemic in 2020. Only in the rank of 3rd officer was there a slight decline in 2020. The deployment of Masters, chief officers, and 2nd officers increased between 2019 and 2020. Since it is highly unlikely that the crew change crisis would affect just one rank, it is more reasonable to assume that the minor decline in the rank of 3rd officers employed was due to normal fluctuations. Figure 2 further shows that there were a large number of deck cadets deployed each year, albeit with a drop of 10% between 2019 and 2020 indicating no shortage of Indians who are keen to embark on a seafarer officer career.

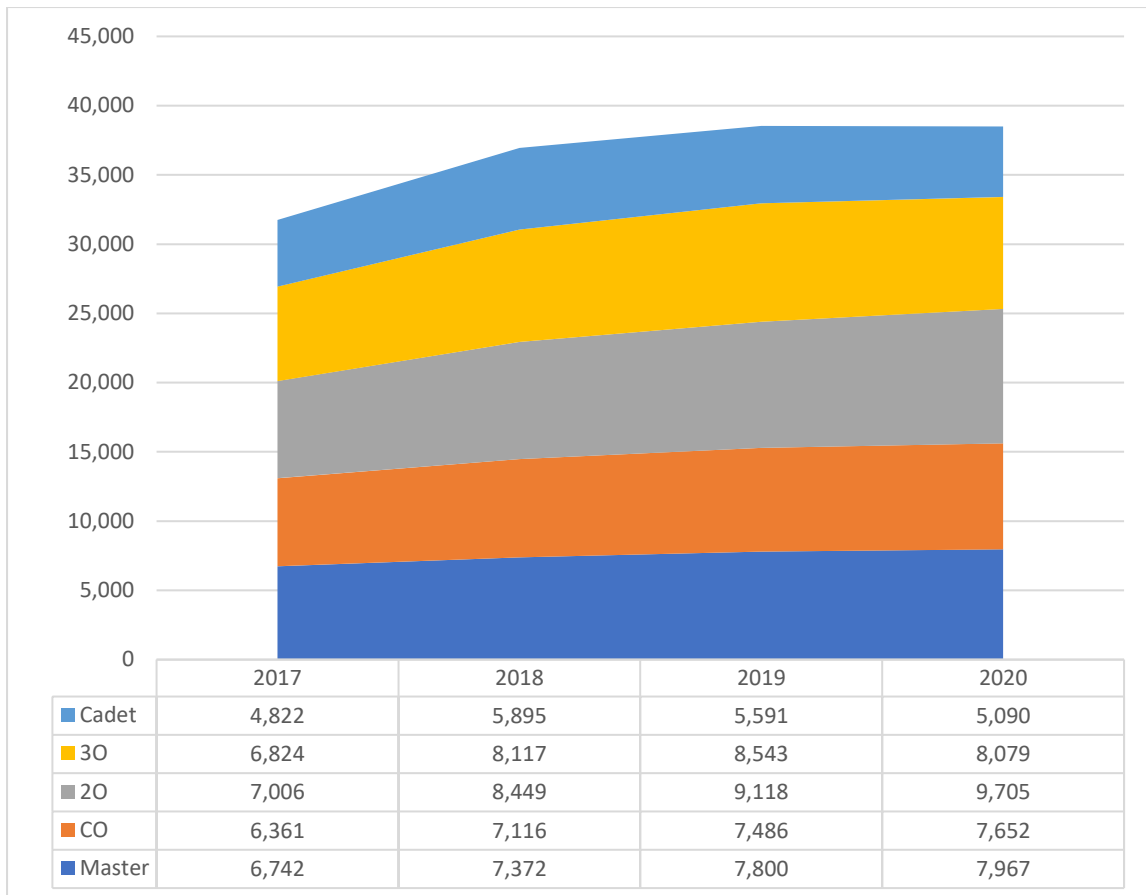


Figure 2 Deployment of Indian deck officers (including nautical science cadets) 2017-2020

China

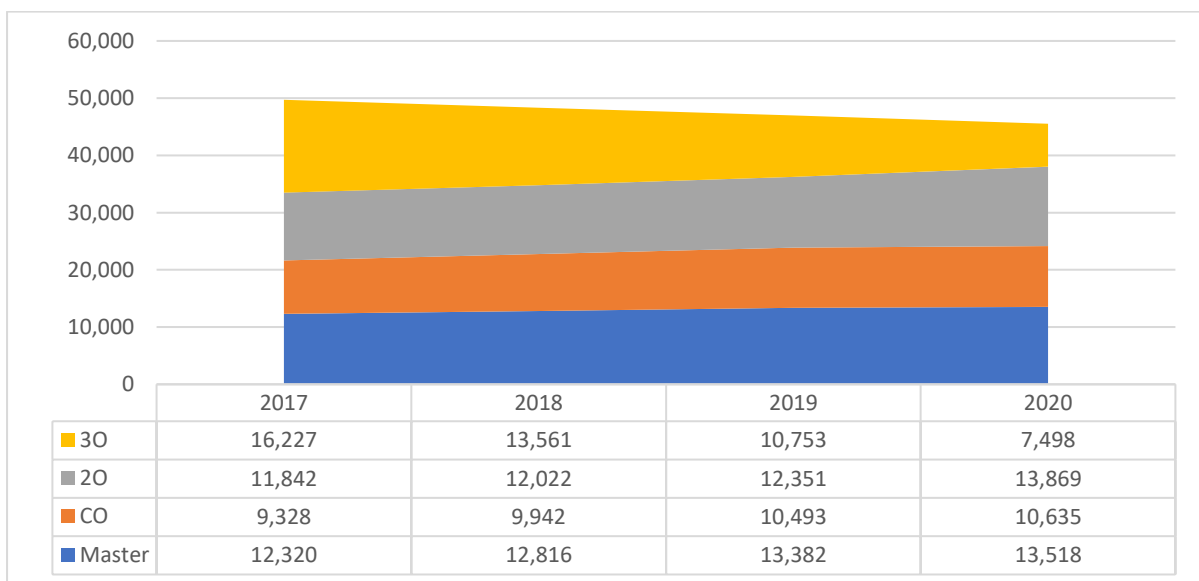


Figure 3 Deployment of Chinese deck officers 2017-2020

With regard to Chinese officers, the picture is more complex (see Figure 3). Overall, the deployment of Chinese officers has been falling since 2017. However, this fall is caused exclusively by the continuous and speedy decline in the number of 3rd officers; by contrast, the number of deployed 2nd officers, chief officers, and Masters have been rising at rather stable rates. Clearly, the overall decline was not caused by the pandemic. In fact, the crew change crisis increased the demand for Chinese seafarers for several reasons.

First, China was the top shipbuilding country - but during the pandemic foreign seafarers were barred from entering China. Consequently, all new-building deliveries from Chinese shipyards had to be made using Chinese seafarers.

Second, China was the top trading nation and Chinese ports received by far the largest number of ship calls. For this reason, there were more opportunities to conduct crew changes between Chinese crews in Chinese ports than between seafarers of other nationalities in their home ports. In the context that many countries (including China) did not allow foreign crew exchanges within their borders, it was convenient to employ Chinese seafarers.

Third, China adopted a zero-tolerance approach and managed to contain the spread of Covid-19. It was less likely that Chinese seafarers would bring the virus to a ship. Consequently, Chinese crewing agencies reported that many ship managers and shipowners who used to employ seafarers of other nationalities switched to Chinese seafarers.

As such, the decline in the deployment of Chinese 3rd officers was not due to a lack of demand; rather it reflected a supply shortage. This shortage was clearly reflected by salary growth. The average monthly salary for a 3rd officer working on bulk carriers increased from USD 1,700 in 2017 to USD 2,050 in December 2019, and then jumped to USD 3,100 by the end of 2020. The rapid salary growth could only indicate an acute shortage in the market. By contrast, the monthly salary for a chief officer remained at about USD 6,500 during this period.

The continuous and speedy decline of the pool of Chinese 3rd officers is caused by the increasing reluctance or unwillingness of Chinese MET students and graduates to pursue a seafarer officer career. Currently, only about 30% of Chinese maritime education and training (MET) university or college graduates would choose to start a career at sea. Interest in the seafaring profession is fading in China even among those who have completed the necessary education. Although the number of senior ranks has not been affected by the dwindling pool of 3rd officers, its decline seems both inevitable and destined to happen soon.

Key messages

The impact of the pandemic on seafarer officer deployment varied across the world. For Filipino officers, it was devastating. They were already suffering from a lack of demand before the pandemic, leaving more than 50,000 Filipino officers unemployed in 2019. The pandemic added another heavy blow, removing another 50,000 and more from employment. By contrast, the pandemic increased the demand for Chinese officers, leading to an acute shortage of 3rd officers and significantly increased their salaries. For Indian officers, however, the pandemic seemed to have almost no impact on overall deployment numbers 2020.

Looking at these figures in detail also sheds some light on the demand and supply of officers. Both the recent BIMCO/ICS Seafarer Workforce Report and Drewry Manning Report point to a shortage of seafarer officers. In view that more than 100,000 Filipino officers were undeployed in 2020, however, the shortage claim seems rather questionable. Certainly there was a shortage of Chinese officers in the year, but that was caused by the border control barriers set up in response to the pandemic which prevented foreign seafarers from entering Chinese ports, and thus creating an artificial demand. If the barriers were not in place, there would have been more than enough Filipino officers to fill the gap.

Regarding the future supply of seafarer officers, there is no issue in India and the Philippines, where a large number of cadets embark on the officer career path each year. In China, however, the opposite is the case. As fewer and fewer MET graduates are willing to work at sea, the pool of 3rd officers (and 4th engineers) is dwindling continuously and at an alarming speed. It seems that very soon Chinese shipowners, who traditionally rely solely on Chinese seafarers, will have to look elsewhere for seafarers to man their ships and the national fleet.

Surely the stakeholders in China, including shipowners, ship managers, manning agencies, and the maritime authorities, are seriously concerned about the situation. In November 2020, the MSA in China partially opened the OIC exam question bank on their website for free download with the hope that more people would pass the exams starting an officer career at sea. Whether this measure is enough to effectively stop or reverse the decline of the officer pool, however, remains to be seen.