

Chinese Seafarers: value for money or cheap labour?

Recent attempts to promote the employment of Chinese seafarers have raised many questions. Dr Minghua Zhao, of Cardiff University's Seafarers International Research Centre, addresses the issues highlighted.

The last three decades have witnessed an unprecedented development in Chinese shipping. Since 1998, China has jumped to number four in the world league of fleets, and remains there with a total of 17m dwt, with COSCO (Chinese Ocean Shipping Group Company) the largest ship-owner in the world. The expansion of the fleet has led to a rapid growth in the seafarers labour market in China. In 1998, there were an estimated 330,000 Chinese seafarers, with 80,000 employed in deepsea trade. It is predicted that by 2005 this number will swell to 105,000.

Heated debates have been generated in the world maritime community on the prospects of Chinese seafarers in relation to the world seafarers labour market. The debate pivots around this question: are Chinese seafarers value for money or are they simply cheap labour?

The question highlights the debates or arguments between the Chinese government and shipping industry and the world trade unions since the mid-1990s. In 1996, at a seminar hosted by ISF (International Ship-owners Federation) for the visiting delegation from CCOSEC (the Coordination Council for Overseas Seamen Employment of China), a senior Chinese official noted that CCOSEC was set up with a sole purpose: to increase China's share of the world seafarers labour market. The delegation's tour of Europe (Norway, Britain and Germany) was exclusively promotional - to promote the employment of Chinese seafarers on foreign flag ships. The official went further to credit the Chinese seafarers as "having received the best training", "demonstrating a strong sense of discipline", "reasonably priced" and that therefore "there exists a great potential (for China) to supply a greater number of seafarers to world fleets."

Similar promotional campaigns have also been launched by Chinese shipping companies and manning agents across continents in recent years. World trade unions, on the other hand, have been extremely sensitive to the real or potential increase of Chinese seafarers in world fleets. There is concern that an oversupply of labour is already having a serious effect on the level of wages accepted by seafarers in China and the Philippines. While the ITF (International Transport Workers Federation) standard rate for an average of 22 seafarers would be around US\$750,000 per annum (this figure includes wages, overtime and vacation), the official rate for Chinese crews appears to be around US\$300,000. In the trade union's view, the low wages received by Chinese seafarers only points to the excessive exploitation of the seafarers as cheap labour.

Indeed, if the closed nature of China before the 1980s mystified the world in relation to Chinese shipping and Chinese seafarers under the planned economy, sharply conflicting views since the 1990s have only further bewildered the world maritime community about the "true value" of Chinese seafarers in today's world labour market.

The optimists, impressed with the relative safety of Chinese seafarers as part of the international fleet, are enthusiastic to know, for example, how their training has kept their accident rate down and what has been the Chinese "recipe" for success in terms of Chinese seafarers becoming prominent in the market over the years.

Pessimists and critics, however, would raise doubts about the "practicalities of using Chinese crew and how quickly these can be addressed", especially with regards to the issue of language and employment conditions (LSM, October 1999). Some even suspect that Chinese seafarers can be described as the "tramps" of the sea when referring in particular to the notes made by Admiral Bresnahan of the Massachusetts Maritime Academy on the stratification of world shipping (Maritime Review, No2, 1998). All this, therefore, leads to these questions: Who are today's Chinese seafarers? How are they recruited, educated and trained? What are the patterns and prospect of their employment, especially in world fleets? The rest of this article is intended to address these issues.

Recruitment and training

The majority of Chinese seafarers are recruited among high-school leavers. Future officers are recruited among those who have successfully passed the national higher education examination. They are then trained and educated in maritime colleges or universities for three to four years for both officer certificates and university degrees. Ratings are recruited from high-school leavers who have not passed the national higher education entrance examination. These young people are sent to marine schools or seafarers training centres for a minimum of six months training before they become qualified seafarers to go aboard ships.

Traditionally, maritime students are recruited from port cities and coastal areas because these individuals are more likely to have had contact with the sea. However, as is the case in many other maritime nations, the traditional source of the labour supply for the shipping industry has dried up in coastal areas. In China, an increasing number of seafarers have been recruited in poor inland provinces since the early 1990s. In Dalian Maritime University, one third of the students are recruited from the countryside. The ratio is even higher in Qingdao Mariners College, where two-thirds of the students are found from poor inland provinces.

China has about 80 maritime training institutes at various levels, including 15 maritime colleges and universities directly financed and controlled by the Ministry of Transport and seven run by the industry. Of all these education and training facilities, QMC (Qingdao Mariners College) offers special

features. It is entirely financed by the industry. Since 1995 it has been "dedicated to training seamen for overseas assignments". In the last five years, COSCO has invested heavily in the college, spending an average of yuan 30m (US\$ 3.6m) each year. Most of the money is spent on improving the training facilities. Of the 500 annual officer graduates, half are employed by COSCO to crew its own fleet. The remaining 50% are employed to crew foreign ships.

Tremendous emphasis is put on training in English. DMU (Dalian Maritime University), for instance, requires students to devote 18-22% of their class/lab hours to the study of English. In QMC, the time required for training in English (36%) is almost double the above figure.

At company level, seafarers' spare time is also used to improve their English. On board, English classes are organised and taught by the captain or other senior officers during seafarers' off-duty hours. In some companies, plans are being made to employ English-speaking foreign officers so Chinese seafarers can practice English through daily contact aboard. Ashore, seafarers on leave are expected to attend English training classes organised by their companies. Money and promotion are used as effective incentives to encourage seafarers to improve their English. COSCO-Tianjin pays US\$60 as a monthly bonus to any captains in its fleet who has succeeded in passing the required English examination. Captains who fail the exam are placed in small, old vessels working nationally where the pay level is lower.

STCW95 is taken very seriously in training. In marine colleges, courses have been re-structured to allow students to gain more hours of hands-on experience. In DMS (Dalian Marine School), practical training hours, which include hours at sea, in labs and in workshops, have increased by 50% in the last three years. COSCO-Tianjin has decided to invest yuan 30m (US\$3.5m) for the further training of its 9,000 seafarers with the goal that all of them qualify for STCW95 by 2000. In Shanghai, the goal for COSCO Container Lines is to train 55% (6,000) of their entire seafaring work force (10,882) in 1999 for the company to meet the requirement of STCW95 fully by 1 February 2002.

In maritime universities, marine schools and shipping companies, large amounts of money have been committed to purchasing new training facilities, sending existing seafarers for further training and employing foreign teaching staff to help train Chinese seafarers. All the top managers of the shipping companies and senior officials of the maritime colleges and universities interviewed for this study confirmed that they are confident that China will meet the STCW95 standard and will be included in the IMO's "White List".

Chinese seafarers are supplied to world fleets

In China, seafarers employed by foreign ship owners or operators are called "waipai seafarers". Seafarers sailing on Chinese-owned-and-operated vessels do not belong to this category. China started supplying seafarers to world fleets in 1979. By 1998, at least 250,000 Chinese seafarers had been

employed in foreign vessels of various types at various positions, mostly as ratings. COSCOMAN (COSCO Manning Co-operation Inc) and MASES (China Marine & Seamen Service Corp) are the two biggest "exporters" in the industry. Between 1979 and 1998, COSCOMAN employed 150,000 Chinese seafarers for foreign ship owners and operators, enjoying the lion's share of the market (60%). MASES follows with a total supply of 40,000 during its ten years of business between 1988 and 1998, taking a market share of 16%.

There have been many debates and predictions regarding the possibility of China overwhelming the world labour market with its large numbers of well-trained and even cheaper seafarers. The concern becomes even more relevant when doubts are raised about the qualification of various Filipino maritime training and education establishments and the prospects for them to be included in the IMO's "White List". The 1995 BIMCO/ISF study of the supply and demand of the world seafarers labour market predicted that China, with an average growth rate of 17% every five years since 1995, would flood the world labour market with 105,000 seafarers. China, however, set a significantly lower target. In its Development Target and Measures (1998-2010), CCOSEC only expects China to crew the world fleet with 32,448 seafarers in 2000 and 39,474 by 2005, about one third of the BIMCO/ISF prediction. Despite the low-key target, it is clearly government and industry policy to promote employment of Chinese seafarers in more world regions.

Prospects

Problems are found in the administration and management of China's waipai seafarers. Part of the problem lies deep in the legacy of the country's planned economy. The lack of an adequate social security system, in conjunction with government fear of social unrest, prevents companies from laying off surplus seafarers in large numbers. This policy has at least two effects. It prevents state companies from operating in the same way as firms do in the West. At the same time, by keeping seafarers continuously dependent upon their employers, the policy prevents the country's seafaring labour from moving freely on the emerging labour market. Indeed, workers' dependency on their employers can only make them more vulnerable to exploitation. Another problem is the inadequate regulation and administration concerning the recruitment of Chinese seafarers for foreign vessels.

Although CCOSEC is supposed to be the highest authority in charge of its sector in China, many manning agencies are operating without permission or even awareness of this government agency and in many cases regardless of the national and international labour and maritime rules and regulations. Seafarers involved in the widely-reported cases of Acadia and Pescama are among those employed through crewing agencies of this kind.

As already noted, crewing world fleets with Chinese seafarers has been a focus of world politics in the late 1990s. The ITF insists that Chinese shipping companies must pay their seafarers ITF TCC Benchmark wages on board FOC ships, until recently US\$1,200 per annum for an AB. The idea behind the TCC concept is "aimed at fighting unfair competition." Chinese shipping

companies, however, argue that they cannot afford to pay these seafarers at the ITF TCC level because they are still required by the Chinese government to provide these seafarers with welfare and benefit provisions. Negotiations opened between the two sides three years ago, but little progress has been made in bridging the gap.

Given the situation, the prospect for China of significantly increasing its share of the world seafarers labour market will be determined by at least four factors.

Firstly, it will depend upon the development of the country's industrial reform, which aims eventually, but gradually, to push Chinese workers completely onto the market. Unless seafarers are free from the control of their "work units", that is, free from their dependence on the welfare and benefits supplied by shipping companies, it will be difficult for them to avoid the excessive overhead charge incurred with their employment by foreign ship owners or operators. However, the complete conversion of Chinese workers into free labour also relies on the progress of the country's development of its social security system, which is a must in modern society when workers become "free".

Secondly, it will depend on how much progress China can make with its seafarers' English training. Despite the great investment made by shipping companies and maritime trainers and educators, learning a foreign language for adults is certainly a long and slow process. The lack of the context in which English is spoken as the language may well hold China back from significantly further improving her position on the world seafarer suppliers league table.

Thirdly, the result of the negotiations between world trade unions and the Chinese shipping companies will certainly have some impact on the scale of the export of Chinese seafarers. The deepening of the country's reform will further undermine the shipping companies' argument for the constraints, which currently prevent them from applying the benchmark wages for Chinese seafarers on FOC ships demanded by world trade unions.

Fourthly, it will depend on the dynamics of the world seafarers labour market. The IMO's decision to include the Philippines in the "White List" will inevitably have an effect on China's share of the world seafarers labour market in the years to come.

Conclusion

Certainly there seems no clear-cut answer to the question raised at the beginning of this article. Just as the world labour market has never presented a black-and-white picture of its dynamics, caution has to be exercised to avoid over-simplification when we attempt to understand or interpret the complex relationships between the forces which shape the nature of Chinese seafarers on the world seafarers labour market. The current debates on the "value" of the Chinese seafarers are likely to continue well into the years to come and

various answers and scenarios may emerge during the process. This is good in that these debates and explorations for answers will certainly generate new knowledge about Chinese shipping and seafarers, providing useful information to all parties in the world maritime community - the industry, trade unions, national and international policy makers. More broadly, such debates and explorations will also help us gain insights into the world political economy and contribute to the present debates on globalisation and its social and societal effects across industries in the new millennium.