



Seafarers International Research Centre (SIRC)

Philippine Global Seafarers: A Profile

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Acronyms

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Seafarers' International Research Centre (SIRC) Cardiff University

The Seafarers' International Research Centre (SIRC) (www.sirc.ac.uk) is dedicated to professional scientific research solely focused on seafarers and is able to generate genuinely useful information and perspectives which are publicly available. The SIRC's objectives are to:

- Produce high quality scientific analysis of the maritime sector relating to all aspects of seafarer lives.
- Disseminate widely the results of findings to all audiences.
- Bring greater understanding of the seafarer to the wider community.
- Contribute positively to the welfare of seafarers.

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ACRONYMS

Government agencies

CHED	Commission on Higher Education
DOH	Department of Health
DOLE	Department of Labour and Employment
DOTC	Department of Transport and Communication
DFA	Department of Foreign Affairs
ECC	Employees Compensation Commission
MTC	Maritime Training Center
MARINA	Maritime Industry Authority, also under the DOTC
OWWA	Overseas Workers Welfare Administration, under the DOLE
PCG	Philippine Coast Guard, under the Department of Transport and Communication (DOTC)
PRC	Professional Regulation Commission
POEA	Philippine Overseas Employment Administration, under DOLE
PSOC	Philippine Seafarers One Stop Processing Centre
TESDA	Technical Education and Skills Development Authority, under the DOLE
NCMB	National Mediation and Conciliation Board
NLRC	National Labour Relations Commission
NTC	National Telecommunications Committee, under the DOTC

Unions and organisations

AAMI	Association of Accredited Maritime Institutions
AMOSUP	Associated Maritime Officers and Seamen's Union of the Philippines
AOS	Apostleship of the Sea
FAME	Filipino Association for Mariner's Employment
ITF	International Transport Workers Federation
PAMI	Philippine Association of Maritime Institutions
PAMTCI	Philippine Association of Maritime Training Centres, Inc.
PSPC	Philippine Seafarers Promotion Council

PSU	Philippine Seafarers Union
UFS	United Filipino Seafarers

Schools and training centres

MAAP	Maritime Academy of Asia and the Pacific
NMP	National Maritime Polytechnic
PMMA	Philippine Merchant Marine Academy
JBLCF	John B. Lacson Colleges Foundation

Other acronyms

AME	Associate in Marine Engineering (2 to 3 year program)
ANS	Associate in Nautical Science
BSMT	Bachelor of Science in Marine Transportation (4-year program)
BSMarE	Bachelor of Science in Marine Engineering (4 to 5 year program)
IMO	International Maritime Organisation
ILO	International Labour Organisation
LOI	Letter of Instructions
MMC	Magsaysay Maritime Corporation
SEC	Standard Employment Contract
SIRB	Seafarers' Identification and Record Book
STCW95	Standards of Training, Certification and Watchkeeping For Seafarers (1995 amendments to the 1978 Convention)
TCC	Total Crew Complement of the ITF

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1. Introduction

Although the Philippines provides more than one quarter of the world's seafarers employed aboard internationally trading ships, and its position as the world's leading supplier of ships' crews seems assured, it has not been possible for crew managers, officers of international agencies, associations and other interested parties to find reliable information about Filipino seafarers and their circumstances in one published document. This report modestly aims to remedy this international deficit.

Between October 2002 and January 2003, separate surveys were conducted, of seafarers (n=374) and students (n=658) enrolled in 11 maritime colleges, with the aim of generating a dependable profile of Filipino seafarers. The survey results were subsequently amplified by a search of available documentation and interviews with crewing managers, senior government and trade union officials. Websites and publications by government agencies, employers and unions, and seafarer organizations provided other data.

2. Filipino seafarers and the economy

The Philippine labour market

The Philippines has a labour surplus economy. A population of 81 million, and a relatively high annual population growth rate of 2.3 percent between 1980 - 2000 has added a sizeable increment of young job seekers every year, while job creation has not kept pace.

The profile of the Philippine workforce (NSO 2003) shows 22 percent have a college education. Filipino workers are predominantly male (84 percent), with employment concentrated in the rural areas (54 percent). Most are still predominantly employed in agriculture (39 percent) with 23 percent in manufacturing.

Philippine open unemployment remains high, at 10.6 percent in January 2003. In addition, underemployment -- officially defined as "those who are employed but still looking for work" changed very slightly from 16.9 percent in January 2000 to 16.1 percent in January 2003 (NSO 2003). It is estimated that between 5 to 8 million mostly in the Middle East. Labour export is therefore of considerable importance to the national economy. In 2002, an average of 2,748 Filipinos left the country every day for overseas employment.¹

Growth of the Philippines' seafaring labour force

Official records of the Philippine Overseas Employment Administration (POEA) show that in 2002 there were 209,953 seafarers deployed through the agency (*Figure 2.1*).

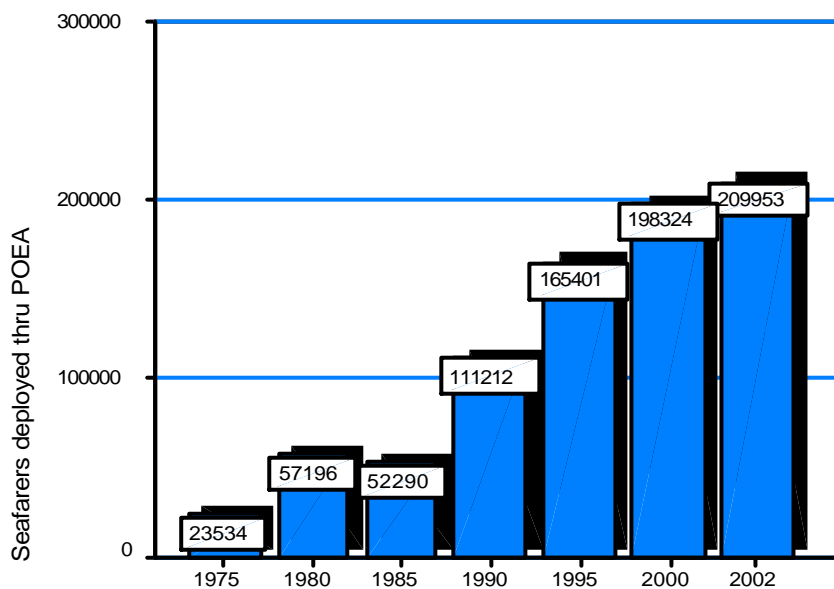
This number does not include seafarers who went "through the back door" in various ports in Europe, Southeast Asia and Northern America. However, these numbers are unlikely to be large. Ever tightening border

¹ *Philippine Star*, April 21, 2002, quoting an official of the Philippine DOLE.

controls and the relative insignificance of localised port-based labour markets mean that opportunities in the ports of the world are limited and diminishing.

The years from 1986 to 1990 saw a rapid expansion in the Philippine seafaring industry. The number of Filipino seafarers more than doubled, from 52,290 to 111,212. The rate of increase from 1986 to 1990 averaged 16.6 percent every year. Between 1991 and 1995, the number of Philippine seafarers increased but by a slower rate of 8.3 percent. From 1996 to 2000, the number of seafarers still increased, but at a much lower annual rate of 3.7 percent.

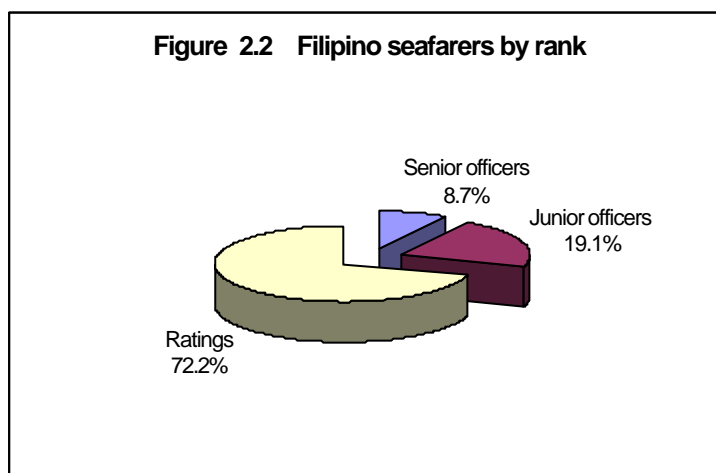
Figure 2.1 Number of Filipino seafarers: 1975 to 2002



Figures represent seafarers deployed.

Source of basic data: Philippine Overseas Employment Administration (POEA)

The Philippines continues to be the largest supplier of seafarers -- both officers and ratings -- with 28.1 percent shown in the SIRC 2003 global crew survey, derived from an annual census based on crew lists. This share is consistent with the findings of the SIRC 2000 survey showing the Philippines as supplying 28.5 percent of the total population of seafarers aboard ships engaged in international trade. In the SIRC 2003 survey, 9 percent of Filipinos were employed as senior officers, 19 percent were employed as junior officers, and 72 percent worked as ratings (*Figure 2.2*).



Source: Seafarers' International Research Centre (SIRC) Database, 2003

In the SIRC 2003 global crewlist survey, the second major labour supply country after the Philippines is Russia (6.8 percent) and the third, Ukraine (6.3 percent of the sample). However whilst in the Philippines there are 3 officers for every 10 ratings, in Russia there are 6 officers for every 10 ratings, and in the Ukraine there are 5 officers for every 10 ratings.

The other major suppliers of seafarers in the SIRC 2003 survey are: China (6.2 percent); India (5 percent); Indonesia (4 percent); Poland (3.5 percent); Greece (2.8 percent); Turkey (2.5 percent); and Myanmar (2.3 percent) (*Table 2.2*).

Table 2.2 Ten largest seafarer supply countries

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

Source: SIRC Global Seafarers Database, 2003.

Seafarers and the Philippine economy

Filipino seafarers have become a vital component of the Overseas Filipino Worker (OFW) economy. Remittances from all OFWs are a major source of US dollar earnings, contribute significantly to stabilising the balance of payments, prevent foreign exchange instability, and serve as a buffer against drastic devaluations of the peso which could lead to inflation. Politicians refer to OFWs, including seafarers, as the “new heroes” in acknowledgement of their economic role.²

As mandated by Philippine labour laws, the Philippine Overseas Employment Administration (POEA) regulates the recruitment of overseas Filipino workers, including seafarers. As such, the POEA issues seafarers with a “standard contract” which requires the homeward remittance of 80 percent of monthly seafarer basic pay, including backwages, and other earnings such as overtime pay. Remittances are paid in Philippines’ currency at the US dollar

² Despite political and security problems, the Philippine’s Gross Domestic Product (GDP) grew by 4.4 percent in the third quarter of 2003, from the 3.8 percent growth last year. Officials recognise the contribution overseas Filipinos, including seafarers -- Net Factor Income from Abroad (NFIA) increased robustly by 28.4 percent, pushing the growth of the Gross National Product (GNP) upward to 5.9 percent, from 3.1 percent recorded in the previous year. Source: [WWW] <<http://www.nscb.gov.ph/sna/2003/3qtr-2003/Default.asp>> [27 November 2003]

rate of exchange indicated in the credit advice of the local authorised bank. This regulation is immensely valuable to the country's monetary reserves, in relation to the stability of the balance of payments and the foreign exchange rate.

Seafarers in this survey reported an average total "all in" monthly pay of US \$ 1,225.27 and an average employment contract of 9.7 months. Total average income for the whole contract (excluding other payments like extra overtime) is estimated at about \$ 11,868, of which at least 80 percent or \$ 9,494 could have been remitted. It is possible that the 209,953 Philippine seafarers contributed approximately \$ 1.99 billion to the Philippine economy in 2002. The Central Bank of the Philippines, however reported \$ 1.12 billion in remittances from the seafarers in 2002, or 44 percent less than what could have been potentially contributed. Monitoring by the banking system is well known to be inadequate, and banks are commonly unfriendly towards remittances from OFWs, charging high fees and imposing requirements for foreign exchange transactions as if remittances were business transactions. Many Filipino seafarers, like other OFWs do not use banks for all their remittances. Informal remittance channels include trusted fellow seafarers, friends and relatives who frequently act as couriers carrying large amounts of cash.

Assuming the survey's estimate is correct, seafarers' remittances amount to approximately \$1.99 billion. This would represent about 31 percent of the \$6.4 billion total remittances from all Filipinos working overseas. Given that exports in 2002 were valued at \$34 billion, overseas workers' earnings represent some 19 percent of all export earnings, and the earnings of seafarers alone are equivalent to 6 percent of the value of the country's exports.

Box 2.1 Filipinos and Philippines economic activity

There are 81 million Filipinos inhabiting some 700 of the nation's 7,100 islands. Cultural distinctions remain among the nation's more than 75 ethnic groups. The Philippines has more than **111 spoken** local languages and dialects. It is common for a Filipino to speak more than one local language, in addition to English.

The *national* language of the Philippines is Filipino, which is based on Tagalog. The constitution provides that “for purposes of communication and instruction, the *official* languages of the Philippines are Filipino and English”.

The Philippine economy in terms of employment is dominated by agriculture, where the chief products are rice, corn, coconut, pineapple and sugar. The country is rich in raw materials i.e. copper, cobalt, nickel, silver, iron, and gold. It has well-developed industries in food processing, textiles, clothing, wood, forest products and home appliances, with fast-growing aquaculture, microcircuit, garments and furniture sectors. Main trading partners are the United States, Japan, and Taiwan.

Foreign debt in 2002 is US\$ 50 billion, and the deficit of imports over exports is \$ 138 million (as of August 2003). The government has promised to continue its economic reforms to help the Philippines match the pace of development in the newly industrialized countries of East Asia.

Basic Philippine indicators

Gross Domestic Product (GDP)	\$ 71.4 billion
Gross National Income (GNI) per capita	\$ 1,050
Gross Domestic Product (GDP) per capita (international US \$, purchasing power parity) *	\$ 4,966
Balance of payments (2001)	\$ 4.5 billion
GDP growth rate (2002)	4.6 percent

Agriculture (rice, sugar, coconut, etc.)	15.2 percent
Industry (electronics, garments, etc.)	31.2 percent
Services (banking, education, finance ...)	53.6 percent

Projected population (2003)	81 million
Life expectancy at birth	69 years old
Functional literacy (1994)	83.8 percent
Annual population growth rate (%) 1991 to 2001	2.1 percent
Average annual family income (2000)	\$ 2,638
Poverty incidence in households (2000)	28.4 percent
Poverty incidence in population (2000)	34.0 percent

Foreign exchange rate (as of May 2003)	US\$1 = PhP53.10 £ 1 = PhPesos 84
Inflation rate (March 2003)	2.9 percent

Notes:

* Gross domestic product (GDP) per capita is the per capita market value of the total final output of goods and services produced in a country over a specific period. The international dollar is a common currency unit that takes into account differences in the relative purchasing power of various currencies. Figures expressed in international dollars are calculated using purchasing power parities (PPP), which are rates of currency conversion for differences in price level between countries.

Sources: National Economic Development Authority (NEDA),
<<http://www.neda.org.ph>> [Accessed 15 April 2003]
National Statistical Coordination Board (NSCB) [WWW]
<<http://www.nscb.gov.ph/stats/statwatch.htm>>
[Accessed 15 April 2003]
World Bank Philippine country profile
<<http://www.worldbank.org>> [Accessed 10 April 2003]

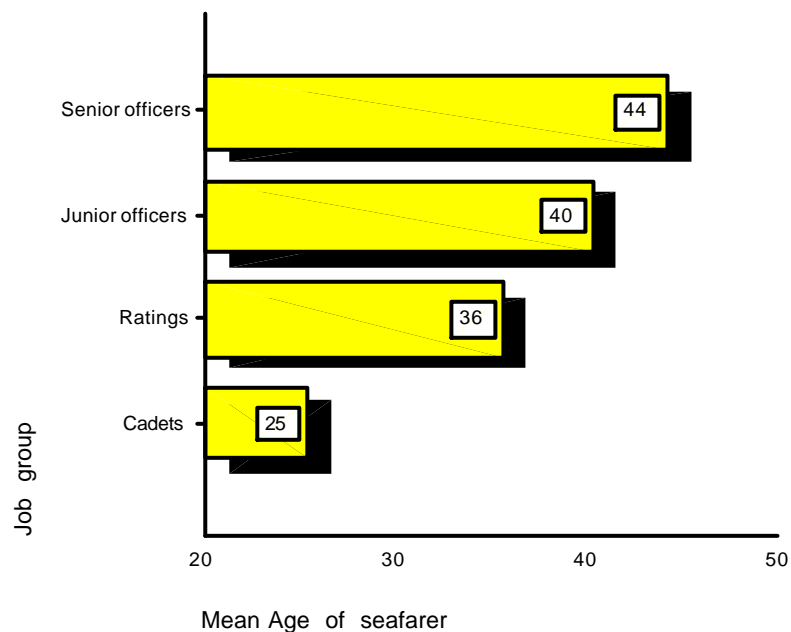
3. The seafarer survey

Basic socio-economic characteristics

- Philippine seafarers in this survey were, on average aged 37 years.
- A Bs were aged 34 years,
- Junior officers, 40 years and
- Senior officers, 44 years old.

The results show slight variations with the SIRC 2003 seafarer database. Based on SIRC's 2003 crewlist survey, Filipinos on average are 38 year old. In contrast, the world average is 36 years. Filipino junior officers are younger at 34 years, while senior officers are 46 years old on average. The relatively high average age of junior officers indicates often lengthy prior employment as ratings.

Figure 3.1 Average age of sample survey Filipino seafarers by job group



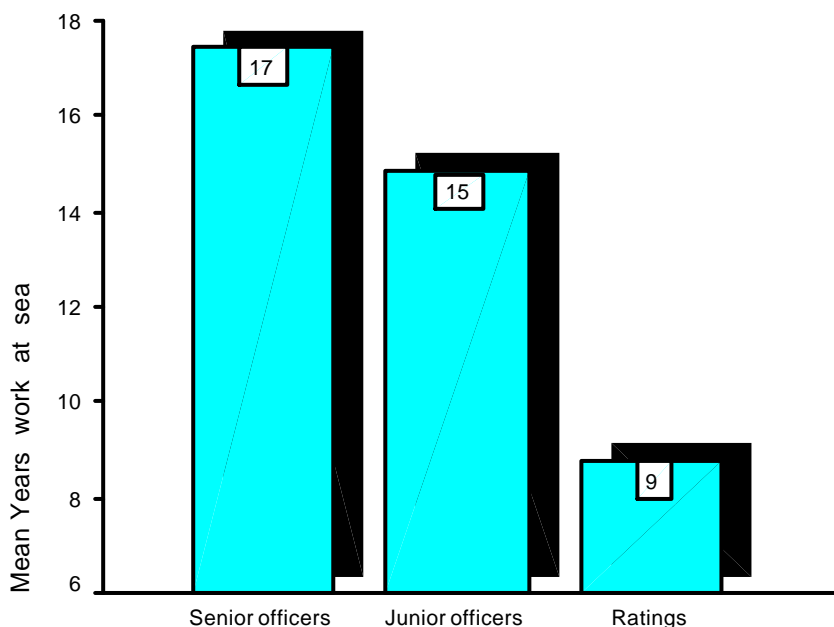
After a compulsory six-year elementary and four-year secondary education, young Filipinos decide on their choice of a career when they are

16 years old. They either proceed to college, or pursue a vocational or a technical course provided their families can pay fees and living allowances. Maritime students on a four-year college programme typically complete studies when they are 20 years old. The last year of college is usually spent aboard ship as a cadet (in the case of top graduates) but mainly as apprentices. With or without a cadetship or an apprenticeship, maritime students are awarded an “associate” nautical (navigating) or marine engineering degree at graduation. After completing a cadetship, students are awarded a bachelor’s degree. They then prepare for the licensure examinations for officers; if they pass (at 21 or 22 years of age), they can potentially serve as a deck or engine cadet, after which they could be promoted as third mates. However, due to severe competition for limited jobs aboard, many young seafarers who passed the officer licensure examinations have no choice but to apply for ratings’ posts “just to gain sea experience” (*“upang lang makasakay”*), as many said in the interviews.

Age started work at sea and work experience

- The average age of seafarers on their first voyage was 24 years.
- Senior and junior officers first went to sea at 23 years, ratings when 25.
- As one would expect, senior officers had most work experience (17 years), junior officers had 15 years experience, while ratings had nine years experience of working at sea.

Figure 3.2 Surveved seafarer’s length of sea-going service

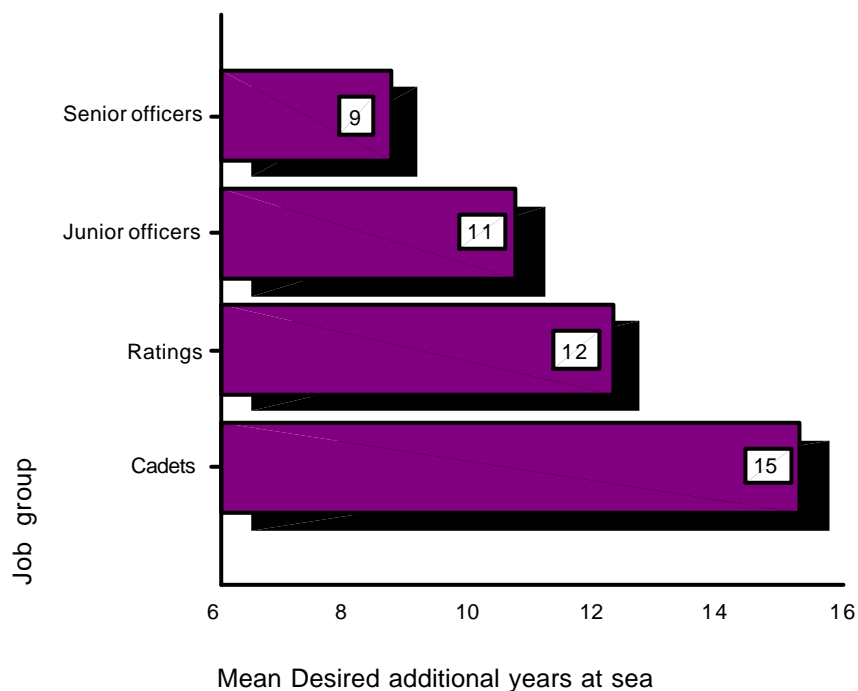


‘Retirement’ age

- Respondents reported their intention of giving up their sea careers on reaching the age of 50. The differences between the ranks were not great: senior officers intended to stop at an average of 52 years, while junior officers declared to stop at 53 years of age. Ratings intended to finish earlier, at 49 years old.

The expected worklife span at sea for the sample Filipino seafarers was 26 years on average. Senior and junior officers had the longest expected worklife span at sea, at 30 years. Ratings had an expected worklife span at sea of 24 years. Data on expected duration of seagoing were based on a computation taking into account age and expected retirement.

Figure 3.3 Desired additional years at sea

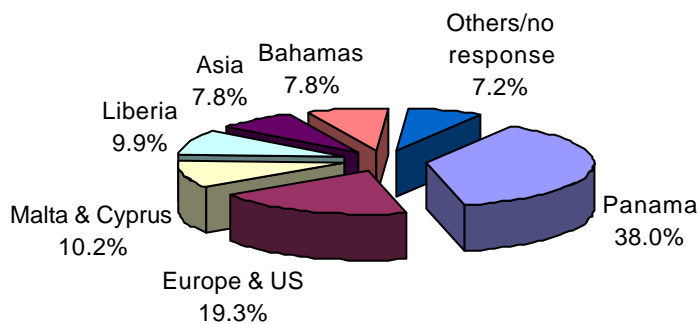


Flag of last ships

- Seafarers reported working mostly on vessels with the following flags: Panama (38 percent); Liberia (10 percent); Bahamas (8 percent); Norway, Denmark and Sweden (6 percent); and Malta (6 percent).
- Most of their ships trade worldwide (50 percent); in the Asia –Pacific route (22 percent); and in Europe (11 percent).

In international shipping, the following open-registry flags dominated the merchant fleets, by deadweight tonnage (dwt) according to a UN report¹ in 2002: Panama (22 percent), Liberia (9 percent), Bahamas (6 percent), Malta (5 percent), and Norway, Denmark and Sweden combined (5 percent).

Figure 3.4 Flag of last ship of Filipino seafarers

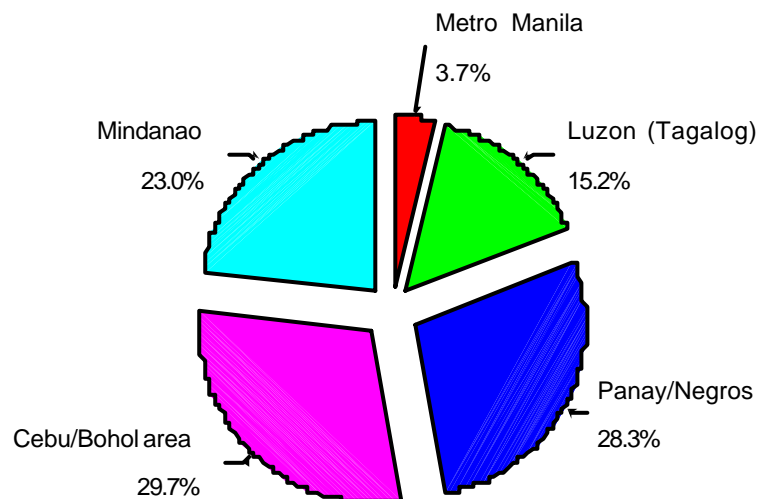


¹ United Nations Conference on Trade and Development (UNCTAD) (2003), *Review of Maritime Transport 2003*. New York: UNCTAD.

Regional origin and linguistic group

- Most seafarers in the sample came from the Bisaya - speaking islands of Cebu, Davao and Bohol (30 percent), the Ilonggo-speaking islands of Panay and Negros (28 percent) and 23 percent from Mindanao, where both Bisaya and Ilonggo are used. These are among the poorest regions of the Philippines.
- All seafarers said they could speak and understand English, and more than 50 percent said they could read or write it.
- Most Filipino seafarers are good linguists. Apart from English, many speak both Tagalog and Bisaya (42 percent), and a significant proportion (20 percent) were able to speak three regional languages in addition to English.

Figure 3.5 Regional origin of sample Filipino seafarers: percent of sample seafarers



Panay/Negros are Ilonggo areas.

Cebu & Bohol are Bisaya areas.

Most seafarers came from the islands in central and southern Philippines where seafaring in the coastline villages is a tradition, and where poverty is more pronounced. The location of maritime schools generally reflects the regional distribution of seafarers.

All survey respondents indicated that they could speak and understand English, but not many said they could write or read it. English is the medium of instruction in the Philippines, and reading materials, examinations and communications are written in the English language. Children are exposed to English-language movies, television programs, magazines and newspapers. Regional languages are auxiliary official languages and media of instruction in the regions.

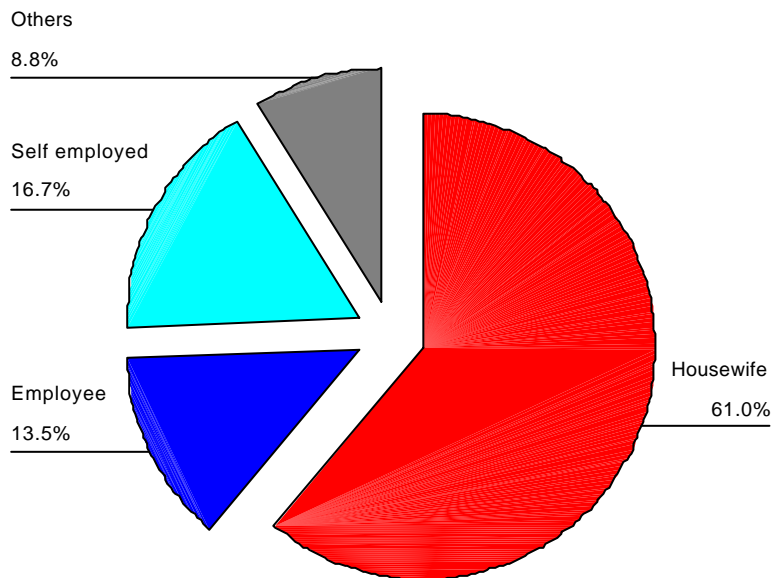
Parental occupation

- Fathers were fishermen (32 percent), farmers (21 percent), or self-employed workers i.e. market vendor and carpenters (16 percent), and seafarers (9 percent).
- Mothers were usually full time housewives (55 percent); self-employed, i.e. market vendor (15 percent), or employees in government or company offices (12 percent).

Figure 3.6 Father's occupation, sample Filipino seafarers



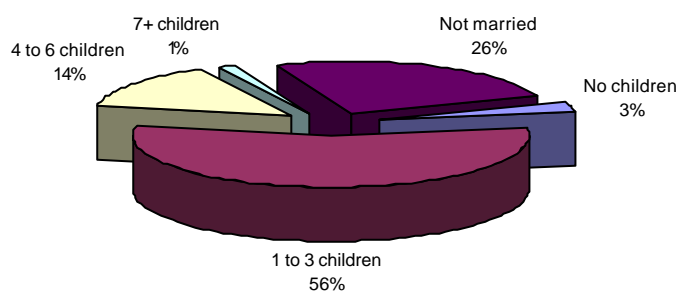
Figure 3.7 Mother's occupation, sample Filipino seafarers



Siblings, children and dependents

- Filipino seafarers come from large families, eight persons on average (six siblings, two parents).
- Most are married (73 percent). Those with two children constitute 30 percent of the sample, and those with three children, 25 percent of the sample.
- Seafarers support an average of five dependents, including parents, brothers or sisters, and their children.
- Fifty percent support three to five dependents, while 33 percent support six or more dependents.
- Most seafarers in this sample had between one and three children (56 percent). A few had between four to six children (14 percent).

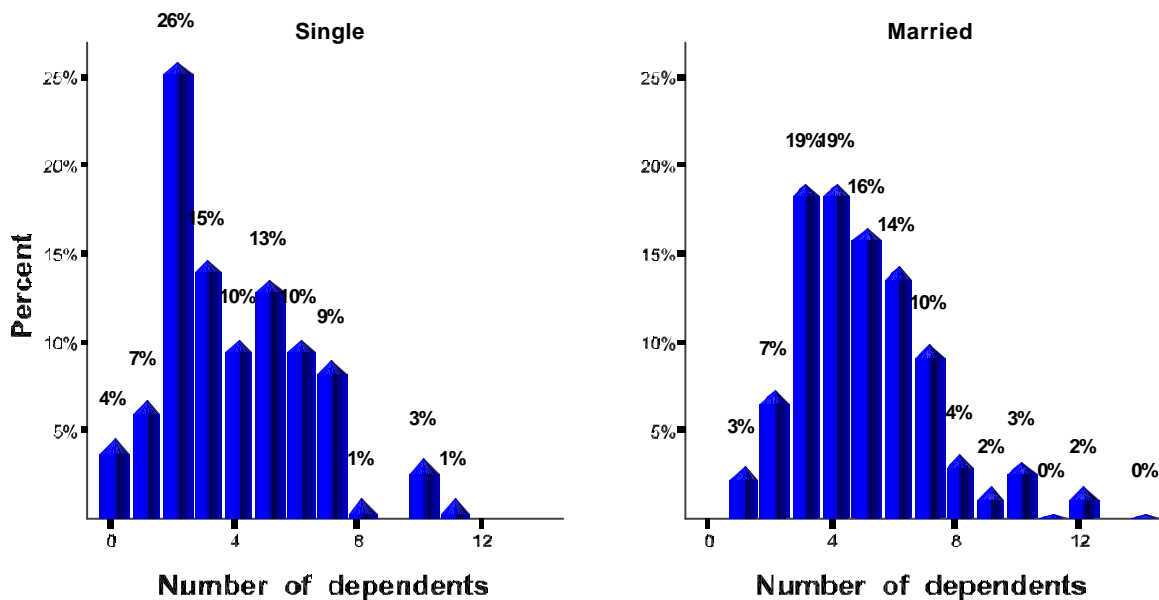
Figure 3.8 Number of children of surveyed seafarers (percent)



The extended family is normal in most of rural Philippines. It is common for a family to have elderly grandparents, aunts, uncles and their families living together in the same house, or within the same housing compound, or in houses within the immediate neighbourhood. Whether they are “head” of the household or not, seafarers are expected to provide or contribute financial support to dependents, particularly for schooling and

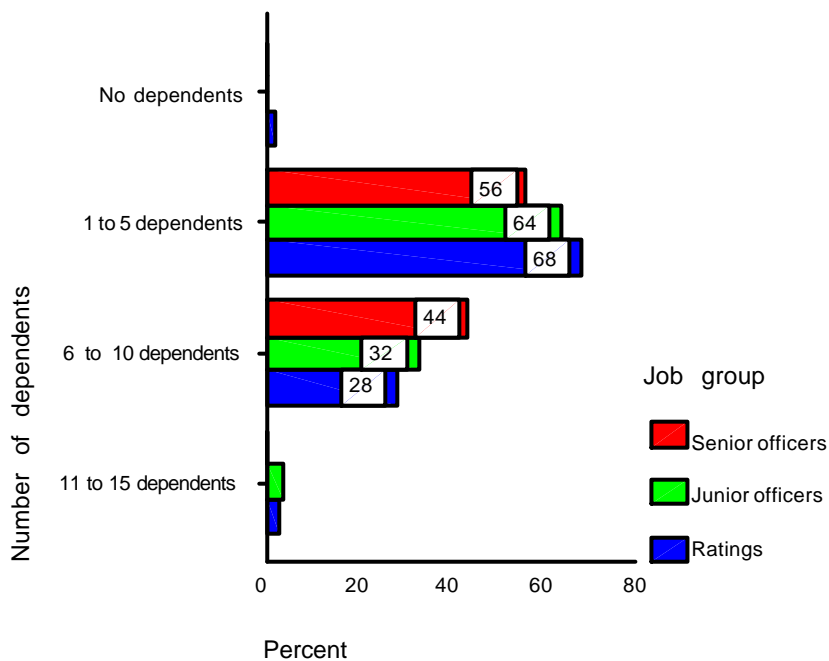
medical needs. Both married and single seafarers in this study supported several other dependents, through full or partial financial assistance -- elderly parents, grandparents, siblings, or other relatives. Most support between one and five dependents (66 percent), but almost one-third support six and ten dependents (30 percent). Among single seafarers, 71 percent support between one and five dependents; and 24 percent support between six and ten dependents. Only four single seafarers said they had no dependents, and they were among the youngest in the group of respondents.

Figure 3.9 Dependents of married & unmarried sample seafarers



Senior officers supported more dependents, compared with ratings and junior officers. Of seafarers supporting between six and ten dependents, a greater proportion are senior officers (44 percent), compared to junior officers (32 percent), and ratings (28 percent). In the Philippines, it is a common expectation that those who earn more (such as senior officers) must provide for more relatives who are financially dependent.

Figure 3.10 Number of dependents by job group



Seafarers' wives

- Most seafarers' wives worked. Only three percent said they were full-time housewives. By contrast, seafarers' mothers are mostly full time housewives.
- Working wives were professionals (teacher, nurse, etc., 37 percent)) or staff of government agencies and private firms (34 percent). Officers' wives have a higher percentage of professionals (51 percent).
- Seafarers tend to marry those with an equivalent level of education. Many spouses finished college (48 percent), while some had unfinished college schooling (11 percent).

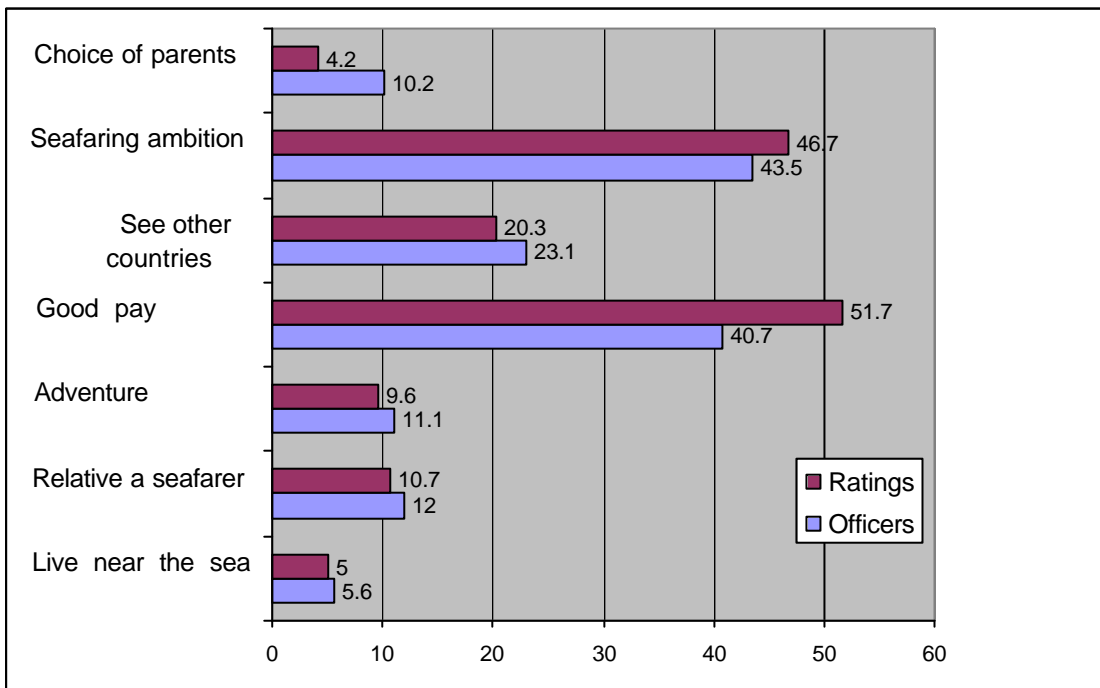
Why be a seafarer?

Seafarers view their job as a way out of poverty, but are also attracted to a career at sea. Many seafarers insisted that "good pay" was their main motive (49 percent) while marking also among the list of reasons that it was their ambition to be a seafarer (46 percent). While Filipino seafarers came mostly from poor rural backgrounds, the love of a career at sea also is uppermost among their reasons.

Seafarers explained their choices, in terms of wanting their families to have a better life"; "help their parents and family"; "send brother(s), sister(s), or children to school"; or "help pay our debt, loans". Some said that they have "heard of the difficulties and dangers associated with working at sea, but they have no choice, since there were very few economically attractive job opportunities". A significant minority (11 percent) said they choose this job since their "father, brother, or uncle was or had been a seafarer, and had influenced their choice of a career". It is interesting to note that quite a number of seafarers said it was their parents or relative's "advice" (by way of guidance) or choice for them to pursue a seafarer's job. A few also referred to the possibilities of "adventure", and

that they had grown up by the sea. As between officers and ratings, there are no significant variations in the motives or reasons for a seafarer’s career. One 39-year-old oiler from southern Philippines said: “I want to see the world, and earn good pay”. This statement echoes one poster outside a maritime school in southern Philippines: “See the world free ... enrol at Maritime School XYZ”. Another brochure of a school in Manila proclaims: “Enrol at Maritime School ABC and earn US dollars!”.

Figure 3.11 Reasons for being a seafarer (in percent; multiple response)



Note: This is a multiple response question and percent values do not add up to 100%. No response' cases not included.

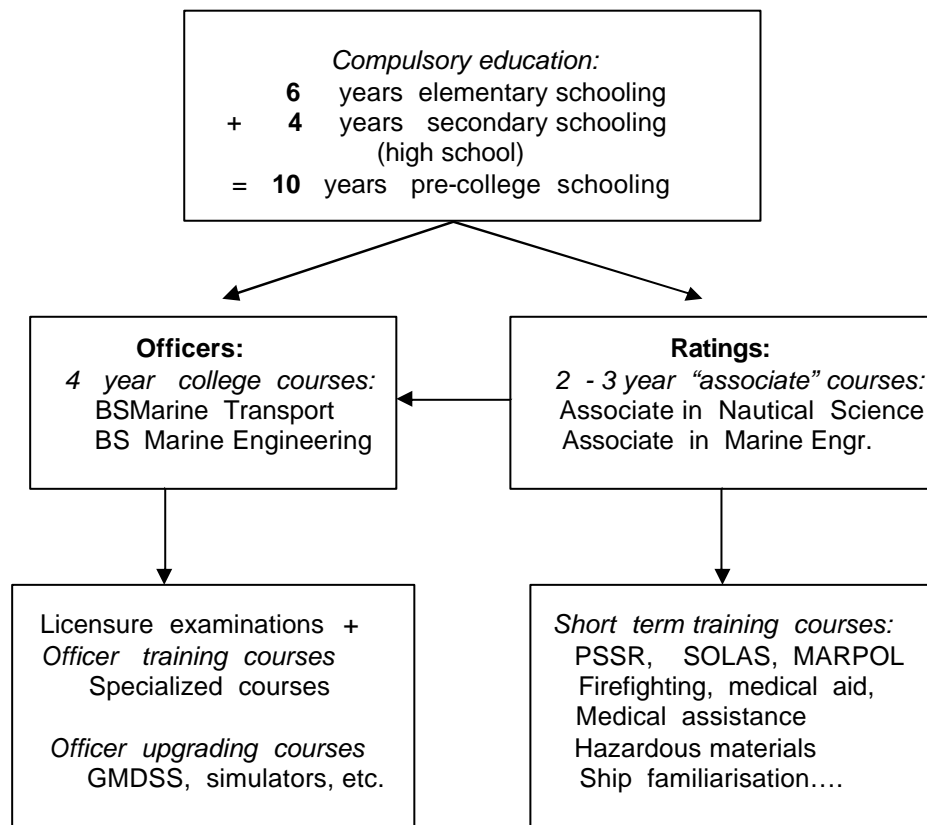
4. Education and training

Maritime education in the Philippines

Philippine maritime *education* consists of **four to five year college** degree programmes for *officers* (marine deck and engineers). College admission means that the student has completed six years of elementary and four years of secondary (high school) education, or a total of ten years compulsory pre-collegiate education.

Many of the maritime schools offer a ladder-type program -- after completing two to three year schooling, students are given an “associate in nautical or marine engineering degree” prior to cadetship, whose graduates find employment as ratings. After shipboard work experience, some go back to finish the college program, take the licensure examinations, and qualify as officers (*Figure 4.1*).

Figure 4.1 Philippine maritime education process



Students complete the four-year course and find a placement as a cadet to gain ‘seaside experience’, and they get a college diploma upon completion of all requirements. They are then eligible to take the licensure examinations for marine officers. Those who don’t finish, or fail the licensure examinations typically find employment as ratings.

The Philippine Commission on Higher Education (CHED), established in 1994, is the government agency regulating higher (tertiary or college) education, including the maritime sector. As of June 2002, there were 76 accredited universities and colleges which offer maritime courses -- 68 of these offer a Bachelor of Science in Maritime Transport (BSMT) program for deck officers and 59 offer a Bachelor of Science in Marine Engineering (BSMarE), for engineering officers. Many schools offer both programs, as well as “associate degree” (non graduate tertiary level) courses. CHED’s memorandum says that “all accredited institutions shall be subject to regular monitoring and assessment. If found not complying with, or not maintaining the standards, said institutions shall be deleted [from the list]”.¹

In 1985, there were 47 maritime schools (8 government – owned, and 39 private – owned)² but by 2000 there were 121 schools. Demands for the application of IMO education standards to meet STCW95 put pressure upon the CHED to trim the list to 53 schools with accredited maritime programs in 2001. The number of graduates went down to 8,961 in year 2001, compared with a peak of 15,754 in 1997 (*Table 4.4*). Many schools were subsequently able to comply with the standards on facilities and teaching staff under STCW95 and the number of schools increased to 76 by 2002.

Consistent with being the largest seafarer supplying country, the IMO’s *Compendium of Maritime Training Institutions* (IMO 2003) shows that the

¹ CHED Memorandum Order, dated 3 June 2002 updating the list of universities and colleges with accredited maritime courses.

² Mier, A. Francisco J. (1989). Philippine Country Report. In: Mary R. Brooks (editor) *Seafarers in the ASEAN Region*. Singapore: Institute of Southeast Asian Studies. Pp. 201–203.

Philippines has the world's largest number (n=98) of MET institutions.³ Most maritime schools offer short-term training upgrading courses for seafarers alongside the regular degree programs. Of the 76 schools, seven are government owned.⁴ Entrepreneurs who have commercial interests in other areas of education, as well as other businesses, own most schools. Many school owners are involved in politics, or have connections with politicians.

Government officials, crewing managers and other industry informants were asked to list the top maritime schools in the Philippines. Based on their facilities, teaching staff, reputation and past performance in the officer licensure examinations, informants most often cited the following schools: the state-owned Philippine Merchant Marine Academy (PMMA) in San Narciso, Zambales and the privately owned, non-profit schools: John B. Lacson Colleges Foundation (JBCLF) in Iloilo City and Bacolod City; University of Cebu in Cebu City; Misamis Institute of Technology (MIT) in Ozamis City; Cagayan Capitol College (CCC) in Cagayan de Oro City in Mindanao; and the Davao Merchant Marine Academy (DMMA) in Davao City.

Industry informants said that the newest maritime school with the latest acquisitions in laboratories and other learning equipment is the Maritime Academy of Asia and the Pacific (MAAP) in Mariveles town, across Manila Bay. Established in 1998, MAAP is owned by the Associated Marine Officers and Seamen's Union of the Philippines (AMOSUP). It had 567 maritime students when visited in 2002. The first batch of 130 graduates in April 2003 had 4 females. All had undergone shipboard

³ The IMO website (www.imo.org, accessed 16 September 2003) shows a 'white' list of 98 MET institutions (maritime schools, colleges and training centres) in the Philippines. The website also lists MET institutions in other countries: Russia, 38; UK, 25; Ukraine, 26; India, 20; Netherlands, 15; China, 14; and the USA, 10. Greece has 8; Turkey, 5 and Indonesia, 5.

⁴ The government owned maritime schools include: (1) the Philippine Merchant Marine Academy (PMMA); and 6 regional state colleges with maritime courses in southern Philippines: (2) Iloilo State College of Fisheries in Barotac Nuevo, Iloilo province; (3) Western Visayas College of Science and Technology in La Paz, Iloilo City; (4) Cebu State College of Science and Technology in Carmen, Cebu province; (5) Naval Institute of Technology in Naval, Biliran province; (6) Palompon Institute of Technology in Palompon, Leyte province; and (7) Zamboanga State College of Marine Science and Technology, in Zamboanga City in Mindanao.

training and cadetship in foreign merchant ships. The first batch will take the licensure examinations for officers in late 2003.

In the four or five-year program, students undergo a prescribed combination of general education subjects (humanities, social sciences, mathematics, physical sciences) and the maritime related technical courses. Military training through the Naval Reserve Officers Training Corps (NROTC) requires four to five hours a week, in four semesters mostly in parade & marching formation.

English is the official medium of instruction in Philippine maritime college courses, and there are three or four 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 supplement explanations.

CHED requires all maritime schools to follow a similar structure and sequence of courses. Most Philippine maritime schools adopt the **“3 - 1” model** (three years of classroom schooling plus one year shipboard cadetship training). Variations of the curriculum are used by some maritime schools for various groups of students, such as:

“2 - 1 - 1” model: two years of classroom schooling plus one year shipboard training (cadetship) plus one year additional classroom schooling.

“1 - 1 - 2” model: one year classroom schooling plus one year shipboard training (cadetship) plus two years additional classroom schooling.

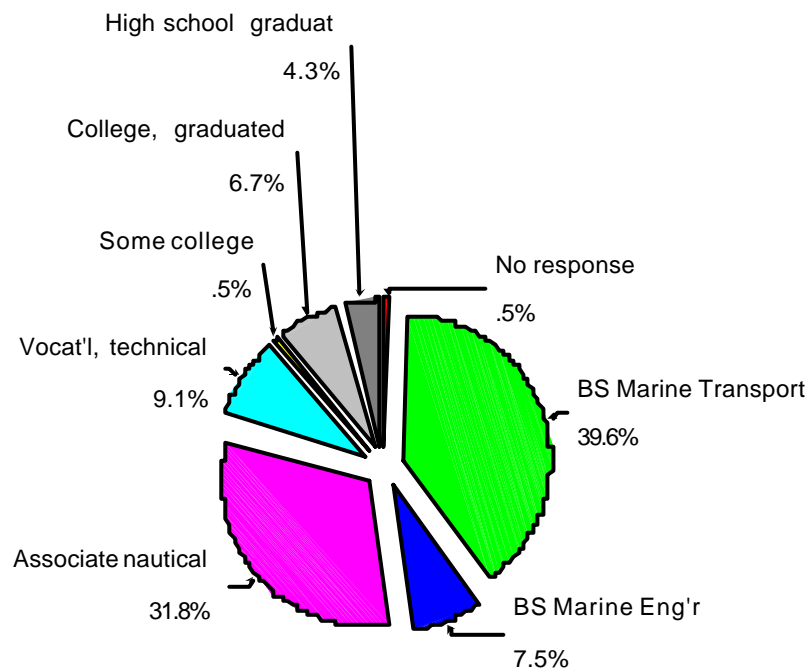
The **“2 - 1 - 1”** and the **“1 - 1 - 2”** models apply to maritime students under sponsorship by the shipping employers in *Project Alpha*, of the Norwegian Shipowners Association. The project is underway in several maritime schools, and the aim is to provide a supply of officers for NIS ships. At the time of the survey, there were 50 first year cadets sponsored

by Project Alpha (25 deck, 25 marine engine); and a total of 200 student-beneficiaries of the project in this school.

Education profile of seafarers

Most seafarer survey respondents had a college degree (55 percent), and 47 percent of them had completed a maritime course -- either BS Marine Transport (39.8 percent) or BS Marine Engineering program (7.5 percent). Those who finished an associate level (non-graduate college level) in maritime education were 31.8 percent of the sample. Some four percent had high school education only. They were all ratings.

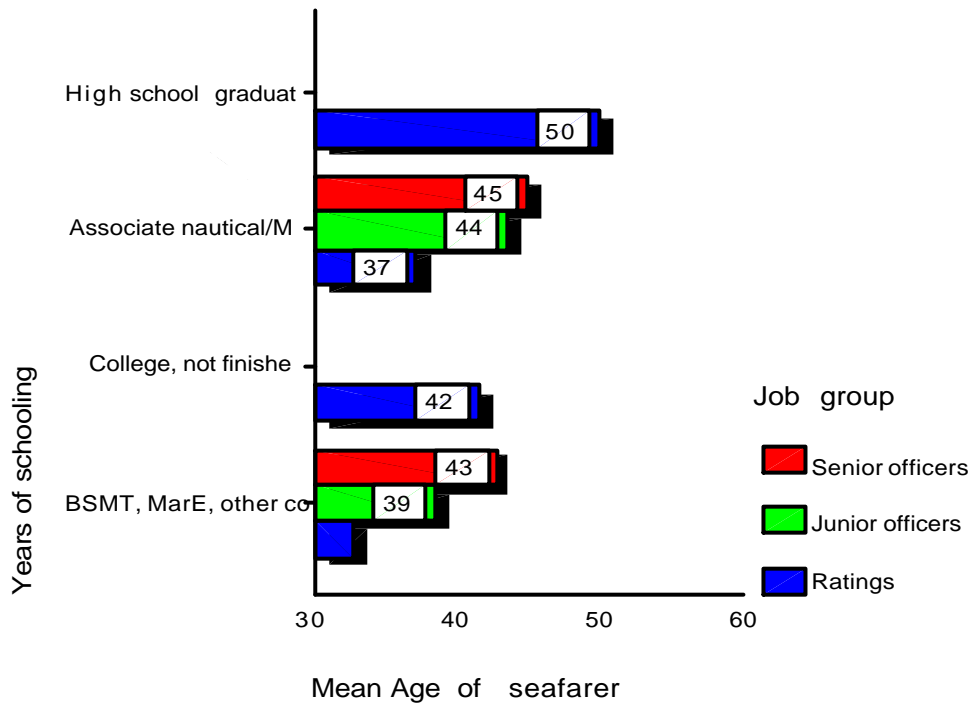
Figure 4.2 Education profile of seafarers: total sample



Most ratings (55 percent) had college education: 37 percent had finished a BS Marine Transport degree, eight percent a BS Marine Engineering, and nine percent other college courses.

By contrast, 61 percent of the senior officers and 33 percent of the junior officers had been through a non-college (associate in nautical/marine engineering) degree. These officers “rose through the ranks”, and acquired skills, competencies and qualifications on the job.

Figure 4.3 Age and rank of seafarers, by education & job group (excluding cadets)



Maritime training

Maritime *training* provides a variety of short courses which update competencies of seafarers, both officers and ratings, for career development, promotion, and to qualify for STCW'95 certification. There were 41 maritime training centres accredited by the Maritime Training Council in 2002.⁵

The MTC was created in 1984 to co-ordinate the efforts of a dozen or so government agencies based in different ministries.⁶ A maritime training centre must have a certificate of accreditation, or provisional authority before accepting trainees. The MTC ensures compliance with the requirements of the IMO STCW'95.

Courses approved by the MTC secretariat include: personal survival techniques, fire prevention and firefighting, elementary first aid, and Personal Safety and Social Responsibility (PSSR). As a major effort against fraudulent certification, a government website⁷ allows verification of the digital image of a seafarer's certificate, which enables shipping companies and crewing agencies world-wide to check its authenticity.

The law mandates a separate agency, the Technical Education and Skills Development Authority (TESDA), to regulate training for ratings (TESDA Law of 1994, Republic Act 7796). In June 2002, there were 114 assessors accredited to examine competencies of ratings. Portfolio assessment is used for ratings who possess at least one-year seagoing experience. A "procedures manual for assessment and certification" is now on pilot implementation in a number of regional centres. TESDA has

⁵ A list of the accredited training centres and maritime schools could be viewed at the MTC website: <<http://www.mtc.gov.ph>>. This website also allows verification of certificates of Filipino seafarers.

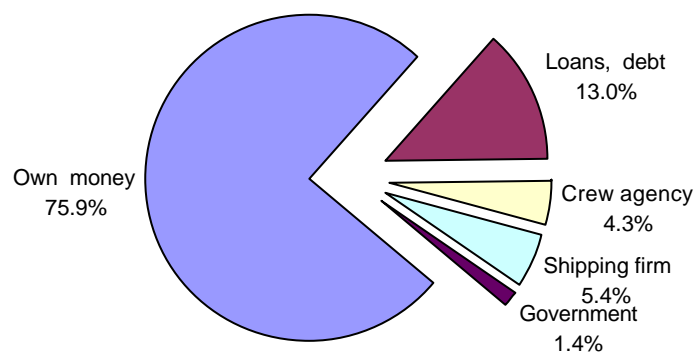
⁶ More details about the government agencies involved are presented in Chapter 7 on policy and governance.

⁷ Website address: www.mtc.gov.ph

accredited 16 “assessment centres”, qualified and certified 73,209 deck ratings, and 39,346 engine ratings.⁸

The great majority of seafarers pays for their own training (76 percent), or incur debts for this purpose (13 percent). Only a few seafarers had financial support from crewing agencies (4.3 percent) and shipping firms (5.4 percent) in their training. Many seafarers said that crewing agencies who provide training support deduct the expenses from their pay. Only a small number of companies provide full support including a training allowance. Two government agencies provide short term training for both officers and ratings -- the National Maritime Polytechnic (NMP), and the Overseas Workers Welfare Administration (OWWA), but only five seafarers (one percent) of those in the survey said they benefited from subsidised training from these agencies. The pattern of responses from both officers and ratings are similar, with respect to sources of support for their latest training.

Figure 4.4 Main source of support for last training



⁸ Interview with Mr. Clifford Paragua, TESDA Director for Metro Manila, 4 July 2002.

Seafarers in the survey gave information on fees and other costs for training programs with privately owned training centres. Fees for the latest training course attended by seafarers cost an average of PhPesos 6,871 (about US\$ 130), for an average of 7.6 days. Total expenses, for both training fee and other costs is \$229, which is equivalent to 19 percent of the average monthly pay (\$ 1,224) reported by the seafarers. See *Table 4.1* for details of training course costs in a sample of training institutions in different parts of the Philippines. While a number of trainees were supported by their shipping employers, the overwhelming majority of seafarers paid their own costs of training.

Table 4.1 Sample of maritime training courses and fees (US \$)

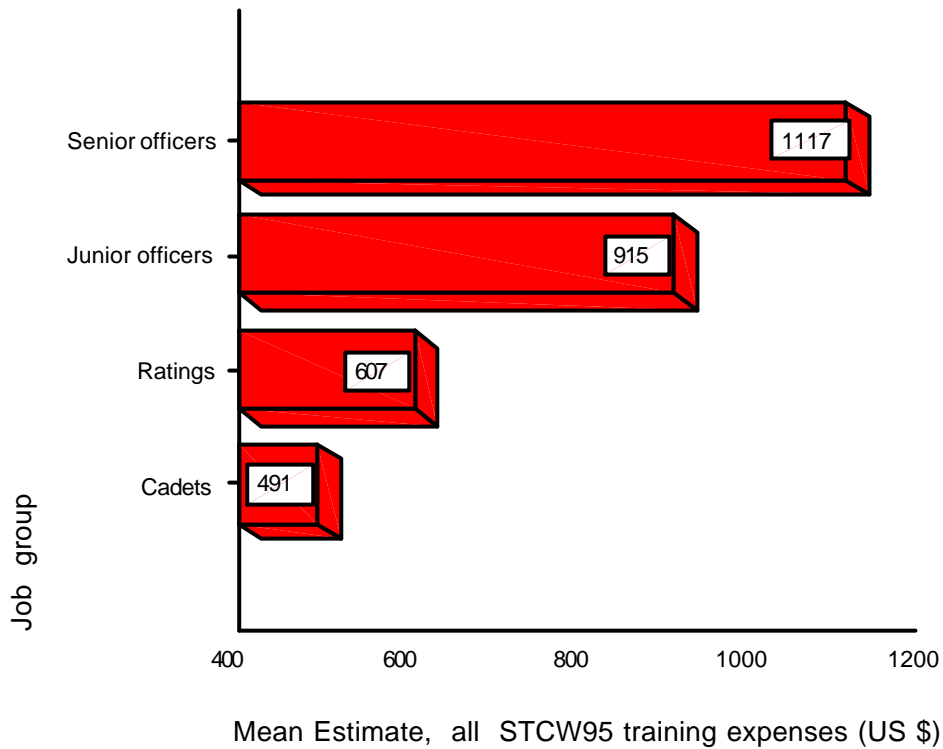
Training course	Fees	Days
<i>Training Center X</i>		
Basic Safety Training	\$ 36.55	8 days
Radar Navigation, Radar Plotting, and ARPA	\$ 23.00	2 days
Ship Simulator and Bridge Teamwork	\$ 72.73	5 days
Advanced Fire Fighting	\$ 45.45	4 days
Medical care	\$ 45.45	5 days
<i>Training Center Y</i>		
Basic Safety Training	\$ 470.00	7 days
Advanced Safety	\$ 700.00	10 days
Advanced Fire Fighting	\$ 350.00	4 days
Free Fall Lifeboat Familiarisation (Crew)	\$ 125.00	1 day
Ship Simulator and Bridge Teamwork	\$ 975.00	5 days
<i>Training Center Z</i>		
Simulator Training, Shiphandling & Maneuvering	\$ 454.55	5 days
Ship Simulator and Bridge Teamwork (IMO Model Course 1.22)	\$ 327.27	5 days

Sources: Brochures of sample training centres. Almost all trainees in Training Center Y are company supported.
US\$ 1= PhPesos55 as of 15 November 2003.

How much did seafarers spend in all to comply with STCW'95 requirements? Seafarers reported their best estimates of total expenses, which amounted to an average of \$ 708, equivalent to 58 percent of the \$1,224

monthly average earnings reported. Senior officers reported spending \$ 1,117 -- almost double the \$ 607 spent by ratings.

Figure 4.5 Seafarers' estimates, costs to qualify for STCW



Trends in maritime enrolment and graduation

The choice of a seafaring career is popular among Philippine students. In the school years 1994-95 and 1995-96, being a seafarer ranked sixth among the top programs chosen by the students. In 1995 – 96, the last year for which statistical information is available, there were 137,584 maritime students, amounting to seven percent of total tertiary level enrolment (*Table 4.2*). The top courses in order of rank by student enrolment were: (1) commerce and business, (2) teacher training, (3) engineering, (4) health, (5) the arts and sciences, and (6) maritime education.

In 1975 - 76, there were 28,840 maritime students, of whom 4,940 were graduates, i.e. 17 maritime graduates for every 100 maritime students. By 1983 - 84, there were 25 graduates for every 100 students. By 1994-95 the ratio increased: 35 graduates for every 100 students. In school year 1995-96, the *enrolment to graduation ratio* drastically decreased: there were only 19 graduates for every 100 students. By contrast, the ratio between graduates and total students in *all college* courses was stable, at from 16 to 17 graduates for every 100 students, in the period 1994 to 1996. The high wastage ('drop-out' rates) suggests great inefficiencies not only in maritime schools, but also in the Philippine tertiary education system as a whole (Table 4.2).

Table 4.2 Graduates to total students ratio, 1994 to 1996

	Maritime students		Tertiary enrolment (all college courses) **	
	1994-95	1995-96	1994-95	1995-96
(a) Students	131,361	137,584	1,871,647	2,017,972
(b) Graduates	45,310	26,778	319,372	312,667
Ratio = (b) / (a)	0.35	0.19	0.17	0.16

Source: Raw data from *Philippine Statistical Yearbook* (2000).

While maritime student enrolment was last recorded at 137,584 in 1996, there are no statistics for subsequent years. Based on a sample of 13 maritime schools however, total student enrolment for academic year 2001-2002 is estimated at 106,600, with 26,650 students in each year level. CHED records however show that in 2001, there were 8,961 officer graduates from both the BSMT and BSMarE programs -- a 43 percent decline compared to 1997, when there were 15,754 officer-graduates (Table 4.3). There are no statistics with respect to the number non-officer graduates under the Associate in Nautical Science/Marine Engineering degree.⁹

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

⁹ The non-officers could be estimated as the difference between the **total** number of graduates (16,140 in 2002) less the officer graduates (5,178 in 2001, as proxy for 2002), which is about 10,962 non-officer graduates in the associate degree programs.

wastage rate. Many students may find they are unable to afford the costs of MET courses, and are forced to drop out. Others find they are unable to obtain placements for cadetships or shipboard training.

Table 4.3 Graduates of BSMT and BSMarE programs

Year	BSMT		BSMarE		Total
	Number	Percent	Number	Percent	
1995-1996	7,520	69.9	3,245	30.1	10,765
1996-1997	12,308	78.1	3,446	21.9	15,754
1997-1998	12,735	82.5	2,701	17.5	15,436
1998-1999	8,639	77.3	2,537	22.7	11,176
1999-2000	7,084	84.2	1,328	15.8	8,412
2000-2001	7,211	80.5	1,750	19.5	8,961

Source of raw data: CHED Maritime Schools Section. Figures only include graduates in the officer program (excluding associate degree courses).

The high wastage rates suggests inefficiencies in the effectively unregulated market system of student admissions which emphasise revenues in admitting large number of maritime students paying tuition fees, rather than the quality of entrants.

In 2002, 4,818 applied for officer level examinations and a total of 3,227 officers passed (67 percent pass rate). Between 2001 and 2002, 5,004 new seafarers (both officers and ratings) were deployed through POEA; between 2001 and 2000, 6,627 new seafarers were deployed. This means roughly a ratio of about 5 new seafarer jobs for every 16 new graduates and 100 maritime students enrolled in the school system in 2002. Based on graduation records of *both officer and non-officer associate degree* courses from 13 sample maritime schools in 2002, only 5 percent graduated from the marine engineering program; and 18 percent graduated from the marine transport program. The cohort survival rate is plainly very low for both deck and engineering students, and especially low for engineers.

Licensure examinations of officers

The Merchant Marine Professions Act of 1998 (Republic Act No. 8544) provides the basis for the Professional Regulation Commission to regulate the certification of officers, through licensure examination. This Act declares as state policy "... the institutionalisation of radical changes as required by international and national standards to ensure qualified, competent and globally competitive marine deck and engine officers" The Philippine Congress enacted the law as part of the country's commitment to the Standards of Training, Certification and Watchkeeping Convention of 1978 (STCW78), as amended in 1995 (*Section 2, RA8544*).

The scope of examinations for deck and engineering officers include the following functions: (1) navigation; (2) cargo handling and stowage; (3) ship operation and care for persons onboard; (4) marine engineering; (5) electrical, electronic and control engineering; (6) maintenance and repair; and (7) radio communications. There are no restrictions on the number of times that an applicant can take the examinations, in the event of failure.

The Philippine Maritime Officers Act (RA8544) requires the Board of Examiners of the Marine Deck and Engineer Officers "... to report on the performance of the examinees of maritime schools, colleges and universities. Examiners monitor and submit to the CHED a list of maritime schools whose successful examinees in the past three consecutive examinations is less than 5 percent of their total, with a recommendation to phase out the course program, if necessary".¹⁰

All seafarers who finish their studies must register for the practice of the maritime profession, and are required by law to undergo and pass a written technical examination. Results are announced within 15 days. The Act provides that "when conditions and circumstances warrant, the Board may

¹⁰ Section 41 of the Implementing Rules and Regulations for the Merchant Marine Professional Act of 1997 (RA 8544).

give walk –in examinations, subject to the approval of the Commission”. (*Section 13, RA8544*). Similar to government civil service examinations, computerised, “walk – in “¹¹ examinations are flexible, and depend entirely on the convenience of applicants. Immediately after testing, results and certification can be provided. Examinations are held about 3 or 4 times every year, depending on the decisions of the Professional Regulation Commission (PRC). Pass rates for the maritime licensure examinations for the year 2000 were 41 percent for the marine deck (3rd mate level), and 59 percent for marine engineering (4th engineer level). Between 1992 to 1997, the average passing rates were 20 percent for marine deck officers (3rd mate), and 34 percent for marine engineers.¹²

In June 2002, cheating in the examinations for 3rd deck officers threatened the integrity of the Philippine examination system for seafarers. The PRC took the controversial step of nullifying the examinations, and required examinees to repeat the whole process¹³. After an investigation, senior officials involved in the cheating incident, together with three captains owning private review centres, were charged with corruption¹⁴. The PRC is under the direct supervision of the Office of the President and President Gloria Macapagal Arroyo cited this step of voiding results of the questionable examinations as an example of the country’s commitment to professionalism, and the integrity of the marine profession.¹⁵

The law requires the public release of the results for the marine deck and engineering examinations in five (5) working days from the last day of examinations. Successful examinees in the written examinations then proceed to practical assessment. As part of the reforms in the professional licensure examinations, the Professional Regulation Commission decided to have

¹¹ The date of a computerised ‘walk-in’ examination is at the convenience of an individual applicant, unlike regular examinations which are held en masse in a specifically pre-announced place and date.

¹² *Philippine Statistical Yearbooks* 1993 to 1998.

¹³ *Seaway Shipping Digest*, December 2002

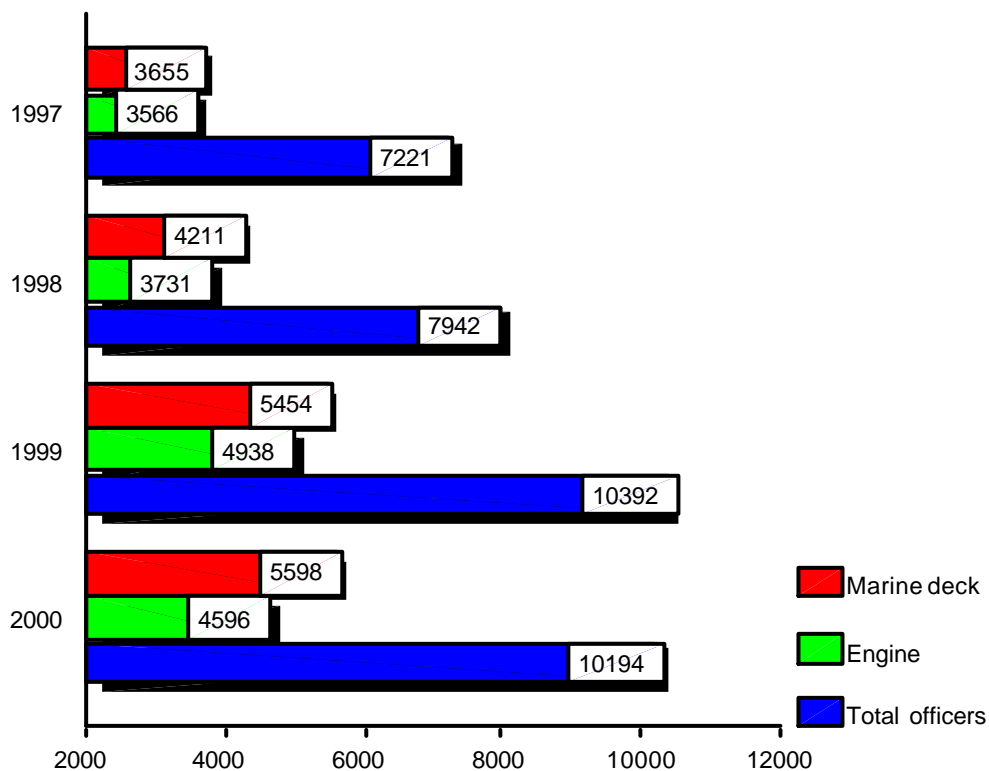
¹⁴ *Fairplay*, May 8, 2003.

¹⁵ President Gloria Macapagal Arroyo’s speech before the first graduation exercises of the Maritime Academy of Asia and the Pacific (MAAP), 19 July 2003. Available in <www.ops.gov.ph/speeches2003/speech-2003july19.htm>.

separate examinations for the theoretical or written phase, and the practical phase. The practical assessments required the use of simulators in the examinations of 2002, and this major change became the subject of seafarer protests. Some seafarers argued that certified seagoing experience in jobs which had actual simulators aboard certain types of ships rendered such assessments unnecessary.

In 2000, there were 5,598 marine deck officers and 4,596 marine engineer officers, or a total of 10,194 new marine officers who qualified with the Professional Regulation Commission. By 2002, the number of new officers who qualified in the written phase declined to 3,227 deck officers and 635 marine engineers, or a total of 3,862 officers. Reforms in the licensure examinations resulted in a drastic decrease of newly certified officers in the Philippines, particularly for marine engineers.

Figure 4.6 New officers registered with the PRC, 1997 to 2000



Source of basic data: *Philippine Statistical Yearbook* (2000), Table 12.9.

Some government officials point to this phenomenon of a drastic decrease in certified officers as evidence of the effective implementation of higher standards in Philippine maritime education and certification. In addition, Philippine authorities declared ‘all-out war’ against fraudulent certification, by filing formal charges in court against those who submit fake documents and records on schooling, training, seagoing service, birth certificates, and others.¹⁶

Sources of support and costs of Philippine maritime education

The data from this section is derived from a sample survey of 658 senior maritime students in 11 maritime schools nation-wide. The survey was conducted from July to August 2002. While students may have obtained financial assistance from a variety of sources for their maritime schooling, parents were still the overwhelming source of support (83.7 percent). Family members also provided assistance: brothers or sisters (18 percent); other relatives (15 percent) and even godparents (3.3 percent). It is significant that 37.8 percent of students were sponsored in their studies by shipping or crewing firms. On the other hand, some siblings of the student-respondents (18 percent) had been obliged to cut short their own schooling so that their brothers could continue their maritime education. Forty-four percent of students said that parents covered all schooling expenses, 21 percent said more than half, and 35 percent less than half.

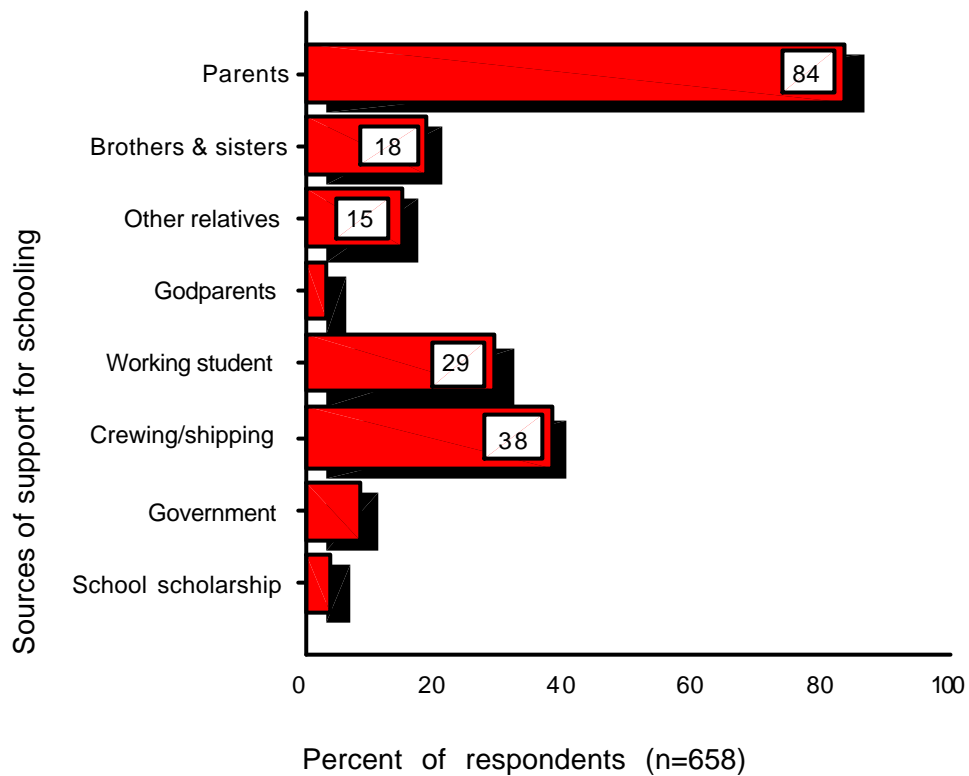
Some students indicated that their parents borrowed money or took out loans to pay for schooling (14 percent), and even sold or leased property such as land, farm animals and cattle (5.6 percent) to raise funds for their schooling expenses. Students on shipboard training were provided “training allowances”, from which savings were used to pay for other schooling expenses (51 percent).

Others had part time summer jobs (14 percent); worked part time in the school (9 percent); took odd jobs in construction, as a driver or barber

¹⁶ See ‘Philippines stamping out fake certificates’, *Lloyd’s List*, 26 November 2003 p.3.

(8 percent); worked as security guards or utility workers (6 percent), and as service crew in fastfoods and stores (4 percent).

Figure 4.7 Sources of support for maritime schooling: survey of maritime students



Note: A multiple response question.
Total would not add up to 100.

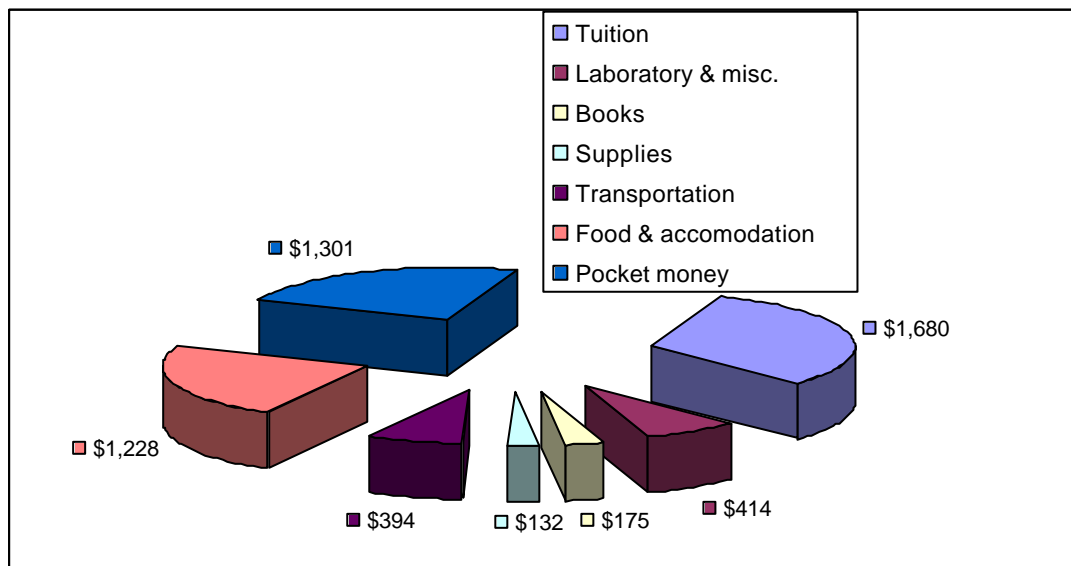
All student - respondents in the government owned school and 38 percent in the private schools were recipients of scholarships in the NIS-supported Project Alpha program. According to one maritime school brochure, other shipping companies providing scholarships under this program include: K-Line, Teekay Shipping, Pilipinas Crown/Idemitsu; Don Sulpicio Go; TSM Group of Companies/JO Tankers; Dalisay; and Magsaysay-Mitsui.

Access to public or corporate sponsorship in the Philippines is very limited. There are only a few hundred placements of both government and shipping funded places for maritime students. There are nation-wide

announcements for annual competitive examinations for 200 scholarships with the Philippine Merchant Marine Academy (PMMA) and 100 places with the Maritime Academy for Asia and the Pacific (MAAP). About 200 NIS-sponsored scholarships are also available for the Alpha Programme. In one maritime school in southern Philippines, students accepted in the NIS – sponsored Project Alpha program sign a contract, to the effect that upon successful employment after graduation the graduate must return the sponsorship funds to the school-owner, for payment of the “study loan”.

Parents of maritime students paid US \$ 5,000 on average for tuition, living and other schooling expenses for the four-year, eight semester programme. The average semestral expense was \$ 625.42 (or \$1,250.84 each year). For a four-year programme, this was equivalent to about US\$ 5,000 for each student – about five times the average per capita income of \$ 1,050.¹⁷

Figure 4.8 Estimates of maritime schooling expenses (US \$): survey of maritime students (n=658)



Average total schooling costs for four years: \$ 5,003

¹⁷ The exchange rate at the time of the survey of maritime students, July to August 2002 was fluctuating at about PhPesos 50 to US\$ 1.

The one – year shipboard cadetship period had an equivalent amount of academic credit, and maritime schools collect tuition fees when students enrol for cadetship. Shipping firms and crewing agencies however provided a monthly allowance to cadets while on shipboard training.

In terms of programmes, the marine engineering course costs were reported to be 13 percent more at \$681 per semester, compared to the marine transport programme that costs Pesos \$600 per semester.

Tuition and laboratory costs per semestral term were on average \$262 per student. This amount goes to the school as fees, which is 42 percent of total expenses. Food, transport and other living expenses constitute 58 percent of total expenses of students. There are significant differences in schooling costs by region. Maritime students in Metro Manila for example pay 40 percent more on average than those in Mindanao.

Students in the government maritime school do not pay tuition fees, but do pay for their uniforms, living, transport and personal expenses. These non-tuition costs average \$ 285. This is 45 percent of the total average costs for maritime education paid by students in private maritime schools.

Students benefiting from company sponsorships have paid for their full costs of education, including tuition, miscellaneous fees, and living allowances while in school and aboard ship as a cadet. Students report that their contracts provide from US\$ 10,000 to \$ 25,000 per student, three to five times the total average costs borne by ordinary students.

Problems and prospects of Philippine maritime education

Comments from maritime students, and interviews with maritime school officials and teaching staff identified common problems in Philippine maritime education. These include:

- Poor screening and lack of common admission standards for students.

- Profit-orientation of maritime schools and training centres, with crowded enrolment (more than 50 students per class), for bigger tuition revenues.
- Lack of scholarship opportunities for underprivileged students.
- Outdated learning facilities and equipment, with overcrowding.
- Lack of teaching staff development programmes and low pay and poor incentives for teachers and administrators.
- Lack of funding and incentives for advanced research.
- Lack of sustained, quality publications in maritime studies.
- Lack of sustained national and international academic linkages.

A number of merchant marine schools run their educational programs in a regimented (military) style with emphasis on discipline and a hierarchical command structure (“learn to lead and command by learning to obey”). Other schools run similar, if less regimented programmes. A number of teaching staff and students vehemently complained about the amount of time devoted to parade ground drills.

An overwhelming number of the maritime students complained about unventilated crowded classrooms, severely limited opportunities for practical learning from a bridge simulator and other navigational equipment, and poor teaching standards. While a few schools have their own training ships, most rely upon partnerships with shipping firms for opportunities for shipboard training. Slots for cadetships or shipboard training are extremely limited. School officials compete with other schools for the placement of their cadets for shipboard training. A few schools officials said they have to provide “tuition fee payments” to shipping managers for the training of their cadets.



5. Pay variations among Filipino seafarers

Pay profile

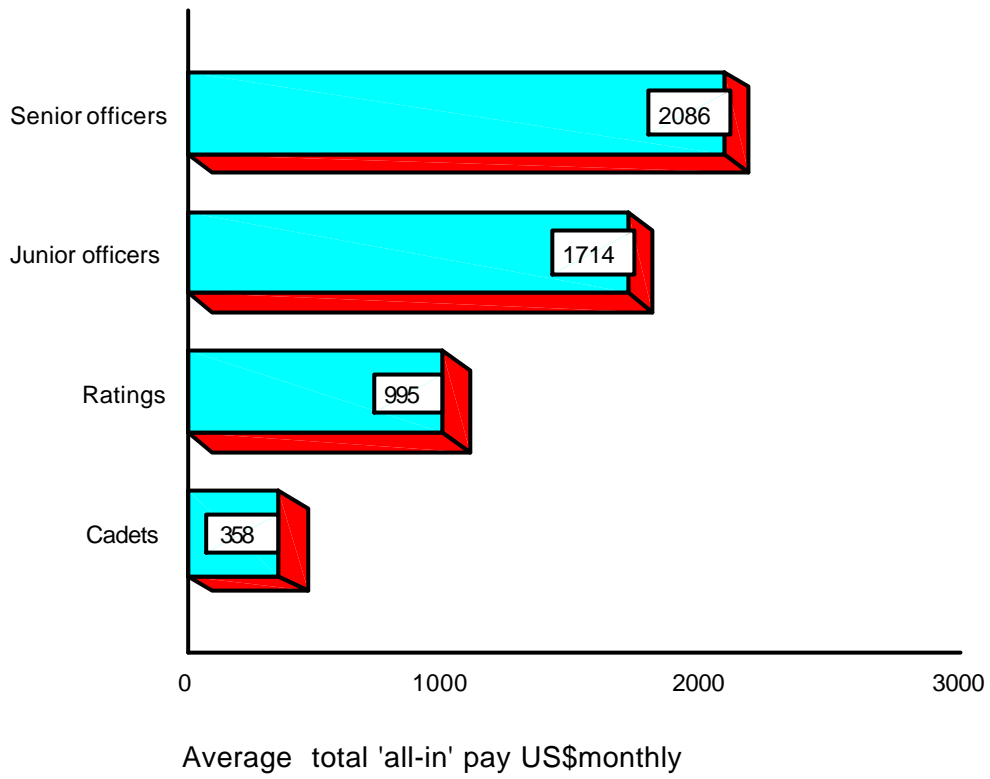
- Senior officers receive on average \$ 2,086.
- Junior officers receive on average \$ 1,714.
- A Bs reported an average pay of \$1,000 per month (30 percent lower than the ITF TCC rate of \$ 1,300 effective January 2002).
- Basic pay was about half of total pay for all ranks.

Respondents were asked to provide information on basic pay, total 'all in' pay and allotments sent to their family or designated beneficiary, and savings in their last voyage. In most seafarer employment contracts, 'all in' pay includes variable payments for guaranteed overtime, leave and other items which depend upon the type of ship and the shipowner manager. Basic pay as a proportion of total pay averaged at 50 percent. It varied with rank but not by a large margin. Chief officers reported basic pay as 60 percent of the total, OS as 50 percent of the total.

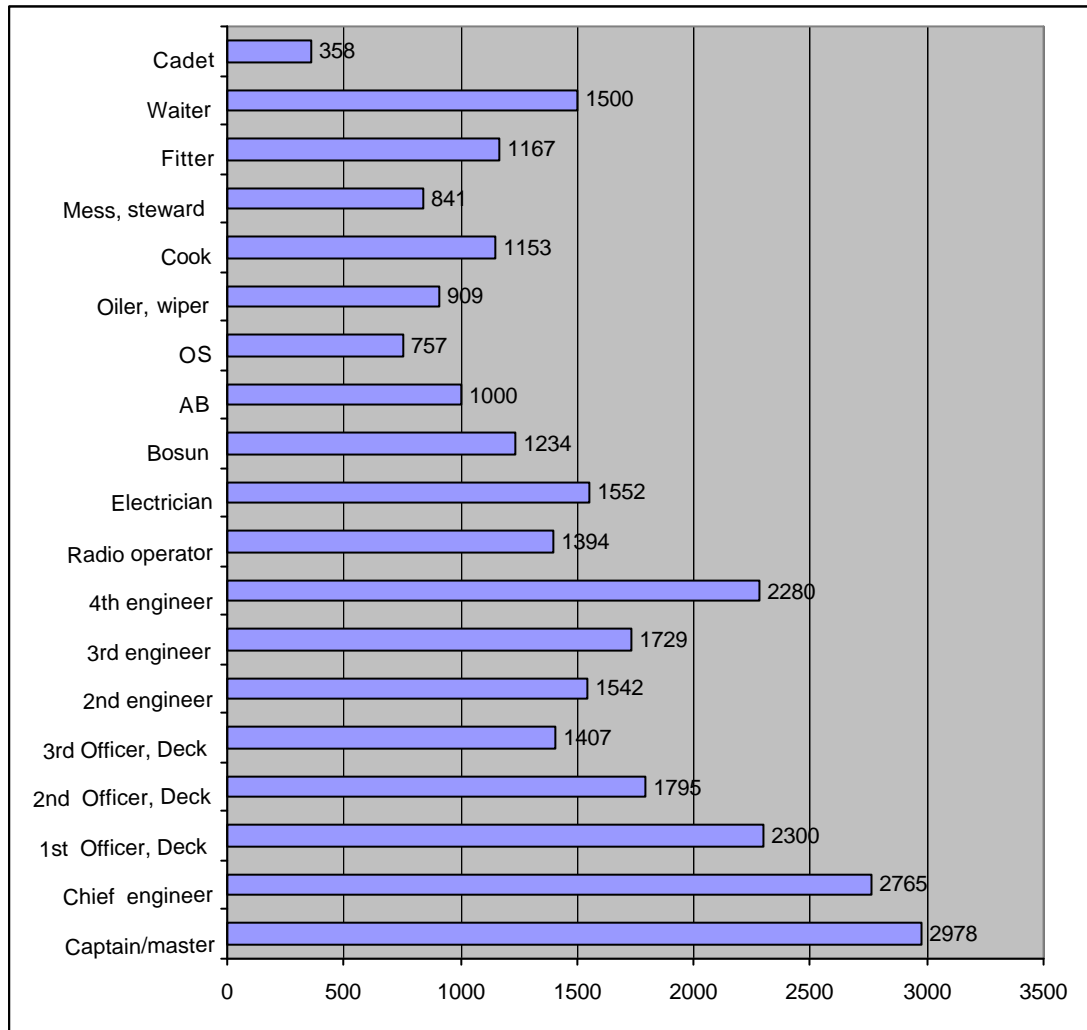
The average monthly 'all in' pay rates reported by the sample of senior and junior officers, in contrast to ratings are presented in *Figure 5.1*. Pay rates by job are presented in *Figure 5.2*, and pay differentials indexed to those received by A Bs = 1.00 are presented in *Figures 5.3*. A Bs reported an average monthly pay of \$ 1,000. All ratings reported an average monthly pay of \$ 995.¹

¹ All currency is at US\$ 1 = PhPesos 53, as of January 15, 2003 which was the end of the survey for Philippine seafarers.

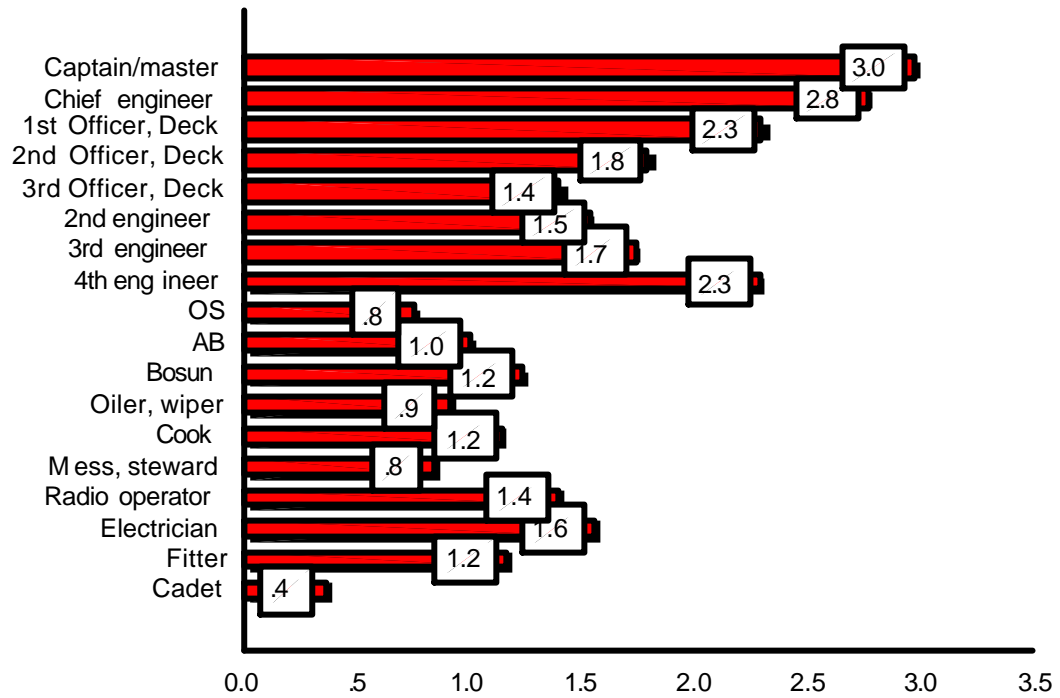
**Figure 5.1 Average total 'all in' monthly pay (US \$),
by rank**



**Figure 5.2 Average total ‘all in’ monthly pay (US \$),
Sample of Filipino seafarers (n = 362)**



**Figure 5.3 Pay differentials by seafarer jobs (AB=1.00)
Sample of Filipino seafarers (n = 362)**



Figures represent mean values

Index to AB=1.00 (US\$ 1,001)

For comparison, pay rates for key positions in the ITF uniform ‘TCC’ collective agreement are shown in *Table 5.1*. The differential between master and A B is 3.4 times in the ITF TCC scale; among Filipino seafarers, the survey shows a lower differential at 2.97. The differentials in the ITF scale are generally higher for other officer ranks, compared with the survey results. For other rating positions such as OS and stewards, the differentials are comparable.

Table 5.1 ITF TCC rates compared with survey results

	ITF TCC rates	Index: AB=1.0	Survey findings	Index: AB=1.0
Master	\$ 4,080	3.37	\$ 2,977	2.97
Chief engineer	\$ 3,721	3.06	\$ 2,765	2.76
Chief officer	\$ 2,679	2.18	\$ 2,300	2.30
2 nd officer	\$ 2,171	1.74	\$ 1,795	1.79
2 nd engineer	\$2,171	1.74	\$ 1,541	1.54
3 rd officer	\$2,096	1.68	\$ 1,407	1.40
3 rd engineer	\$2,096	1.68	\$ 1,729	1.73
Electrician	\$1,885	1.50	\$ 1,552	1.55
Bosun	\$1,438	1.12	\$ 1,234	1.23
Cook	\$1,438	1.12	\$ 1,153	1.15
A B	\$1,300	1.00	\$ 1,001	1.00
Mess steward	\$1,126	0.85	\$ 841	0.84
OS	\$ 999	0.74	\$ 757	0.76

Sources: ITF TCC Collective Agreement Annex 2.
and survey results from n=362 seafarers.
Source: www.itf.org [accessed 15 March 2003]

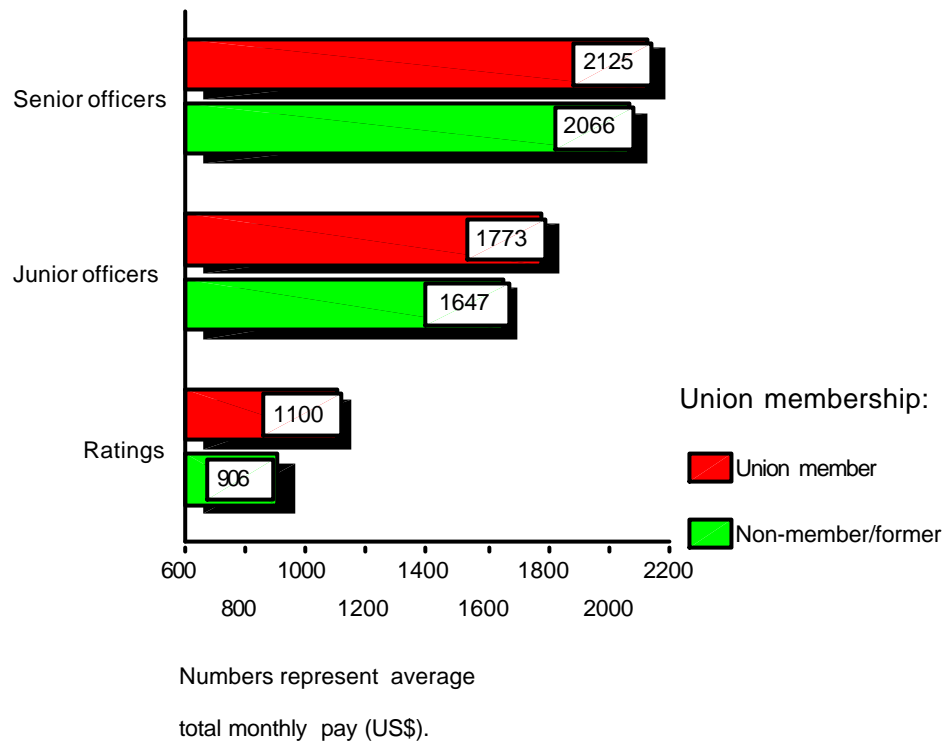
Union and non-union pay differential

- Union members have a positive 15 percent pay differential over non-union members.
- The union pay differential for ratings in this sample is 2.3 times greater than that for officers.

Seafarer union membership has a positive pay premium. Union members receive, on average, \$ 1,329 total 'all in' pay. Non-union members receive \$ 1,157.² Ratings received a higher average union differential (\$192) than officers (\$ 58). The union pay differential is \$ 24 for senior officers, but for junior officers it is much higher, at \$ 128. Among A Bs, union members receive \$137 (15 percent) higher than the \$ 938 average for non-union members. A similar pattern is observed for oilers and wipers, where union members receive on average \$ 990 in contrast to the \$ 858 monthly pay of non-union members or a union premium of 15 percent monthly (*Figure 5.4*).

² Regression analysis using the standard Mincerian semi-logarithmic earnings function shows that the dummy variable for union membership is significant, t value = 3.39 at alpha = 01 or higher.

Figure 5.4 Union pay differential: by rank



Pay differential and length of contracts of employment

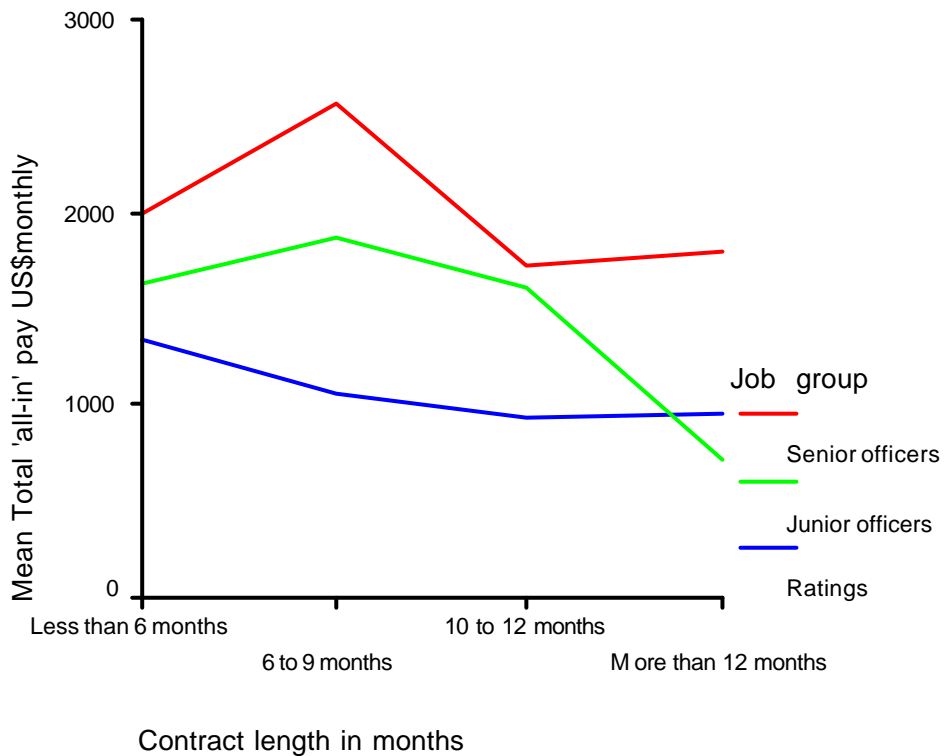
- There is a negative relationship between pay and length of employment -- the longer the contract, the lower the pay.³ It is usually expected that higher pay and longer contracts go together.
- Philippine seafarers with a contract length of less than 6 months have the highest pay in this survey (\$ 1,535 on the average). Those with 6 to 9 months contract have slightly lower pay, at \$ 1,350. Reported pay then declines to \$ 1,148 for those with contracts 10 to 12 months.
- The pattern of declining pay as length of contract extends is similar for all job groups of ratings, junior and senior officers. The

³ The regression coefficient for length of contract is negative and significant. Standardised beta coefficient is -.084, and the t-value is -2.595, significant at 1 percent.

differential in pay as the contract gets longer however is sharpest among junior officers (differential of 125 percent, between those with more than 12 months contract and those with 6 months or less); compared to ratings (40 percent differential); and senior officers (11 percent differential).

- These findings suggest that better employers offer shorter contracts. Those working longer contracts are trading life quality for earnings accumulation.

Figure 5.5 Pay by length of contract & by job group



Pay differentials and education level

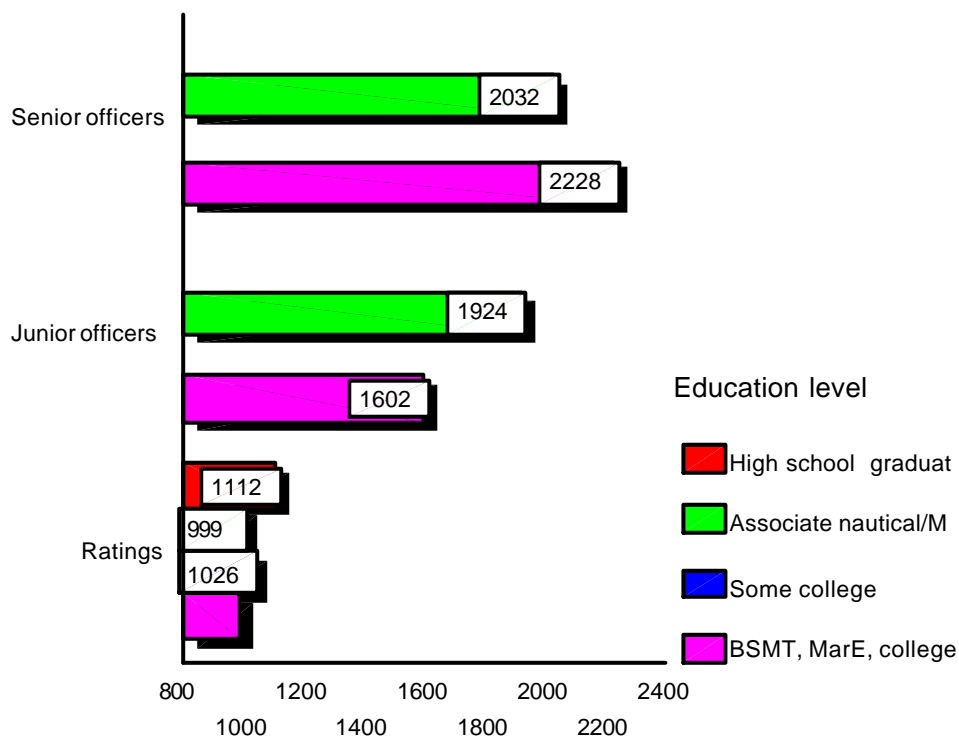
- The pay differentials due to schooling among the seafarers in the survey show some unexpected findings. The average pay of those who finished a 4-year college maritime course (\$ 1,187) is actually lower -- by 11 percent -- than those who finished only a 2 or 3 year associate nautical or marine engineering course (\$ 1,315).
- The distorted pay differential by education level is most apparent for junior officers and ratings. The average pay of junior officers who did *not* finish a college maritime course (\$ 1,924) is higher -- by 20 percent -- than those who finished a college maritime course (average \$ 1,602).
- Distortion in pay does not apply to senior officers. College graduates have slightly higher average pay (US\$ 2,228) than those who did not (\$ 2,032).
- The distortion is most pronounced among the ratings. The average pay of ratings that finished only a high school education (\$ 1,112) is higher -- by 14 percent --- than those who finished a college maritime course. The average pay of ratings completing a pre-college associate in nautical or marine engineering course (\$ 995) is slightly lower -- by 2 percent -- compared with those finishing a college maritime course.

Figures 5.6 & 5.7 illustrate the evidence for the distortion in pay by level of education among Philippine seafarers. Industry officials think this phenomenon is due to the older age profile of seafarers in the sample.⁴

⁴ Comments expressed by industry leaders in a presentation with the Philippine Seafarers Promotion Council (PSPC), 23 July 2003, in Manila.

Years of schooling and the costs involved represent investment involved in producing a seafarer with basic qualifications. It could be expected that seafarers with a higher education level would earn more. However, seafarers completing college courses, but unable to find jobs as officers take jobs as ratings and it is this which explains apparent distortions in pay differentials by educational level. The pay profile with respect to years of work experience shows more significant differentials. These distortions may also indicate substantial problems in the Philippine maritime educational system, where commercially-run schools are necessarily focused on revenue rather than quality of output where the potential supply of qualified labour greatly exceeds the demand for it.

Figure 5.6 Pay by education level & by job group



Chapter 6. Hiring, recruitment and shipboard work

Crewing agencies and seafarer recruitment

Seafarers formally enter the labour market through crewing agencies. Where shipping company-owned agencies are almost invariably dedicated to crews for their own ships, the great majority of agencies, including the very largest, serve many 'owners and managers'. Sources of labour market information on vacancies or new opportunities include relatives, friends, classmates, school officials, and former fellow crew. Seafarers visit crewing agencies and the union hiring hall of AMOSUP for the latest job postings and announcements. The Rizal Park seafarer labour market in Manila is also a popular venue where seafarers effectively verify information about working conditions, policies as well as practices by crewing agencies and shipping firms.

The POEA website (www.poea.gov.ph) shows an accredited list of 417 crewing agencies, involved in recruitment, processing and deployment of seafarers. A list of the larger crewing agencies and the number of seafarers they processed in 2001 are shown in *Figure 6.1*. In 2002, and in recognition of their importance to the employment of overseas workers, the government of the Philippines awarded presidential honours to 20 crewing agencies deploying the largest numbers of seafarers. There were also presidential awards for "excellence", exemplary welfare programs and services in providing "moral and spiritual values; family services, human resource development, assistance in providing re-integration, and employee relations" (*Box 6.1*).

Seafarers recruited by wholly owned agencies are much more likely to experience continuity of employment and not suffer age discrimination. It is worth noting that these agencies feature prominently in the awards of presidential honours.

Box 6.1 Philippine government honours for crewing agencies

In 2002, through a presidential citation, the Philippine government recognized foreign shipping employers of Filipino seafarers, along with employers of other overseas Filipino workers. Some of the foreign employers were also cited for their “exemplary terms and conditions of work, which contributed to the workers productivity and quality performance”.

<i>Awards for excellence: Crewing/manning agencies</i>	
Arpaphil Shipping Corp. Bahia Shipping Svcs. Inc. Bergesen DY Phils. Inc. Blue Manila, Inc. Bright Maritime Corp. Crewserve, Inc. KGJS Fleet Management Manila, Inc. Leonis Navigation Company, Inc. Maersk-Filipinas Crewing Inc. Magsaysay Mitsui O.S.K. Marine, Inc.	New Filipino Maritime Agencies, Inc. North Sea Marine Services Corp Orient Ship Management Phils. Inc. Sealanes Marine Services. Inc. Southfield Agencies, Inc. Swedish Crewing Management, Inc. Task Agencies, Inc. Teekay Shipping Phils. Inc. TSM Shipping (Philis.) Inc. Ventis Maritime Corp.
<i>“Top performers” -- highest number of seafarers deployed overseas</i>	
Arpaphil Shipping Corp. Bahia Shipping Svcs. Inc. Bergesen DY Phils. Inc. Blue Manila, Inc. Bright Maritime Corp. Crewserve, Inc. KGJS Fleet Management Manila, Inc. Leonis Navigation Company, Inc. Maersk-Filipinas Crewing Inc. Magsaysay Mitsui O.S.K. Marine, Inc.	New Filipino Maritime Agencies, Inc. North Sea Marine Services Corp Orient Ship Management Phils. Inc. Sealanes Marine Svcs. Inc. Southfield Agencies, Inc. Swedish Crewing Management, Inc. Task Agencies, Inc. Teekay Shipping Phils. Inc. TSM Shipping (Philis.) Inc Ventis Maritime Corp.
<i>Exemplary welfare programs and services</i>	
<i>Moral and Spiritual Values:</i> OSM Shipping Philippines, Inc. JM International, Inc. Sea Power Shipping Enterprises, Inc	<i>Family Services:</i> NYK Filship Management, Inc. Oriental Shipmanagement Co., Inc Manpower Resources of Asia, Inc.
<i>Human Resource Development:</i> Singa Ship Management Phils., Inc. Jebsens Maritime, Inc Career Philippines Shipmanagement	<i>Socio-Economic Reintegration:</i> United Philippine Lines, Inc. Magsaysay Maritime Corporation
<i>Employee Relations:</i> Dolphin Shipmanagement, Inc.	

Crewing agencies are required to post bonds with the government to provide for seafarer claims. The revised regulations for employment agencies require a bond capital of PhPesos 2 million (roughly US \$ 40,000), half of which must be in escrow deposit and PhP 100,000 (\$ 2,000) in a surety bond as a guarantee for payment of possible claims. Current laws on licensing requires that at least 75 percent of the capital for crewing agencies engaged in the recruitment and hiring of seafarers must be owned and controlled by Filipinos. Foreign equity can contribute up to 25 percent of capital.

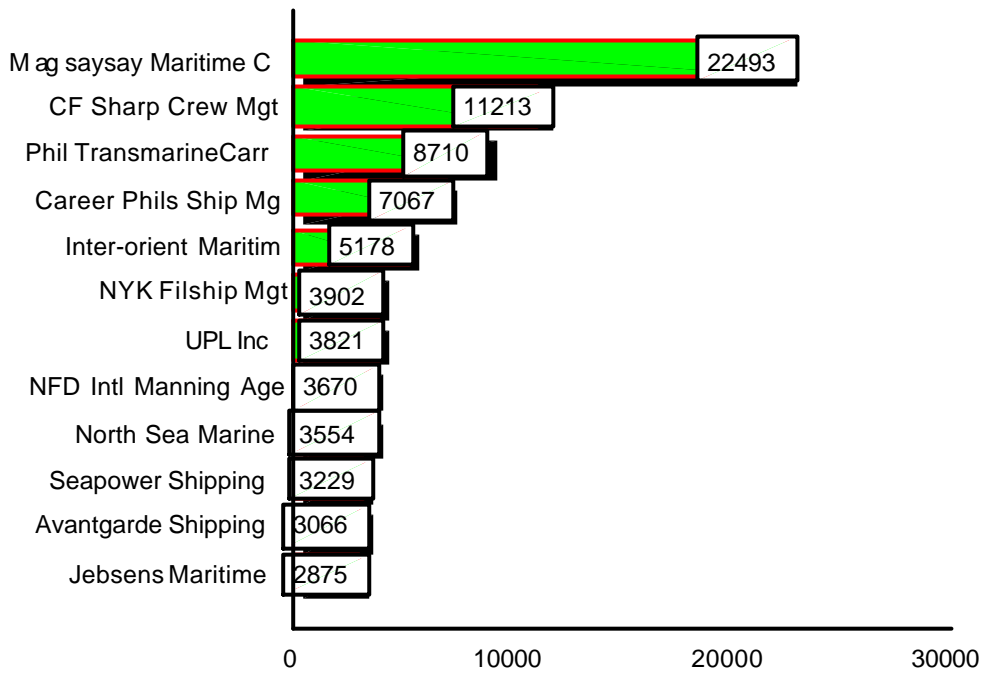
The largest crewing agency is Magsaysay Maritime Corporation (MMC) whose seafarer recruitment section processed jobs for 22,493 seafarers in 2001. According to company officials, their recruitment increased by 54 percent, to 34,695 seafarers in 2002.¹ According to its website, [Magsaysay Maritime Corporation \(MMC\)](#) “... has been providing competent crew for both cargo and luxury cruise ships since the 1970s and 1980s. [Its] principals are key players in chemical, container, pure car carrier, bulk and general cargo operations and leading cruise operators in Europe, America and Asia-Pacific. MMC selects prospective principals based on a shared commitment to the seafarers’ long-term employment and development. MMC's excellent pool of quality officers and crew is a product of concerted efforts in the recruitment, screening, selection and maintenance of each principal's fleet pool. They undergo careful screening based on the highest standards of qualifications set by both MMC and their respective principals. “

There is strong competition among crewing agencies, and the POEA website maintains a “watch list” of crewing agencies found guilty, or with pending cases of fraud and non-payment of salaries and remittances to seafarers. The POEA also maintains another “watch list” of OFWs, which includes seafarers. The ‘Watch List’ includes Filipinos who are temporarily disqualified from participating in the overseas employment program pursuant to decisions, warrants of arrest, hold departure orders rendered/issued by POEA,

¹ Interviews with Mr. Marlon Rono, MMC vice president; and Mr. Alexander Querol, crewing manager, January 8, 2003.

Philippine Courts and competent authorities. The authorization to access the Watch List is available to officials of the Philippine Labor Offices, POEA Regional Offices, licensed recruitment agencies and seafarer unions.

Figure 6.1 Top 12 crewing agencies in the Philippines (2001)



Top 12 crewing agencies, 2001

Numbers refer to seafarers. Source of data:POEA

The Rizal Park Labour Market

Philippine seafarers converge in Rizal Park, along Kalaw Street, which is in front of the largest crewing agency, Magsaysay Maritime Corporation. It is also within walking distance of the offices of many other crewing agencies, the Department of Labour and Employment, the seafarer union AMOSUP, and the government agency in charge of seafarer registration (MARINA).

On any weekday about a thousand seafarers gather in Rizal Park for an exchange of the latest information on job prospects. Some have recently disembarked, but many are unemployed. Crewing agents with urgent demands from shipping companies with difficult-to-find skills and competencies compete with each other in attracting qualified officers and ratings. Some seafarers with existing job contracts and waiting to board their ships are on the lookout for better prospects, signing in with new agents who offer better pay and working conditions.

'Runners' of crewing agents -- mostly young cadet ratings on apprenticeship duty with the recruitment outfit -- go around Rizal Park among the seafarers, with small posters on the latest urgent demands for crewing from shipping companies all over the world. Maritime students -- some finishing their college studies, some just graduated -- said that many of them serve in crewing agencies, work just like other staff but are unpaid. The young runners compete with each other in inviting prospective seafarer applicants to sign up for an application form and possibly, a call for an interview. Runners said they are required to have a good number (at least five or more) of applicants per job position before reporting back to the office.

Most of the seafarers in Rizal Park are from central and southern Philippines -- Ilonggo speaking seafarers from Iloilo and Negros islands, Cebuano speaking seafarers from Cebu and Bohol islands, and both Ilonggo and Bisaya speakers from Mindanao island. Seafarers gather and exchange information with each other by speaking in their own ethnic language.

Two seafarers start a conversation, others overhear and join in, and soon a small group is actively exchanging labour market information. Distinct small groups could be observed for the Ilonggos, the Bisayas, and occasionally, the Ilocanos and Pangalatoks (Pangasinan).

The seafarers' street has no public lavatories and no shelter. When it rains, seafarers rush to nearby buildings with awnings over the sidewalks. Seafarers said that there were efforts to provide sidewalk kiosks and shelter from rain, but Rizal Park authorities disapproved the proposal on grounds that it will provide a precedent with negative consequences for the whole Park.

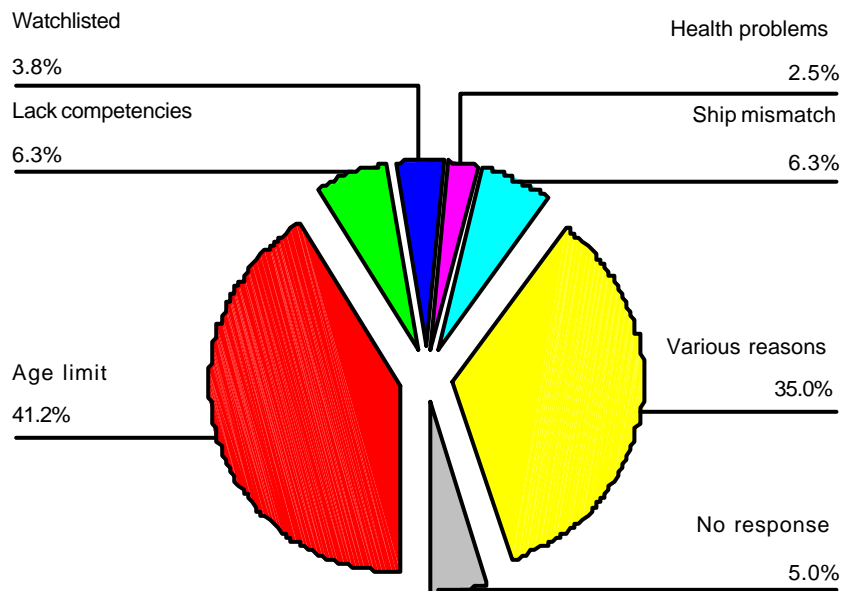
Rizal Park serves mostly the lower segments of the global labour market for seafarers, and is a good source of applicants to ensure choice of seafarers for emergency crewing. Agents from the top crewing industries are seen sometimes. Crewing managers said they do send their agents to the Park in case there is difficulty in recruiting a seafarer for a particularly urgent demand. Many officers who get recruited in Rizal Park are those sought by shipping managers whose specifications for experience are urgent, but are not easily available in agencies' reserve crew lists. This is especially true for gas or chemical tanker engineers, whose specifications for required experience are not easily available. Some crewing agencies prepare a list of available seafarers to respond to urgent demands from shipping employers. This practice is known as "manpower pooling", but some crewing agencies charge fees from seafarers for their names to be included in the list. Many agencies recruit in Rizal Park for chemical or gas carriers -- which seafarers say are dangerous ships, which they prefer to avoid.

Due to the Park's open and informal nature, unscrupulous crewing agents and impostors cheat seafarers desperate for jobs. There are "fixers" -- people who offer "assistance" (in return for payment), for seafarers to comply with the requirements for certificates of competency -- in effect, an offer for a fraudulent certificate. They usually connive with low-paid processing clerks and staff in government agencies involved in producing employment papers for seafarers, complete with signatures. Fixers offer

convenience, with no need for time consuming paper processing and follow up, including attendance in the training sessions. Representatives of health and medical clinics also offer free blood pressure check ups. Seafarers said that those who have difficulties complying with “fit to work” certificates could actually buy healthy urine and blood samples for a fee, to help in the health and medical certification for employment.

Most Rizal Park seafarers are doubtful of their chances of finding employment there. Many seafarers who converge in Rizal Park are unable to find employment with a crewing agency due to the following problems: age limit (41 percent); lacking a competency certificate (6 percent); ship mismatch with their job and skills (6 percent); watchlisted for ITF involvement (4 percent) (Figure 6.2)

Figure 6.2 Why Rizal Park seafarers couldn't find a job



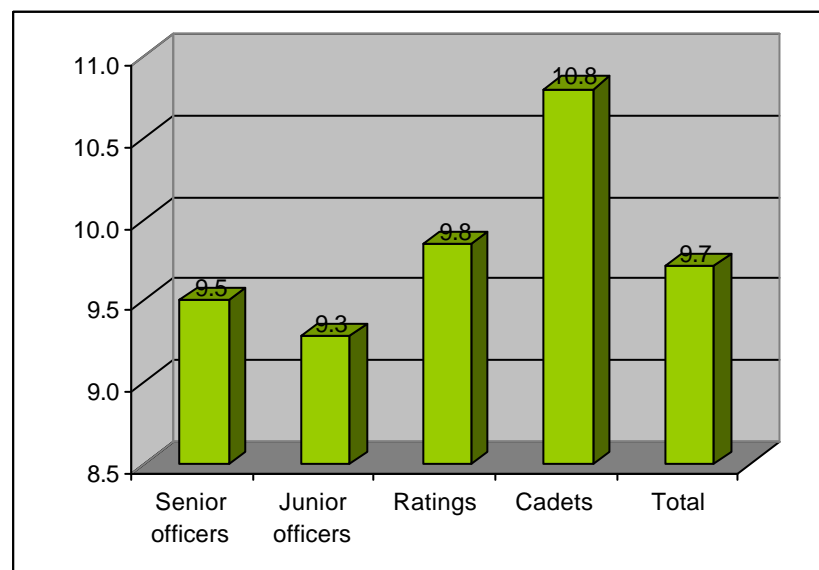
If seafarers are not successful with their job search, some plan to engage in small business (be a vendor, buy and sell goods -- 31 percent); work as a driver or mechanic (17 percent); teach maritime courses (11 percent); look for any job as a seafarer in inter-island, domestic shipping (7 percent); or do odd jobs.

In 2003, after persistent clamours from the seafaring industry, the Philippine government started to organize a one-stop processing centre for the 12 separate government offices involved in processing employment papers. Located at the POEA, and far from Rizal Park, it is possible that the seafarers will make the new centre a substitute venue.

Employment contracts

- Average length senior and junior officers contracts were 9 months. Ratings contracts averaged 10 months. The few cadets in the survey had average contracts of 11 months duration.
- There were some variations in contract duration by ship-type: passenger ships, 8.5 months; tankers, 9.2 months; bulk carriers, 10 months.

Figure 6.3 Average length of seafarer’s last contract, by rank



Note: in months.

Job title, length of employment at sea, and pay are specified in seafarers' employment documents. Contract extensions are however possible, since relatively few ships work to schedules. Thus, actual lengths of service aboard often differ from those stated on employment contracts. The POEA standard employment contract for seafarers specifies that work at sea should not be longer than 12 months. A recent Supreme Court decision confirmed that seafarers under Philippine labour laws are subjects of fixed-term contracts and, continuity notwithstanding, cannot be regarded as regular or permanent employees (*Box 6.2*).

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Box 6.2 Precedent court decision on employment of seafarers

In 1989, Douglas Millares and Rogelio Lagda were chief engineers who requested for optional retirement under their employers' Consecutive Enlistment Incentive Plan (CEIP), after 20 years of service. Their employer, Esso International, denied their request on the following grounds: (a) they are employed on a contractual basis; (b) their contracts did not provide for retirement before the age of 60 years; (c) they did not comply with the requirement to submit a written advice to the company of their intention to terminate employment within thirty days from the last disembarkation date. The employer further considered them absent without leave, and dropped them from the rolls. Millares and Lagda filed a complaint with the POEA, for illegal dismissal and non-payment of employee benefits. The POEA dismissed the complaint, and Millares and Lagda appealed to the NLRC who sustained the POEA decision.

The Supreme Court recognized both seafarers as regular employees entitled to optional retirement and separation benefits. The Supreme Court reversed the NLRC decision, and ordered: (1) reinstatement of Millares and Lagda to their former positions; (2) if reinstatement is not possible, payment of separation pay equivalent to one month's salary for every year of service; and (3) pay the petitioners 100 percent of their credited contributions under the Consecutive Enlistment Incentive Plan (CEIP). (*Millares and Lagda vs. NLRC and Trans-Global Maritime Agency, Inc. and Esso International Shipping Co., Ltd.; GR 123619, March 14, 2000*). The case was decided after 10 years, including appeals. However, the shipping employer and the Filipino Association for Mariners Employment, Inc. (FAME), the umbrella organisation for crewing agencies, moved for reconsideration. Subsequently, the Supreme Court reversed itself, and decided that seafarers **indeed are fixed term contractual employees**. The Court recognized the validity of fixed term employment contracts, agreed upon freely and voluntarily by seafarers and

their employers. The employers were ordered to pay the seafarers their total credited contributions under the retirement plan.

Source: Philippine Supreme Court, *Millares and Lagda vs. NLRC and Trans-Global Maritime Agency, Inc. and Esso International Shipping Co., Ltd.*; GR 110524, July 29, 2002).

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Under Philippine labour law (Article 280 of the Labour Code), employees are considered regular if they are continuously hired or employed after a probationary period of usually six (6) months. Their employment is considered “necessary or desirable in the usual business or trade” of the employer. The law however provides for exemptions in cases of fixed term, “for specific projects or undertaking the completion of which has been determined at the time of the engagement of the employee, or where the work or service to be employed is seasonal in nature”. The POEA’s Standard Employment Contract (Part I, Section C) for seafarers further provides that “employment shall be for a fixed period but in no case to exceed 12 months, and shall be stated in the Crew Contract. Any extension of the Contract period shall be subject to the mutual consent of the parties”. Seafarers however are eligible for rehiring, subject to qualifications, after a period of rest onshore.

Job search

- Job search includes the time spent applying, processing papers for a new employment contract, and the waiting time to board the ship. Seafarers spent an average 7.2 months in job search. Senior officers spent 7.3 months, junior officers slightly less, at 6.9 months and ratings 7.3 months. Cadets had the longest job search period at 13 months.

Coastal and inter-island work experience

- Many seafarers have work experience and training in domestic shipping (41 percent), before joining the global labour market. Others had work experience in fishing boats and training ships (9 percent). Many seafarers started in domestic ships as deckboys or

cadets (18 percent); as mess stewards (4 percent) and as oilers or wipers (5 percent).

- In between jobs in the global labour market, only 8.5 percent of seafarers had shore-based jobs. Few seafarers said they look for land-based jobs, in between jobs at sea.

Did the seafarer's job change when moving to foreign vessels? Most seafarers (81.3 percent) said that they had an upward career movement when moving to employment in foreign vessels. Only 15 percent (mostly ratings) said they had the same job level or job group in both their foreign and domestic ships.

Experience with mixed nationality crews

- Seafarers in the survey said that they work in ships with multinational crews, but mostly with many Filipinos aboard. A few said that full Filipino crews are common in the Asian routes.
- Filipino seafarers said they work mostly with vessels commanded by captains or masters from Europe (27 percent); Japan (14 percent) or the Philippines (14 percent); and Greece (13 percent)
- Chief mates and chief engineers were reported mostly from the Philippines (22 percent); Western Europe (17 percent); Eastern Europe (Croatia, Ukraine, Poland, Russia), 9 percent; Japan (9 percent).
- Junior officers were reported to be mostly from the Philippines (72 percent), India (5.5 percent); Baltic states (4.6 percent).
- Seafarers also said that the principal nationality of ratings in their last ship were Filipinos (88 percent). Seafarers also work with ratings that were of Asian nationality (2 percent -- from India, Pakistan, China, and Korea).

Figure 6.4 Nationality of masters in last ship

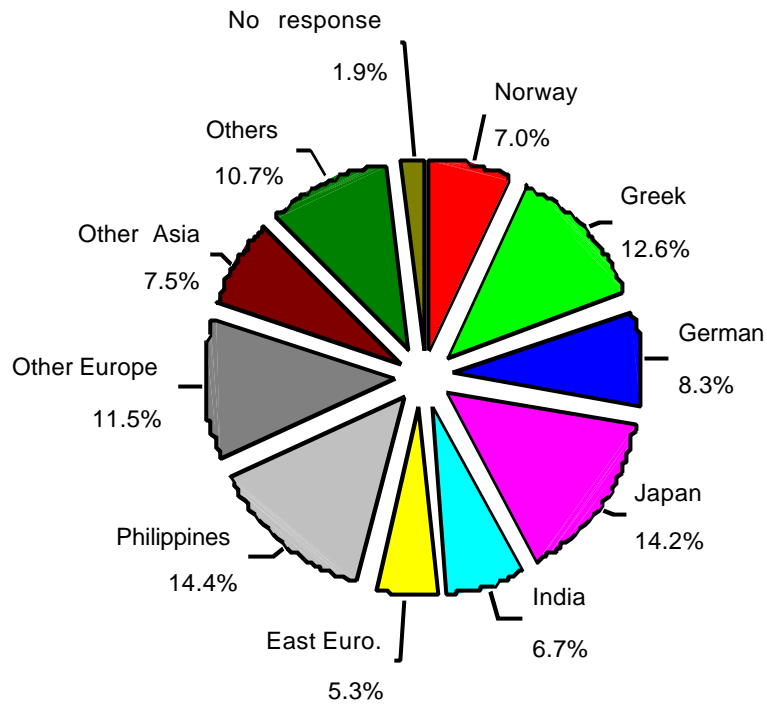


Figure 6.5 Nationality of Chief Officers & Chief Engineers in last ship

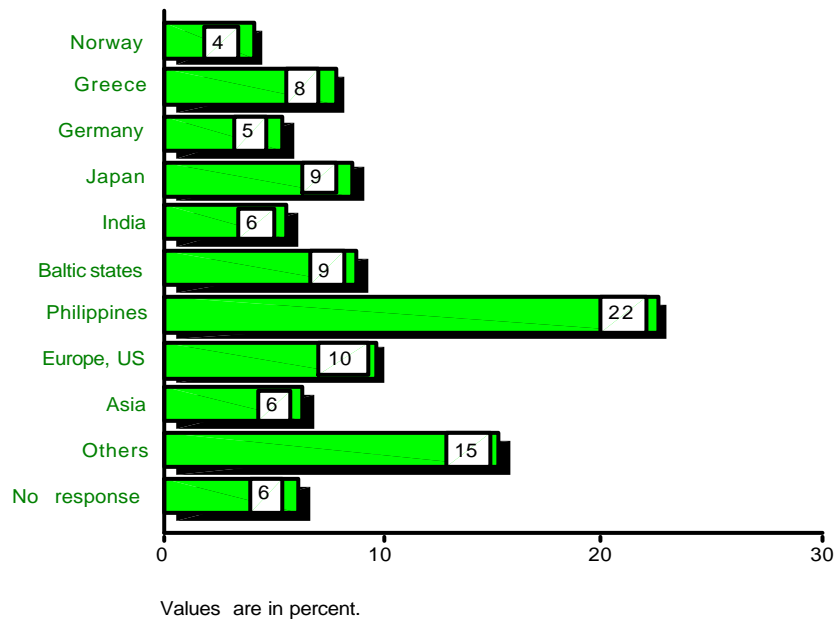


Figure 6.6 Nationality of most junior officers in latest ships where Filipino seafarers work

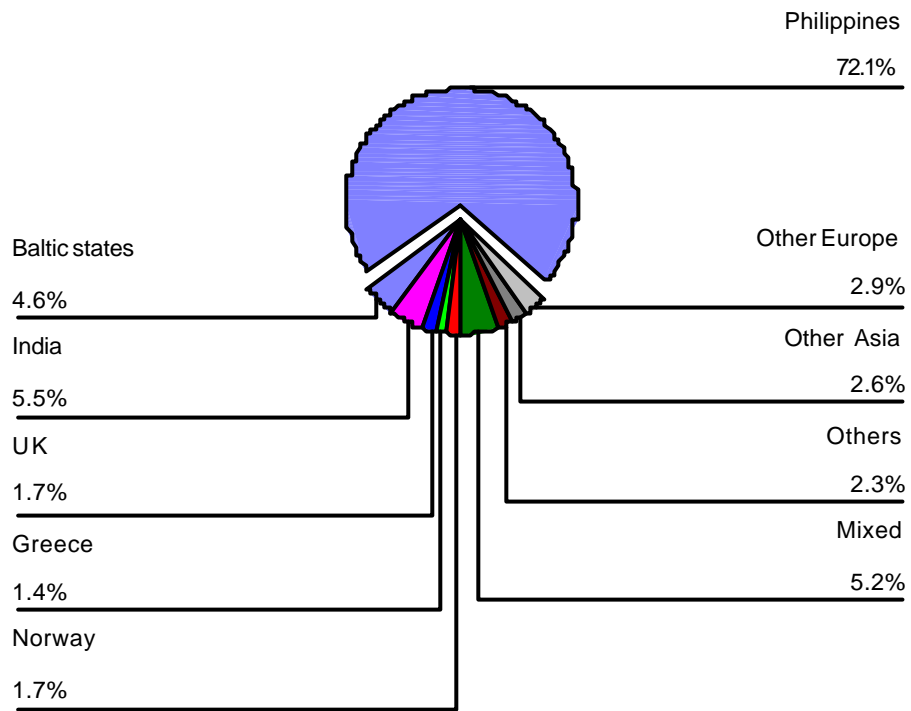
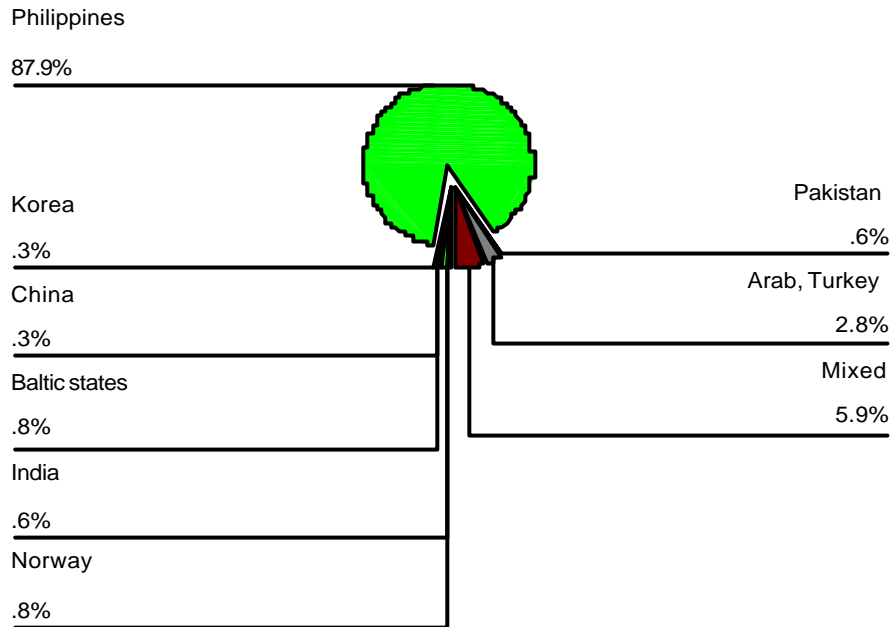


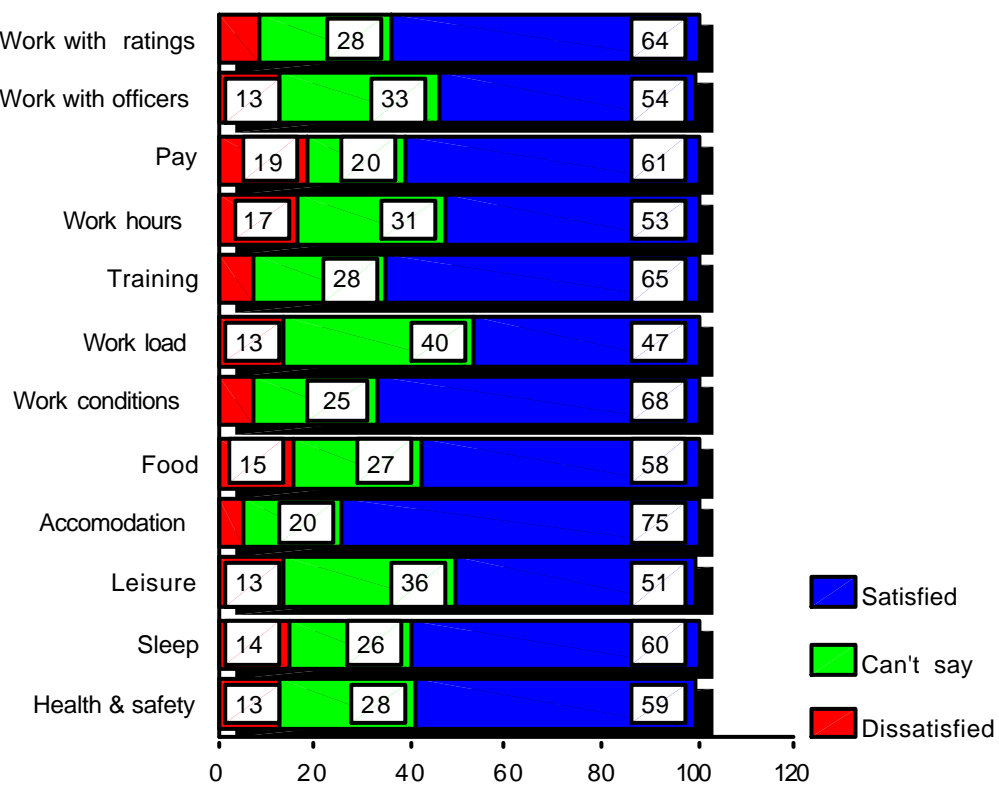
Figure 6.7 Main nationality of ratings in last ship



Filipino seafarers' job satisfaction

- Filipino seafarers said they are generally satisfied with aspects of their working conditions. Except for workload, leisure and work hours, most aspects of working life onboard are satisfactory (60 percent or more are satisfied).
- The items that registered the highest percentages for job satisfaction (or lowest rates of dissatisfaction) of seafarers are the following: accommodation (75 percent are satisfied); working conditions (68 percent); training (65 percent); and work relations among ratings (64 percent).
- Items that registered the highest rates of dissatisfaction (or lowest rates of satisfaction) are the following: pay (19 percent are dissatisfied); working hours (17 percent); food (15 percent); and sleep (14 percent).

Figure 6.8 Job satisfaction of Filipino seafarers in last ship



Note: Figures in percent.

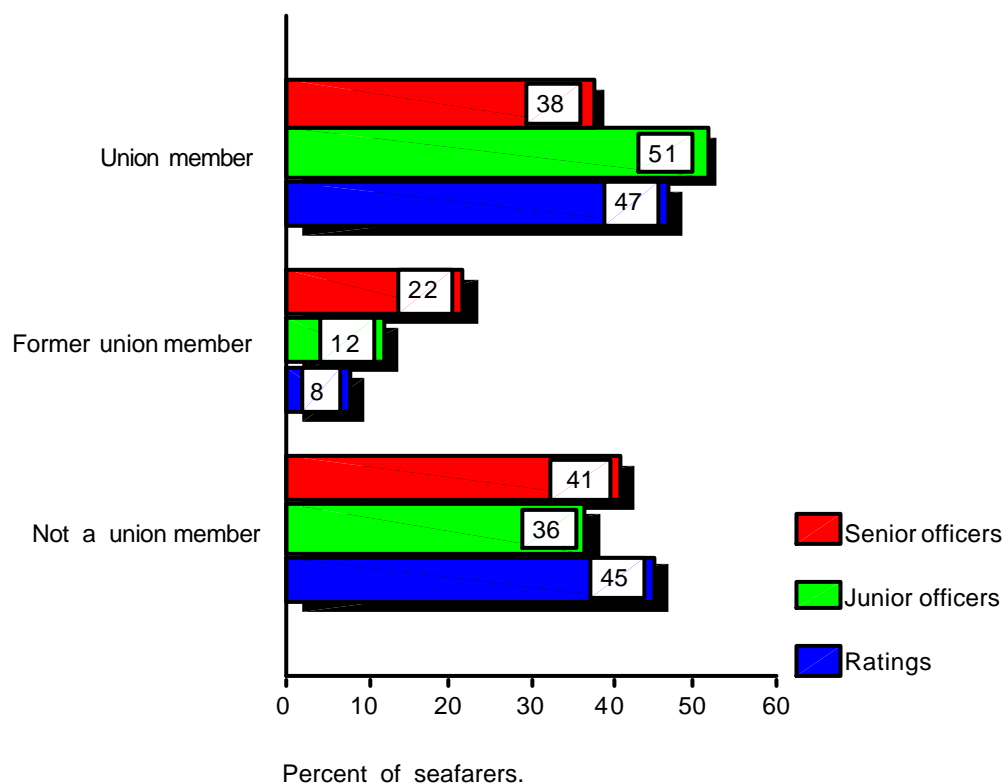
Union membership of seafarers

- 47 percent of respondents said they are union members, and 10 percent said they were former union members.
- About 43 percent said they are not a member of a union.
- A greater percentage of junior officers (51 percent) and ratings (47 percent) are union members, compared to senior officers (38 percent).

Union membership is for the duration of the seafarers' employment contract. Collective bargaining agreements may include all Filipino seafarers in a given voyage (union shop provision). Membership fees of mostly \$ 5 monthly are automatically deducted from the seafarers' pay.

While most seafarers have positive views about their union, open ended comments also indicate very limited or zero awareness of freedom of association, and the rights to collective bargaining, negotiations, grievance procedures, and disputes settlement. No seafarer interviewed recalls participation in any union election, and many complained about not receiving any report, which explained or accounted for their union contributions.

Figure 6.9 Seafarer's union membership (by job group)



Seafarer unions in the Philippines

There are six seafarer unions in the Philippines. By far the largest is the **Associated Marine Officers and Seamen's Union of the Philippines (AMOSUP)**, recognised as the biggest seafarer union in the Philippines. The union, through its president Captain Gregorio S. Oca, is represented in various policy-making bodies with government and industry, including sectoral seafarer conferences in the ILO. It is affiliated with the ITF. A local publication reported that there were 30,000 AMOSUP members in 2001.² In an interview, a key official of the union said that they have 55,000 members in 2002. A recent newspaper report says that in 2003, AMOSUP has 75,000 members.³ Among the explanations for variations is the fact that when seafarers finish their employment contracts aboard and are unable to find new employment for a long time, union membership ends.

Another union with a significant presence is the **Philippine Seafarers Union (PSU)**, (President: Mr. Democrito Mendoza; German Pascua, vice president). The PSU is affiliated with the Associated Labor Union - Trade Union Congress of the Philippines (ALU - TUCP), and also affiliated with ITF. PSU seafarer members work mostly in Asian routes, mainly with Japanese ships. PSU estimates it has 5,000 members.

The **United Filipino Seafarer (UFS)** (website: www.ufs.org), with Mr. Nelson Ramirez as President traces its origin in the Rizal Park seafarer street labour market. The UFS publishes a newspaper, *Tinig ng Marino* (Voice of the Seafarer), and Mr. Ramirez also broadcasts a regular radio program. This union claims 20,000 members.

The other unions reported to have collective bargaining agreements with shipping employers are: **International Seamen's Mutual Labor Association (ISLA)**; **Philippine Officers & Seamen's Union (POSU)**; and the

² *Shipmate Magazine*, December 2001 p. 5

³ *Philippine Daily Inquirer*, July 21, 2003, p. A6.

Marine Transport Employees Union (MATEU), with domestic seafarers mostly as members.

Another seafarers' group, the **Mariners' Association for Regional and International Networking Organization (MARINO)** provides educational, organizational and para-legal advice to seafarers, with support from the Swedish Service and Communications Union (SEKO), an ITF affiliate. MARINO is trying to organize the seafarers that converge in the Rizal Park. There are reports of another group, the **Filipino Seafarers Movement (FSM)** but no further details are available.

Another organization, the **International Seafarers Action Centre (ISAC)** was recently organized, to provide legal and para-legal services to seafarers that pursue claims for work-related disability, sickness and injuries as well as death benefits for dependents.

There are various support organisations for Filipino seafarers in other countries. The **Filipino Maritime Network in Japan (FMN)** was organized in 1996 by people involved in the maritime industry, who live and work in Tokyo and nearby areas. The objective of the organization is "...to promote the welfare and upgrade the quality of Filipino seafarers". It is not known whether or not FMN is still active. Based in Rotterdam, the Netherlands, the **Philippine Seafarers' Assistance Program (PSAP)**, conducts information and education activities on seafarers rights. PSAP also provides a forum for discussion on issues and concerns of the sea-based workers and their families. PSAP estimates that around 300 Filipino seafarers pass through Rotterdam each day.⁴ Hundreds work aboard Dutch ships, while a number of Filipino residents in the Netherlands successfully applied for jobs with Norwegian, German and other European ships. Some 300 Filipino men and women work on production platforms run by American, Norwegian, British, and Dutch companies in the North Sea.

⁴ Interviews with Mr. Nonoy Ty, PSAP volunteer and Dr. Peter Payoyo, PSAP Programme Manager, 20 to 21 June 2002.

7. Conclusions

The Philippines continues to be a significant supplier of seafarers in the global labour market. This phenomenon occurs in the context of continuing efforts by global shipping companies to cut costs, rationalise crewing, and comply with, among others, international conventions on maritime labour and protection of the environment. There is also a diversity of countries where global seafarers came from, giving prominence to multinational crews. High unemployment, widespread poverty and low national income meanwhile characterise the Philippine economy, which ‘pushes’ people to find jobs as overseas Filipino workers. The country’s heavy foreign debt burden (US\$60 billion as of 2002) and the perennial trade deficit (\$137.54 million in August 2003)¹ puts pressure against the balance of payments and economic performance. Philippine seafarers, together with other Filipinos working overseas, have become a vital lifeblood of the national economy.

Filipino seafarers in this survey were mostly from the poor maritime areas in the Visayas and Mindanao. They came from large families, and their parents were either fishermen, farmers, or self-employed workers. The choice of a seafaring career was a way out of poverty, with the added attraction of “earning dollars and seeing the world for free”, proclaimed by gleeful maritime school brochures. Parents sacrificed their incomes to pay the \$5,000 tuition and other schooling costs needed for a 4-year program, and even brothers, sisters and other relatives were enlisted financially for help. The cost to complete an officer-level maritime course was about 5 times the average per capita income in the Philippines.

The Philippines has the world’s largest number of maritime education and training institutions (76 universities and colleges with maritime courses, and 41 training centres) which complied with the IMO STCW’95 standards. It is estimated that these schools had a total of 108,000 maritime students, but CHED records show there were only 8,961 officer-graduates in 2001; there are

¹ National Statistics Office (NSO), Philippines. Key Indicators. <<http://www.nscb.gov.ph>> [Accessed 31 August 2003]

no statistics for the number of ratings-graduates. POEA reports that between 2001 and 2002 there were 5,004 new seafarers deployed. This means that for every 100 students, there were only 5 new seafarer jobs available in 2002. Many students are unable to finish a maritime college course, due to among others, limited placements for cadetship, and the relatively high costs of maritime education. There is simply an oversupply of maritime graduates in the Philippines, compared to the demand by the seafaring industry to employ them.

After 10 years of basic elementary and secondary schooling, young Filipinos enrol in a maritime school at age 16, and graduate 3 or 4 years later at age 20, then begin their sea career soon thereafter. In this survey, the average seafarer work experience is 11 years on and off, with 6 to 9 months work contracts. Non-regular employment contracts onboard characterise the engagement of Filipino seafarers in the global labour market. Seafarers intend to stop work at sea when they reach 50 years of age, on the average.

Aside from the shipping employers and crewing agencies, stakeholders in the Philippine seafaring industry include seafarer unions and organisations. While government policy, expressed in various laws, aims “to ensure qualified, competent and globally competitive Philippine seafarers”², labour market regulation remains decentralised in a plethora of state institutions with their own specialisation’s, histories, mandates and constituencies. At the same time, Philippine labour laws reflect the tensions faced by the State in exploiting the global demand for Filipino labour, and the need to protect workers from abuse and exploitation. The quality of maritime education and training directly affects the seafarers’ competencies and skills, which in turn reflects on the performance of their job assignments, pay and working conditions in the global labour market. The following key conclusions on maritime education and training (MET) emerge from this survey.

- There is a need to review the existing framework and instruments of regulation (evaluation and assessment) of MET institutions, particularly

with respect to quality standards on admission of students, size, comfort level and adequacy of classrooms, equipment, library, laboratory, teaching staff, teaching methods, staff recruitment, student to teacher ratio, cadetship placements, and related learning resources. New legislation is needed to strengthen the monitoring, review and assessment of schools and training centres. Assessors of maritime programs and training courses need to be with an independent competent body with regular financial allocations.

- Maritime schools do not have common academic and physical-fitness standards for applicants to be admitted to maritime courses. It is possible for a student refused admission in a maritime program in one school to be admitted in another school. There is a need for CHED to develop a “national maritime admission examination” for applicants to marine transport and marine engineering programs, associate nautical & marine engineering, and related maritime courses. Legislation is needed to strengthen CHED’s power to phase out programs and schools, which fall below standards.
- With an oversupply of maritime graduates who could not be employed by the seafaring industry, there is irrationality in the allocation of resources (human, financial and physical) in 7 government-owned schools and colleges offering maritime courses, in the different areas of the country. There must be a way to reallocate resources devoted to government-owned MET institutions, towards more selective admission, excellence and greater employability of maritime graduates.
- While some top maritime schools have strong linkages with shipping employers, most MET institutions simply admit students based on quantitative targets, with no regard for job placements after graduation. There is a need for schools to consider places for shipboard training (cadetship and apprenticeship), when determining student admission. The CHED needs to incorporate successful seafarer job placements in their evaluation of the maritime schools’ performance.

² Republic Act 8544 of 1998, “An Act Regulating the Practice of the Merchant Marine Profession in the Philippines.

- Legislative amendments are needed in the maritime curriculum, to reduce the time devoted for required military training, or compulsory humanities for instance; more options to study other foreign languages, or more time for English language competencies, etc.. and alternatives to the usual 3 – 1 curriculum (with incentives to pursue the 2 – 1 – 1 or 1 – 1- 2 model).
- Various forms of foreign assistance complement government resources allocated to the annual budgets of MET institutions. There is a need however to review and rationalise how these programs respond to the current realities of the global seafarer labour market. There are no specific resources devoted to upgrade maritime education, particularly the acquisition of new learning equipment and methods to the latest specifications by industry. There are gaps in processes, which lead to the certification of skills and competencies for both officers and ratings, as they progress in their careers. Efforts however exist in the officer certification agency, the Professional Regulation Commission (PRC), to develop test item banks to benchmark latest world-class standards, and to computerise licensure examinations along with flexible, walk-in schedules.

In the areas of industrial relations and disputes settlement, Philippine labor laws and court decisions guide seafarer industry stakeholders in their recruitment and employment practices. Unlike other maritime countries, there is however no specialized maritime court in the Philippines, which could have jurisdiction over disputes on shipping, labour disputes between seafarers and employers, compensation claims, shipping disasters, and the like. Interviews with seafarers during the survey revealed a list of common problems in their employment in the global labour market. These most common problems are the following:

- Age limits as a form of employment discrimination.
- Watchlisting (or blacklisting) of seafarers;
- Increased costs for identity documents of seafarers, i.e. visa requirements in US ports.

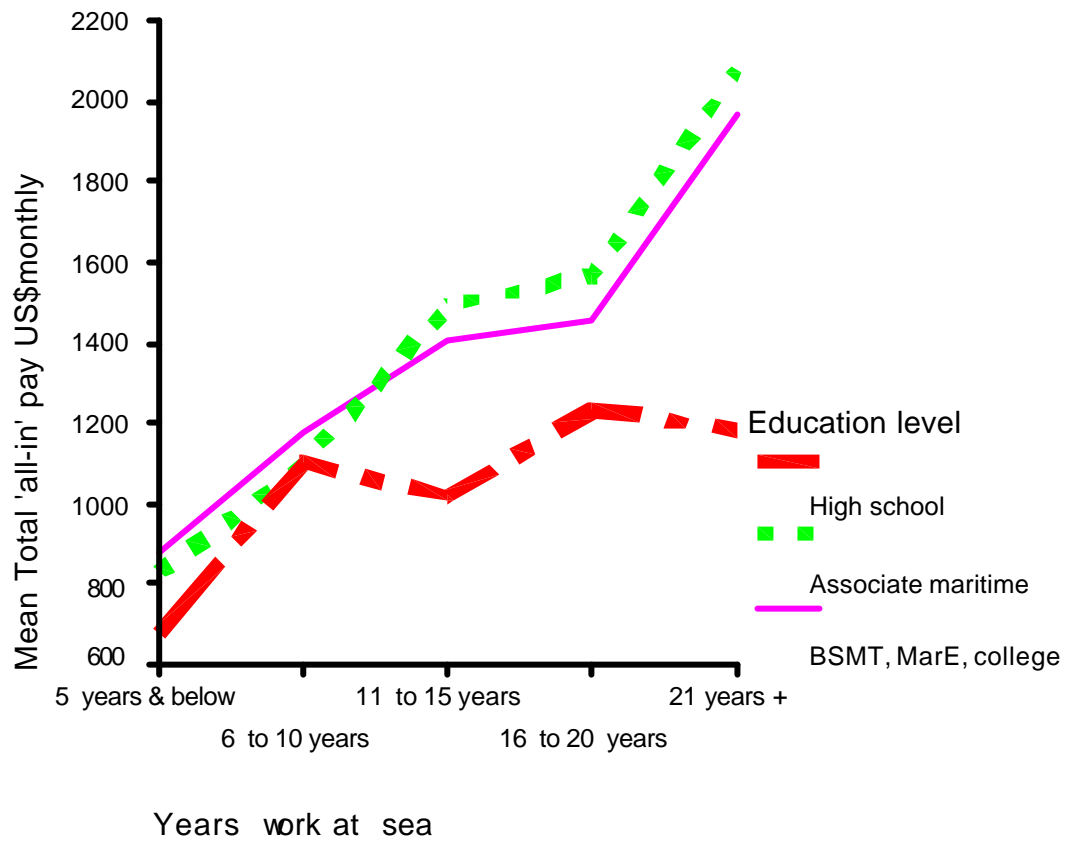
- Contract substitution by employers.
- Non-compliance of seafarer contracts by unscrupulous employers.
- Reduction in compensation; delayed or non-payment of salaries.
- Exorbitant interest rates for overseas employment placement.
- Onerous requirements for medical examinations and certifications.
- Inadequate food and accommodation aboard.
- Lack of awareness of grievance procedures aboard.
- Limits on postponement of cases for illegal dismissals and claims.
- Irrelevant ‘cash cow’ training outside of STCW95 requirements.
- Medical and educational assistance for seafarers’ families and dependents.
- Need for a labour market information center for seafarers.
- Action on ambulance chasers,³ who victimize seafarers and their families pursuing claims for accidents, injuries or death.
- Need for more expertise for the mediation, conciliation and voluntary arbitration of disputes involving seafarers and their employers.

Philippines industry leaders and officials continually express the hope that the country maintain its top position, or even further enlarge its share of the global labour market. The conclusions derived from this profile of Philippine global seafarers point to the need to pursue more vigorous and sustained policy reforms to strengthen maritime education and training, with benchmarks as well as standards consistent with best practices in leading countries. At the same time, the protection and welfare of seafarers through labour market regulation requires more resources to be allocated to the institutions and agencies which deal with them. The forthcoming consolidation of ILO maritime labour conventions will test the capacity and readiness of the Philippine seafaring industry to realise more decent work for the seafarers, a core dimension of global labour market competitiveness.

*** *** ***

³ “Ambulance chasers” are lawyers who, in return for authorising them as case handlers or signing waivers, offer huge sums of money and cash advances for distressed seafarers (and other OFWs, and their families) pursuing legal claims for compensation as a result of injury, sickness or death.

Figure 5.7 Pay curve by education level & work experience



**Appendix 1.a Sample maritime education curriculum: BSMarine Transport
NIS – supported Project Alpha program (1 – 1 - 2 model)**

First year:

<i>First semester</i>	Lec	Lab	Units	<i>Second semester</i>	Lec	Lab	Units
English Communication 1	3	0	3	English Communication 2	3	0	3
College Algebra	3	0	3	Plane Trigonometry	3	0	3
Filipino 1	3	0	3	Filipino Literature	3	0	3
General Physics 1	3	3	4	General Physics 2	3	3	4
Aptitude for Service / Shipboard Practice / Ethics	3	0	3	Basic Marine Engineering & Electro-Technology	2	1	3
Ship Organization, ... Class., Sea & Ground Tackle	3	0	3	Cargo & Handling Stowage	3	0	3
Elements of Navigation	3	3	4	Celestial Navigation & Safety Awareness	3	3	6
Basic Swimming, Floating, Knots, Hitches, Bends ...	1	0	1	Values & Professional Ethics	3	0	7
Meteorology & Oceanography	3	0	3	Practical Seamanship	3	0	3
Physical Education 1	1	3	2	Physical Education 2	1	3	2
Naval Reserve Officer Training Corps (NROTC) 11			(1.5)	Naval Reserve Officer Training Corps (NROTC) 12			(1.5)
<i>Total</i>	<i>26</i>	<i>9</i>	<i>29</i>		<i>27</i>	<i>10</i>	<i>31</i>

Notes: Lec: hours of classroom lecture Lab: hours of laboratory work.
Units: credit units

Second year: Summer Classes on SOLAS & One year Sea Service

Third year:

<i>First semester</i>	Lec	Lab	Units	<i>Second semester</i>	Lec	Lab	Units
Nautical Astronomy	3	3	4	Latitude, Longitude, Azimuth	3	3	4
International Rules of the Road & IMO Regulation	3	0	3	Stability & Trim	2	3	3
Western Condition & Forecasting	3	0	3	Technical Report Writing	3	0	3
Business English	3	0	3	Phil Govt & Constitution	3	0	3
Solid Mensuration & Spherical Trigonometry	3	0	3	Personality Development & Public Relations	3	0	3
General Chemistry	3	3	4	Computer Programming 1	2	1	3
Fundamentals of Typewriting	0	3	1	Marriage & Family Relations	3	0	3
Physical Education 3	1	3	2	Physical Education 4	1	3	2
Naval Reserve Officer Training Corps (NROTC) 21			(1.5)	Naval Reserve Officer Training Corps (NROTC) 22			(1.5)
<i>Total</i>	<i>19</i>	<i>12</i>	<i>23</i>		<i>20</i>	<i>10</i>	<i>24</i>

Summer training class on (total of 3 units):

**SOLAS, Personal Survival at Sea, Life Saving and First Aid, Survival
Craft Handling, Rowing Abandon Ship, Damage Control & Preservation of
Life at Sea, Firefighting & Fire Prevention**

Fourth year:

<i>First semester</i>	Lec	Lab	Units	<i>Second semester</i>	Lec	Lab	Units
Practical Problems in Navigation	3	3	4	Electronic Satellite Navigation	3	3	4
Shipyard Practice, Ship Maintenance, Hull Preservation	3	3	4	Marine Insurance, Foreign Trade, Business	3	0	3
Ocean & Marine Pollution	3	0	3	Economics & Soc. Sci.	3	0	3
Visual & Audio Communication	3	0	3	Rizal's Life & Works	3	0	3
Marine Laws & Coastwise Trade	3	0	3	General Psychology, Drug Abuse Education	3	0	3
Grammar in Spanish	3	0	3	Spanish 2	3	0	3
Computer Programming 2	2	1	3	Taxation & Land Reform	3	0	3
<i>Total</i>	<i>20</i>	<i>7</i>	<i>23</i>		<i>21</i>	<i>3</i>	<i>22</i>

**Appendix 1.b Sample maritime education curriculum: BSMarine Engineering:
NIS – supported Project Alpha program (1 – 1 - 2 model)**

First year:

<i>First semester</i>	Lec	Lab	Units	<i>Second semester</i>	Lec	Lab	Units
College Algebra	3	0	3	Solid Mensuration & Spherical Trigonometry	3	0	3
Plane Trigonometry	3	0	3	Hand Power Tools	0	6	2
English Communication Arts 1	3	0	3	Marine Engr Mainten.	0	6	2
General Physics	3	3	4	Marine Plant Operation	3	3	4
General Chemistry	3	3	4	English Comm. Arts 2	3	0	3
Machine Tools	2	6	4	Marine Electronics Tech	4	3	5
Mechanical Science	3	0	3	Ship Nomen. & Practical Seamanship	3	0	3
Workshop 1	0	6	2	Thermodynamics 1	3	0	3
Engineering Drawing 1	1	3	2	Values Education 1	3	0	3
Physical Education 1	0	0	2	Physical Education 2	0	0	2
Naval ROTC 11			1.5	Naval ROTC 12			1.5
<i>Total</i>	21	21	31.5		22	18	31.5

**Second year: BSC Training, Firefighting, Survival Training
& One year Sea Service**

Third year:

<i>First semester</i>	Lec	Lab	Units	<i>Second semester</i>	Lec	Lab	Units
Shipboard Practice & Professional Ethics	3	0	3	Elements of Electrical Engineering	2	3	3
General Physics 2	3	3	4	Internal Combustion Eng	2	3	3
Engineering Materials & Testing	3	0	3	Steam Engineering 1	2	3	3
Engineering Drawing	1	3	2	Fuel, Oil & Lubricants	2	0	2
Differential Calculus	4	0	4	Thermodynamics & Heat Transmission	3	0	3
Advanced Workshop Practice	0	6	2	Tax., Land Reform ...	3	0	3
Rizal's Life, Works & Writings	3	0	3	Integral Calculus	4	0	4
Business English & Correspond.	3	0	3	Technical Report Writing	3	0	3
Physical Education 3	1	0	2	Naval ROTC 22			1.5
Naval ROTC 21			1.5				
<i>Total</i>	22	12	27.5		21	9	27.5

Fourth year:

<i>First semester</i>	Lec	Lab	Units	<i>Second semester</i>	Lec	Lab	Units
Ship Construction & Machinery	1	3	2	General Psychology	3	0	3
Filipino 1	3	0	3	Filipino 2	3	0	3
Phil. Govt. & Constitution	3	0	3	Marine Ref. & Aircon.	2	3	3
Operation & Maintenance of Main Auxiliary Machineries	3	0	3	Basic Computer System	3	0	3
Internal Combustion Engine 2	2	3	3	Maritime Law 1	3	0	3
Steam Engineering 2	2	3	3	Personnel Management, Organization & Training	3	0	3
Engr. Mechanics & Hydraulics	5	0	5	Basic Naval Arch. With Intro to Design	1	3	2
AC & DC Machinery with Marine Electrical System	3	3	4	Fundamentals of Automation & Instrument.	2	3	3
				Strength of Materials	3	0	3
<i>Total</i>	22	12	25		23	9	26

Appendix 2. Important laws and policies on Philippine seafarers

Laws on education, training and employment:

Republic Act 8544 (1998). Partially in response to the amended STCW78. “An Act Regulating the Practice of the Merchant Marine Profession in the Philippines”, which prescribes rules for the examination and certification of marine deck officers and engineers under the Professional Regulation Commission (PRC). Amended further by Republic Act 8981 (2000), the “PRC Modernization Law”.

Republic Act 8042 (1995). Migrant Workers and Overseas Filipinos Act, “to institute policies on overseas employment and establish a higher standard of protection and promotion of the welfare of migrant workers, their families, and overseas Filipinos in distress”.

Republic Act 7722 (1994). The “Higher Education Act”, which established an independent Commission on Higher Education (CHED), which among others, regulates the curriculum and operation of maritime colleges, for compliance with STCW standards.

Republic Act 7796 (1994). Established the Technical Education and Skills Development Authority (TESDA), which provides for national occupational skills standards. TESDA was mandated to develop and implement a certification and accreditation program for trade tests, the result of which is the Seafarers Assessment and Certification Program.

Republic Act 3680 (1963). Converting the Philippine Nautical School into the Philippine Merchant Marine Academy (PMMA). The School traces its origin to a Spanish Royal Decree in 1820, which established the Escuela Nautica de Manila.

Spanish colonial law: Code of Commerce

Title Two concerns regulations for people engaged in maritime Commerce; Article 627 specifies officers who assume duties and liabilities to replace the captain in case of his absence, sickness and death.

Presidential decrees (President Ferdinand E. Marcos):

Presidential Decree 442 (1974). The Labour Code of the Philippines. It has laws on hiring and employment of seafarers, creation of the National Seamen’s Board (NSB), operation of crewing agencies, overseas employment, unionism, disputes settlement, collective bargaining, strikes etc..

Presidential Decree 474 (1974). Created the Maritime Industry Authority (MARINA), whose tasks, among others is to issue the Seafarers Identification and Record Book (SIRB).

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Appendix A. Explaining pay variations among Filipino seafarers

The most common method of analysing variations in pay is to fit an earnings equation of a semi-logarithmic form, with both labour supply and labour demand variables in the right hand side as explanatory factors. These are referred to as the Mincerian earnings function.¹ The analysis takes off from the idea that schooling and work experience are investments in human capital, with significant, positive effects upon earnings. The relationship between education, work experience and earnings has been well established and found to be stable – the basis for huge government budgets, bank loans, and development assistance for intervention programs in education and training.² The general form of the earnings equation is:

$$\text{(Equation 1) } \ln \text{ PAY} = f(\text{WORK EXPERIENCE, EDUCATION, seafarer characteristics, employer characteristics})$$

where $\ln \text{ PAY}$ is the natural logarithm of total ‘all-in’ pay, among the seafarers. The semi-logarithmic form allows the interpretation of the coefficients for dummy variables as a percentage effect upon pay;

PAY is total earnings (basic + overtime pay) of the seafarer.

The observed human capital variables are:

WORK EXPERIENCE is the number of years at work at sea which is the seafarer’s labour market experience.

¹ Mincer, Jacob (1974). *Schooling, Earnings, and Experience*. New York: Columbia University Press, 1974.

² Becker, Gary S. (1993). *Human Capital: A Theoretical and Empirical Analysis with Special Reference to Education*. Chicago: University of Chicago Press.

and SCHOOLING is the number of years for schooling, or which represents (“dummy variable” for) level of educational attainment. Schooling, or level of educational attainment has the following equivalent number of years:

10 years = High school graduate

12 years = Associate nautical science or marine engineering.

13 years = Some college, but not finished.

14 years = Maritime college courses for officers (Bachelor of Science in Marine Transport, BSMT; Bachelor of Science in Marine Engineer (BSMarE). Also for those who completed other college courses.

It is expected that the regression coefficients, which are the first differentials for the human capital variables should be significantly positive:

(Equation 2) $f'(\text{WORK EXPERIENCE}) > 0$ and

$f'(\text{SCHOOLING}) > 0$.

Earnings are observed to be upward sloping at the start of one’s employment, reach a peak and eventually decline. A quadratic form is estimated by using the square of the work experience variable in the regression analysis, and expected to have a negative sign. The same logic holds for years of schooling. The earnings curve starts first with a positive slope, reaches a peak, and declines as indicated by the negative coefficient.

Other variables representing education could be tested to examine whether or not they are significant in explaining variations in pay among the seafarers, such as the nature of the maritime course, the type of school, or whether the seafarer had a certificate of licensure from the Professional Regulation Commission.

A number of employer characteristics (nationality of employer, type of ship) could be tested in the form of dummy variables (1 if of a certain characteristic, 0 otherwise), to indicate the importance of each variable. Variations in pay may also be due to union membership status, and the job category of the seafarer.

Correlation analysis

- Total pay among the sample seafarers is positively correlated with age, and work experience at sea.
- Total pay is negatively correlated with length of employment contract and years of schooling.

Table A.1 Correlation analysis with pay

	Correlation coefficient (r)		
	Officers	Ratings	Total
	n = 109	n = 252	n = 372
<i>Correlation with total pay:</i>			
Age (years)	0.274	0.335	0.432
Age start as a seafarer (years)	-0.149	0.108	- 0.150
Work experience at sea (years)	0.457	0.351	0.543
Latest contract length (months)	-0.278	-0.260	- 0.261
Years of schooling (all levels)	-0.220	-0.081	- 0.066
<i>Correlation with seafarers' age:</i>			
Contract length (months)	-0.142	-0.092	- 0.153
Work experience at sea (years)	0.789	0.729	0.779

Notes: r = Pearson correlation coefficient (r).

Total pay is in monthly pesos.

All coefficients significant at 0.01 level (2 tailed).

'No response' and 'missing' cases not included.

The correlation coefficient between 2 quantitative variables indicates either a positive or negative relationship. Possible variables correlated with pay of a seafarer include age, work experience, and length of employment contract. Coefficients range in value from zero (no correlation) and 1 (perfect correlation). A value above 0.5 is considered a strong correlation, but below this is considered weak.

The results of the correlation analysis for the total sample, and separately, as a contrast between officers and ratings, are shown in *Table A.1*. All coefficients are significant at $\alpha = 0.01$ level. Total pay is positively correlated with both age ($r = 0.432$) and years of work experience at sea ($r = 0.543$), but negatively correlated with their contract length ($r = -0.261$), and the age they start as seafarer ($r = -0.150$). There is value to seniority, with additional pay as the seafarer gets older, and with more work experience at sea. Correlation with total pay is weak with respect to seafarers' age, but quite strong with respect to actual work experience at sea/ As expected, seafarers age is negatively correlated ($r = -0.153$) with length of employment contracts. Older seafarers tend to have shorter employment contracts.

For officers, the correlation between age and pay is slightly lower ($r = .274$), compared to ratings ($r = .335$). Correlation between work experience at sea and pay is however higher for officers ($r = .457$) compared to ratings ($r = .351$). There is no variation in the negative correlation between length of contract, years of schooling and pay for both officers and ratings.

The seafarer respondents have average work contracts at sea for about 9 to 10 months, then go back ashore to rest, and look for another contract for about 7 months on the average. The older the seafarer, the shorter the employment contract; younger seafarers have longer employment contracts. If seafarers started late working at sea, their total monthly pay tends to be lower.

The results of regression analysis of variations in pay among the seafarers suggest a good fit, and are presented in *Table A.2*. The F-statistic for the earnings equation is 36.79, which is significant at 1 percent or higher. The explanatory power of the variables included in the analysis of the earnings variation is 55 percent, which means that 45 percent (100 less 55 percent) of the explanation in pay variations is from other factors not included in the equation.³

The following sections present the main results of the regression analysis about pay variations of the sample Filipino seafarers with a stylised version of the human capital model.

Is schooling significant?

The higher the number of years of schooling, the higher is the educational level, and hence earnings should be higher. The results show that years of schooling is not significant (standardised beta coefficient = -1.012, t value = -1.045). It has the wrong sign (negative). This means that among the Filipino seafarers, particularly the non-officers in the survey, the level of education is not significantly related to pay.

Seafarers completed a maritime course in college, but not all could find a job as an officer aboard, thus they accept jobs as non-officers. This is the reason why the dummy variable for seafarers, particularly for the non-officers who had a maritime college degree is negative and significant (beta = -0.243, t-value = -3.012). This is further confirmed by the fact that the beta coefficient for those who passed the licensure examinations as officers is not significant.

How strong is the seniority factor among Filipino seafarers?

³ The SPSS software allows for regression analysis using the “enter” method for each variable in the theoretical Mincerian model for the earnings function.

Work experience positively, and significantly affects pay variations among the seafarers. The work experience coefficient represents seniority, and is relatively large with respect to the other coefficients and significant. (standardised beta coefficient $\beta = .699$, $t = 5.519$ significant at $\alpha = .01$ or higher).

Seniority means the number of years of service implying that the person works with the same organisation, and in continuous manner. Seafarers however are employed as contractual workers for a fixed period, then re-employed for another fixed period. Seafarers work with one crewing agency in one contract, then transfer to another agency in the next job offer. Seafarers change shipping companies; and also change jobs when acquiring certain competencies due to training; some are promoted. Some change jobs simply due to chance, whenever a job is available. There are some seafarers who accept a job contract which are lower in rank than in the previous voyage -- the need to have a job and an income are the main reasons. Work experience combines all the years that a seafarer spent in the various jobs at sea.

Taking the job of a seafarer as a generic idea, the research asked the respondents "how long they have been working at sea." Their response, in terms of number of years is a measure of their length of service, and work experience as a seafarer. The coefficient could represent the importance that the seafaring industry gives to work experience.

Is the union premium significant?

Union members receive a positive pay differential over non-union members. Union membership is in the form of a dummy variable (union member = 1, 0 if non-union member). The regression coefficient for union membership is positive and significant (standardised beta coefficient = 0.134, t -value = 3.389, significant at $\alpha = .05$).

Job group of seafarer

The job group of the seafarer is most significant in explaining pay variations; officers have higher pay compared to non-officers, which is to be expected in the ship hierarchy. A dummy variable for officers (officers=1; 0 otherwise for non-officers) was tested, and yielded a standardised beta coefficient = 0.399, t-value = 7.658 significant at alpha = .01 or higher).

Length of employment contract

Length of past employment contract of the seafarer is negatively significant in explaining variations in pay (standardised beta = - .102, t-value = - 2.595, significant at alpha = .05). There is a negative relationship between pay and length of employment -- the longer the pay contract, the lower the seafarer's pay.

Is the employer, or type of ship significant?

The regression analysis also tested for the significance of employer characteristics represented by the variables "bulk carrier" and flag of ship (Panama flag = 1; 0 otherwise) which are proxy variables to test for the significance of type and flag of ship upon pay variations.

The sample of seafarers work mostly in Panama flagged ships (38 percent), and in bulk carriers (38 percent).

The standardised beta coefficient for bulk carrier is negative (beta = - 0.084, t-value = - 2.189, significant at alpha = .10), which means that those who work in bulk carriers tend to have lower pay. The proxy variable for flag of ship turned out to be insignificant (beta = 0.043, t-value = 1.095).

Explanatory power of each variable

How powerful is each variable in contributing to the pay variations for the sample seafarers? The coefficient of determination (r-squared) indicates the explanatory power, expressed in percentage terms. Changes in the coefficient of determination are shown in Table A.3.

Table A.3 How powerful is each variable in explaining variations? changes in the coefficients of determination

Variables	R-squared	Addition to explanatory power	F-statistic *
Basic model: schooling, work experience	0.333		60.473
Add: type of maritime course (BSMT, BSMarE=1)	0.338	.005	46.557
Add: passed PRC officer licensure=1	0.400	.002	48.586
Add: student from top maritime school	0.402	.002	40.929
Add: officer=1	0.494	.092	50.737
Add: contract length in months	0.528	.034	48.685
Add: union membership=1	0.543	.015	46.073
Add: ship type bulk carrier = 1	0.547	.004	42.114
Add: flag Panama = 1	0.540	- .007	36.792

* All F-statistics are significant at alpha = .01 or higher.

Table . Average age & total 'all in' pay, by job

Job as seafarer		Age of seafarer	Total 'all-in' pay US\$monthly
Captain/master	Mean	47.67	2977.50
	N	6	4
Chief engineer	Mean	47.50	2765.00
	N	4	4
1st Officer, Deck	Mean	45.38	2300.00
	N	8	7
2nd Officer, Deck	Mean	40.63	1795.26
	N	19	19
3rd Officer, Deck	Mean	36.25	1406.82
	N	28	28
2nd engineer	Mean	41.80	1541.67
	N	15	15
3rd engineer	Mean	44.75	1729.00
	N	16	16
4th engineer	Mean	43.08	2280.17
	N	13	12
OS	Mean	28.78	756.50
	N	27	26
AB	Mean	33.70	1000.84
	N	82	80
Bosun	Mean	43.47	1234.07
	N	15	15
Oiler, wiper	Mean	35.12	909.12
	N	76	74
Cook	Mean	46.50	1153.36
	N	12	11
Mess, steward	Mean	35.24	841.29
	N	17	17
Radio operator	Mean	42.75	1393.50
	N	8	8
Electrician	Mean	40.25	1552.14
	N	8	7
Fitter	Mean	38.70	1167.10
	N	10	10
Officer of the watch	Mean	35.50	733.00
	N	2	2
Waiter	Mean	38.33	1500.00
	N	3	2
Cadet	Mean	25.40	357.60
	N	5	5
Total	Mean	37.20	1224.23
	N	374	362