



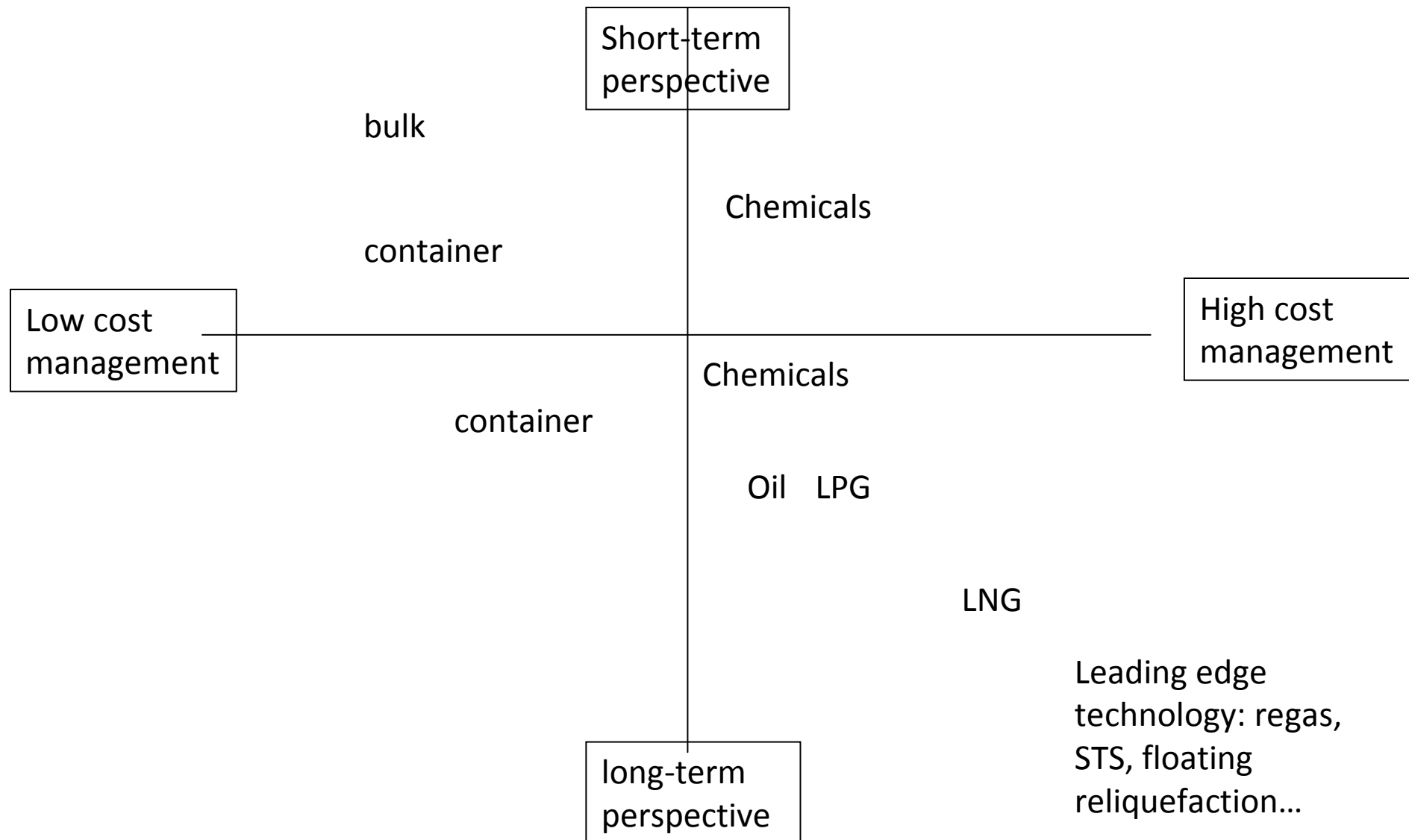
Capt. Marc Nuytemans, FNI  
CEO EXMAR Shipmanagement

11 March, 2010





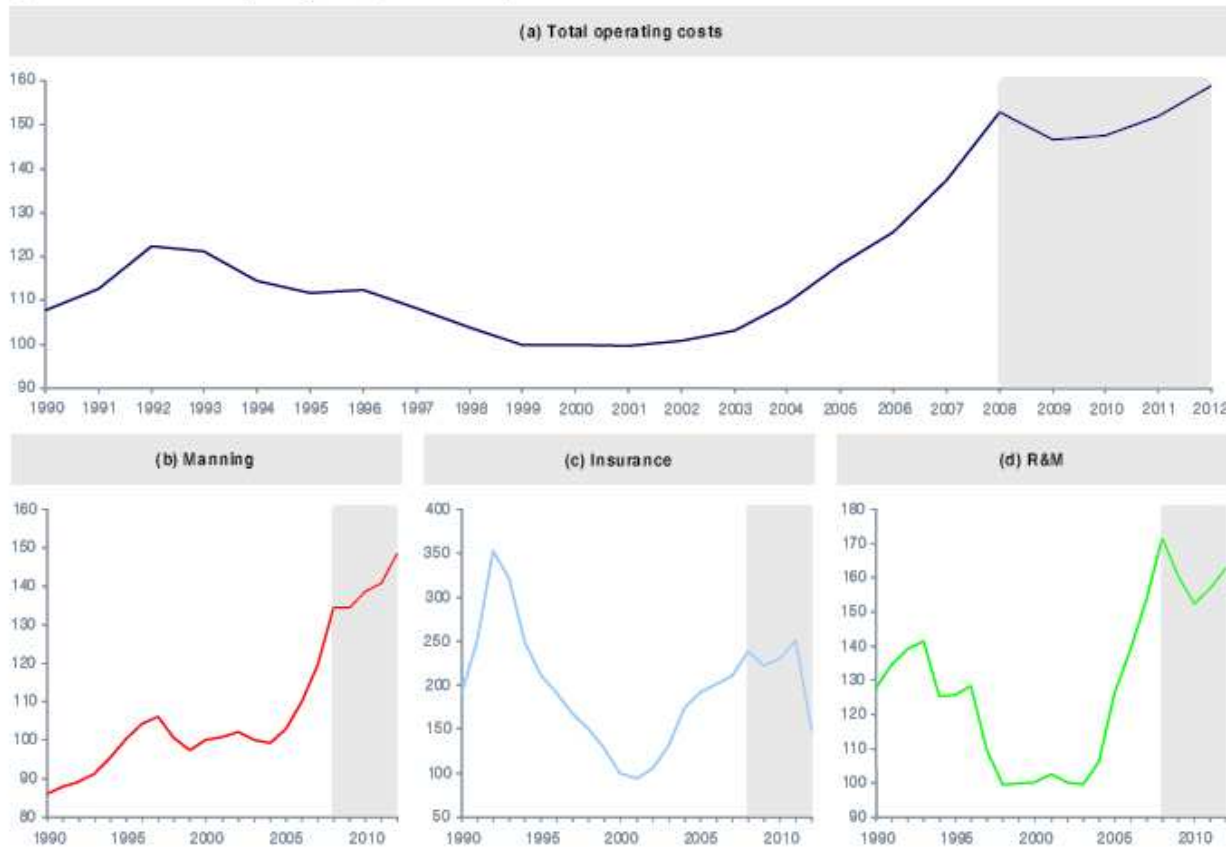
## Mature markets vs others



# Total Operating costs

© Drewry 2008

Figure 1.3 Evolution of total operating costs (Index: 2000=100)



Source: D.M. Jupe Consulting, Drewry

- Manning: representative, international crew of ITF-approved status.
- Insurance: based on H&M and P&I cover. Key assumptions include a reputable manager and fleet, fleet cover not singleton terms; fully in class and classed by an IOAS member.
- Repair/maintenance: assume ships of 5-9 years old.
- Repair/maintenance regime assumes drydock expenses have been incorporated as an apportionment.

# The evolution of the global Marine & Manning scene

Table 2.1 The evolution of the global marine and manning scene

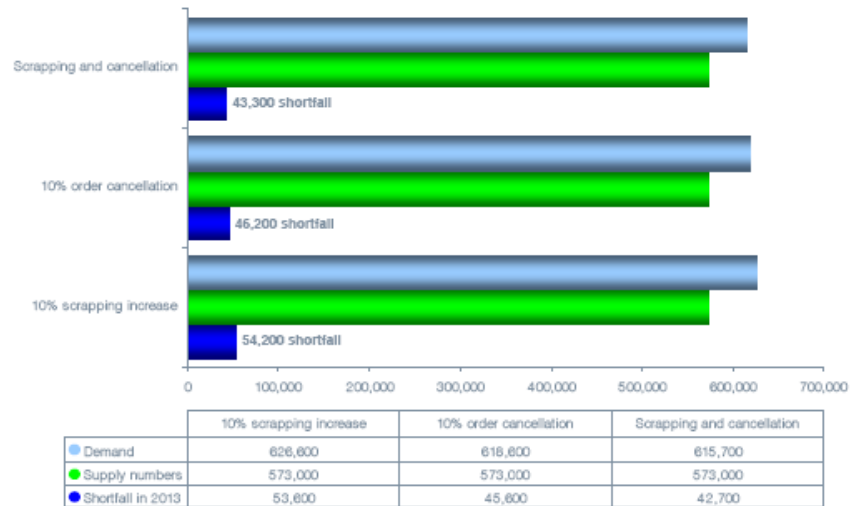
World Scenario	Impact on Shipping
<b>The Boom Times – 1960s / 1960s</b>	
<ul style="list-style-type: none"> <li>• USA / European / Japanese economic power</li> <li>• "Iron Curtain" still in place</li> <li>• Emerging Asian nations</li> </ul>	<ul style="list-style-type: none"> <li>• Shipping companies being all embracing, i.e. owner, charterer, ship's husband, employer and provider of finance</li> <li>• Manning costs 15-20% of overall vessel costs – in spite of large complements. Favourable profit margins</li> </ul>
<b>The Recessionary Times – 1970s / 1980s</b>	
<ul style="list-style-type: none"> <li>• Gulf wars</li> <li>• OPEC oil hike (1973)</li> <li>• Downturn in European economies</li> </ul>	<ul style="list-style-type: none"> <li>• Effect of containerisation</li> <li>• Smaller fleets and growth in ship management</li> <li>• Focus on vessel operating costs – particularly manning</li> <li>• Move to Far Eastern crews at expense of West Europeans</li> </ul>
<b>*Flagging Out* – 1980s</b>	
<ul style="list-style-type: none"> <li>• Start of political changes in Former Soviet Union (FSU)</li> <li>• Slow emergence of China</li> <li>• Increasing Asian economic influence</li> <li>• Continuing Gulf events</li> </ul>	<ul style="list-style-type: none"> <li>• Vessels reflagged to offshore registries - employment costs reduced</li> <li>• Many UK / European seafarers employed on offshore agreements (with reduced benefits in many cases) - substantial savings</li> <li>• Consolidation of Far East manning and emergence of FSU seafarers</li> <li>• ITF FOC campaign</li> </ul>
<b>Current Times – mid 1990s to 2008</b>	
<ul style="list-style-type: none"> <li>• Terrorism (2001)</li> <li>• Total collapse of FSU</li> <li>• Growth of European Union</li> <li>• Economic dominance of China / India</li> <li>• Concern re global economy emerging</li> </ul>	<ul style="list-style-type: none"> <li>• Oil / gas dominates world – including shipping</li> <li>• More stringent international safety rules and increasing security plus environment awareness</li> <li>• Manning shortage brings about higher than normal pay rises for some</li> <li>• Growth of shipping mergers / acquisitions and Governments' aid for shipping (e.g. tonnage tax)</li> </ul>
<b>Forward Projection – 2009 to 2015</b>	
<ul style="list-style-type: none"> <li>• Global economic instability continues</li> <li>• Growth of Brazil/Russia as trading blocs - linked to their oil and gas resources</li> <li>• Turbulent energy markets - with fluctuating demand for oil products</li> <li>• Continuing terrorism threats</li> </ul>	<ul style="list-style-type: none"> <li>• World fleet continues to expand - albeit at a slower rate.</li> <li>• Easing of the seafarer shortage and wage increases, except for senior ranks on specialist vessels</li> <li>• Fewer but larger shipping companies – owners or managers</li> <li>• Uncertainty of future shipping demand resulting in difficulty with regard to making forward looking strategic plans</li> </ul>

Source: Precious Associates Limited



# Officer supply/ demand

Officer demand in 2013, incorporating contingencies



Source: Precious Associates Limited

Projected seafarer supply/demand imbalances, 2009-2013



Sources: BIMCO/ISF (1990-95), PAL/Drewry (2009-13)







# Wages

Country	Master	Chief Engineer	Chief Officer 2nd (1st Asst) Engineer	2nd Officer 3rd (2nd Asst) Engineer	Voyage Length (Months)	Leave per Month Served (Days)
China	5,500 - 6,500	4,500 - 6,000	3,800 - 4,800	2,500 - 3,300	6-8	10-15
Croatia	8,000 - 10,000	7,500 - 9,500	6,500 - 8,000	4,000 - 5,500	4-6	15-28
India	6,400 - 9,000	6,200 - 8,700	5,200 - 6,700	3,000 - 4,500	4-6	8-20
Italy	11,000 - 14,000	10,800 - 14,000	9,000 - 11,000	6,000 - 8,000	3-6	18-28
Latvia	6,200 - 9,200	5,400 - 8,600	4,200 - 7,000	3,000 - 4,000	4-6	15-20
Montenegro	7,500 - 10,000	7,000 - 10,000	6,700 - 7,800	3,500 - 5,000	4-6	15-28
Myanmar	3,000 - 6,000	3,000 - 6,000	2,000 - 4,500	1,500 - 2,700	6-10	5-10
Philippines	5,500 - 8,000	5,500 - 7,800	4,500 - 6,500	2,500 - 4,500	6-9	8-15
Poland	6,500 - 9,000	6,500 - 8,500	4,800 - 7,000	3,500 - 5,800	4-6	8-20
Romania	6,000 - 9,000	5,900 - 8,200	5,200 - 6,600	3,000 - 4,500	4-6	15-20
Russia	5,200 - 8,000	5,100 - 8,000	3,500 - 5,500	2,600 - 4,000	6-8	8-15
Spain	8,500 - 14,000	8,500 - 14,000	6,500 - 7,500	3,500 - 5,000	3-6	18-28
Ukraine	6,000 - 8,500	5,500 - 8,000	4,500 - 6,500	2,800 - 5,000	6-8	8-15
United Kingdom	11,000 - 18,000	11,000 - 18,000	9,000 - 12,000	5,000 - 8,000	3-6	18-28

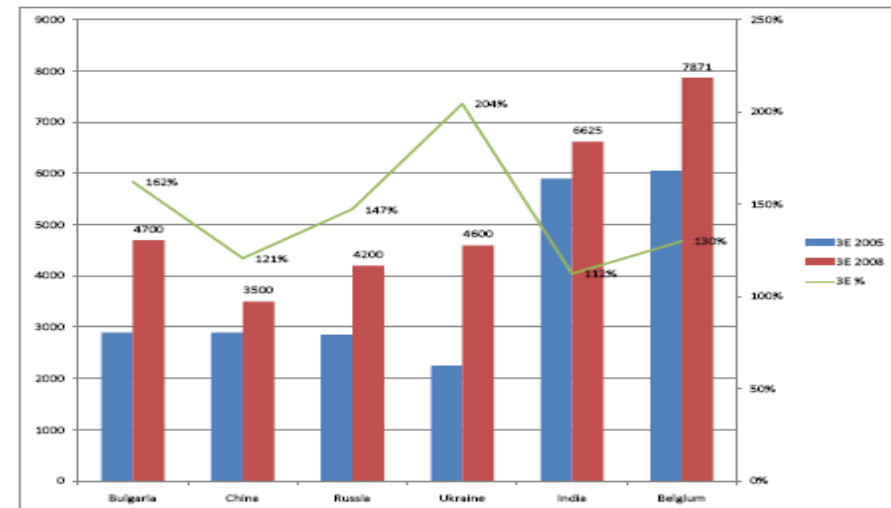
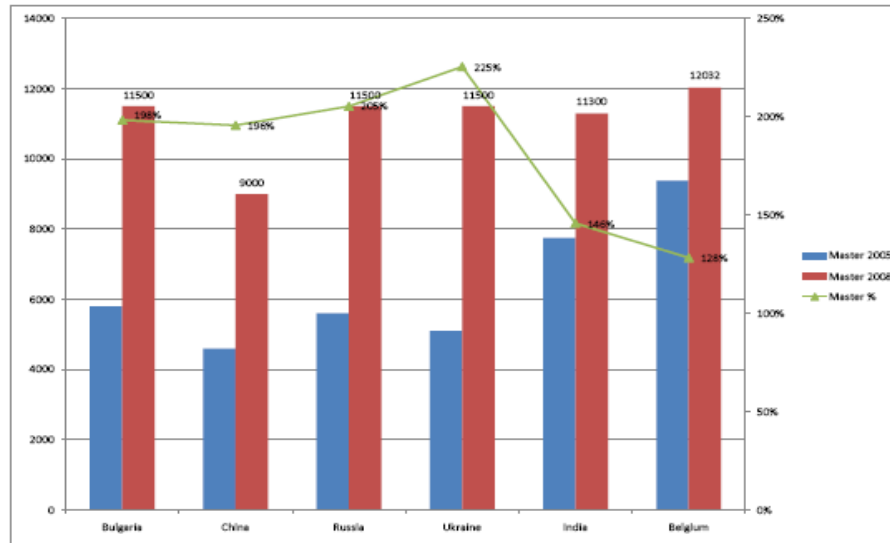
Dry cgo vsl (\$/month served)

Tanker (\$/month served)

Country	Master	Chief Engineer	Chief Officer 2nd (1st Asst) Engineer	2nd Officer 3rd (2nd Asst) Engineer	Voyage Length (Months)	Leave per Month Served (Days)
China	8,000 - 12,000	8,000 - 12,000	6,000 - 9,000	3,000 - 5,000	3-9	6-30
Croatia	13,000 - 18,000	12,500 - 17,000	10,700 - 15,500	5,000 - 9,000	3-6	18-30
India	10,700 - 16,000	10,500 - 15,500	7,500 - 12,000	4,000 - 6,000	3-6	15-30
Italy	14,000 - 20,000	13,000 - 19,000	10,000 - 15,000	7,000 - 11,000	3-4	20-30
Latvia	9,900 - 16,500	9,900 - 16,300	8,300 - 13,200	4,400 - 7,500	3-6	8-25
Montenegro	12,000 - 20,000	11,000 - 19,000	10,500 - 14,000	4,500 - 8,000	3-6	18-30
Myanmar	5,000 - 12,000	5,000 - 10,000	3,000 - 8,000	2,000 - 5,000	6-9	5-10
Philippines	8,500 - 13,500	8,000 - 13,000	6,000 - 10,000	3,500 - 5,500	3-6	8-25
Poland	11,000 - 20,000	10,700 - 19,000	10,000 - 17,000	5,000 - 9,000	3-6	15-30
Romania	11,500 - 17,400	11,000 - 16,500	8,900 - 15,500	5,000 - 9,500	3-6	15-30
Russia	9,800 - 16,000	9,300 - 15,800	8,000 - 12,000	3,500 - 6,000	3-6	8-25
Spain	12,000 - 17,500	12,000 - 17,500	9,500 - 14,500	6,500 - 9,500	3-4	20-30
Ukraine	10,200 - 16,400	9,500 - 15,000	8,200 - 13,500	3,700 - 6,500	3-6	10-25
United Kingdom	12,000 - 18,000	12,000 - 18,000	9,600 - 15,000	6,500 - 8,500	3-4	20-30



# Wage evolutions



# Crew Retention

Shiptalk Recruitment Life At Sea Survey 2007/8: Seafarer Attraction & Retention

## 5.4.7 Crew Retention

All participants were asked to choose three factors which would keep them at sea. The factor chosen by the most participants (66.8%) was simply earning more money. Financial considerations were also evident in the second highest rating factor for crew retention which would be to receive more financial employment benefits, such as a pension, chosen by 57.6% of participants. The third factor to keep seafarers at sea would be shorter voyages (44.1%).

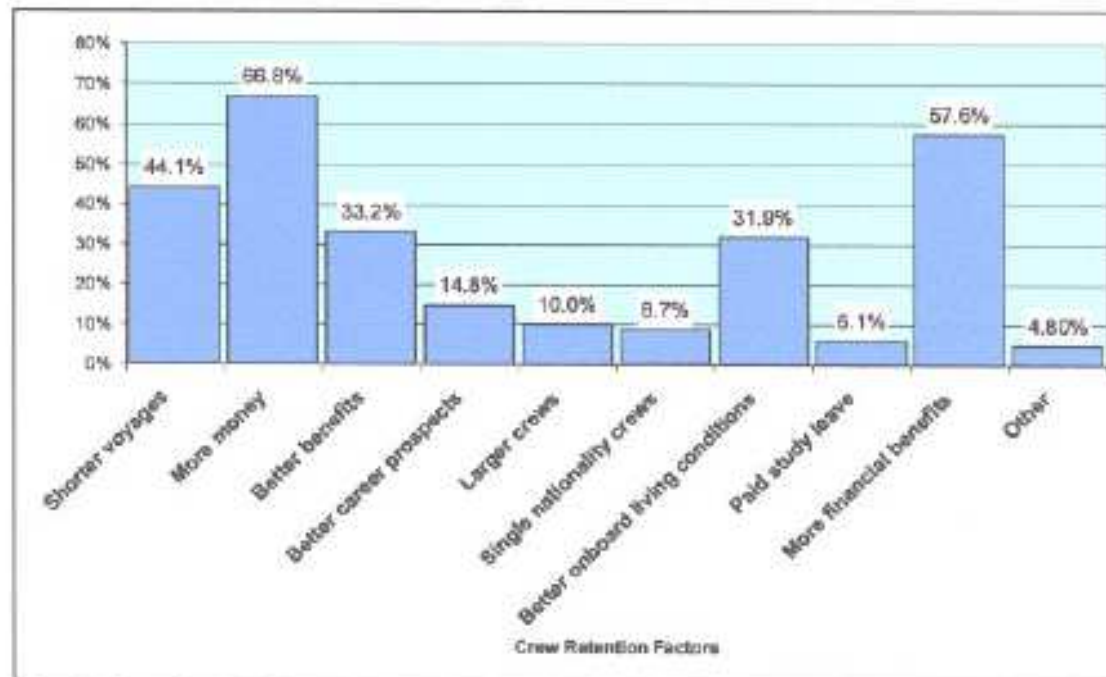


Chart 7: Crew Retention



