

# Developing Seafaring in Kenya as a Source of Employment Based on Case Study of the Philippines

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**Abstract**—Going by the 2017 statistics, it is evident that unemployment rate in Kenya has increased to 11.47% from 10.00% in 1999. About 1.4 million Kenyans are actively looking for employment, while others have given up job hunting and have opted to pursue further studies instead. The unemployed includes jobless seafarers who are actively applying for international shipping jobs, though facing numerous challenges majorly being the recognition of their certificates by the shipping companies. Employment opportunities in the maritime sector are very promising and hence the challenges facing the unemployed seafarers has to be overcome. Considering the steps that the Government of Kenya has taken, it is gradually laying the much needed foundation towards exploiting the vast and rich blue economy.

At the moment, there are about 80,000 ships in the World of 500 Deadweight tonnage (DWT) and above. These ships require more than 1.4 million workers most of whom majorly come from China, India and the Philippines. The steady growth in the number of the cargo ships has created a high demand for skilled crew especially officers. There is therefore a pressing need for Kenya to take advantage of these opportunities and train officers to take up the employment opportunities available on the merchant ships and hence reduce the unemployment rates among the Kenyan youth.

The Philippines claim the largest market share of maritime professionals. The Philippines has well-established agreements with various nations across the world. This has helped the Philippines government to reduce unemployment rates. In addition, shipping companies in the Philippines have also employed about 39,000 people. On the overall, all these have improved the country's Gross domestic product (GDP).

The purpose of this study is to demonstrate how Kenya can tap into the vast blue economy through training and deployment of seafarers to work as marine engineers, nautical officers and ratings in international ships, by looking at the model in the Philippines. This will reduce unemployment rates, improve the social-economic standards of Kenyans and consequently boost Kenya's economy.

**Keywords**—Employment, Seafarers, GDP, Philippines, STCW.

## I. INTRODUCTION

SHIPPING drives 90% of the World trade connecting all continents of the World[1]. Shipping is the driving force behind globalization and trade between different continents

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and thus a major sector in the World's economy. The ships are manned by seafarers who include marine engineering officers, nautical officers and ratings. Merchant ships have employed 1.4 million people in the world and the demand is on the rise as more ships are built. Kenya is now training seafarers in universities and other institutions of higher learning. This includes Jomo Kenyatta University of Agriculture and Technology that has been training Marine Engineers since the year 2010. There is need and urgency for Kenya to develop the Maritime Education and Training (MET) sector as a means to curb unemployment of Kenyan youth. Development of this sector takes integration of several bodies: the various relevant Government arms, maritime training institutions, maritime industrial sector, Kenya Maritime Authority the regulator and the Seafarers unions. This document is a case study of the Philippines as the leading country with regard to supply of seafarers in the World. Section II of this paper gives an overview of the study while section III gives the recommendations for developing seafaring in Kenya. Conclusions are drawn in section IV.

## II. THE PHILIPPINES STUDY OVERVIEW

### A. Recruiting Companies in the Philippines

Shipping companies source for crew through crewing companies which have offices all over the World. The offices are especially located where seafarers are trained. The crewing companies are responsible for interviewing and hiring seafarers and oversee their welfare and also act as a liaison between the shipping company and the seafarers. There are many private recruiting companies based in Philippines. The outstanding companies that have proven highest standards of ethical recruitment and deployment of seafarers in the Philippines are listed as follows [1]:

- i. BSM Crew Service Centre Philippines, Inc.
- ii. Career Philippines Ship management, Inc.
- iii. Inter Orient Maritime Enterprises, Inc.
- iv. Jesbens Maritime, Inc.
- v. Magsaysay Maritime Corporation
- vi. NYK-Fil Ship Management, Inc.
- vii. Philippine Transmarine Carriers, Inc.
- viii. Stolt-Nielsen Philippines, Inc.
- ix. Wallem Maritime Services, Inc.
- x. Anglo-Eastern Crew Management Philippines, Inc.

xi. United Philippine lines, Inc.

The following companies made it to the list of award of excellence in the year 2014. They are the top agencies based on the volume and quality of deployment, agency management and recruitment capability and social awareness and responsibility [1].

- i. Ball wag Navigation Inc.
- ii. CF Sharp Crew Management Inc.
- iii. KGJS Fleet Management Manila Inc.
- iv. Magsaysay MOL Marine Inc.
- v. Marlow Navigation Phils Inc.
- vi. OSM Maritime Services Inc.
- vii. Pacific Ocean Manning Inc.
- viii. Sea Power Shipping Enterprises Inc.
- ix. Cross worlds Marine services Inc.
- x. Maersk-Filipinas Crewing Inc.

*B. MOUs between Filipino Government and Other Countries*

The Philippines has both local and international private seafarers recruiting firms. Some of the internationally outstanding private companies that recruit Filipino seafarers for service onboard vessels have registered in the Philippines. In addition, there are various Memorandum of Understanding (MOU) between the Filipino government and other flag state countries. These agreements are for the recognition of the training and certification of seafarers in the Philippines and also agreements for labor cooperation. So far, the Philippines have signed forty three agreements, five agreements are pending and one agreement has expired. Some of the countries that have signed Memorandum of Understanding with the Philippines include Japan, Liberia, Antigua and Barbada, Australia, Bahamas, Barbados, Belgium, Belize, Brunei, Cambodia, Commonwealth of Dominica, Cyprus, Denmark, Eritrea, Georgia, Greece, Hong Kong, Indonesia, Ireland, Italy, Jamaica, Korea, Kuwait, Liberia, Luxembourg, Malaysia, Malta, Marshall Island, Mongolia, Netherlands, Norway, Panama, Poland, Portugal, Qatar, Singapore, South Africa, St. Kitts and Navis, St. Vincent and the Grenadines, Sweden, Switzerland, Ukraine and Vanuatu [2].

The Philippines has fully complied with the global seafaring standards and in 2011 for the third time and qualified into the 'White List' of the International Maritime Organization (IMO). This was achieved after the country complied with the STCW '95 convention as amended during the manila conference in 2010 known as the manila conventions that were effective from 2012. Being white listed means that the Filipino seafarers can work on international ships after qualifying as per the ship's safety and security and prevention of marine pollution standards [2].

*C. The Philippines Statistics for Seafarers and Overseas Contract Workers.*

In a period of four months, from April to August 2017, the Philippines Statistical Federation recorded a total number of Overseas Filipino Workers as 2.3 million workers. Out of these, 21% comprise of seafarers [3]. The Philippines

government is ranked fourth largest ship building country by Gross Tonnage produced. This makes the Philippines the first in South Asia and has 39,000 employees working in these companies.

One out of every five seamen in the World is a Filipino. In 2013, the number of Filipino seafarers in ships was 460,000 from 250,000 in 1996. The highest number of the Filipino seafarers are employed in Panama, Bahamas, Liberia and Singapore. Panama hires more than 50,000 Filipino seafarers at every instance.

The number of Filipino seafarers has risen since the year 1975 but large scale labor emigration started in 1970 as seen in Fig.1. Economic gains was slower than the rate of population growth which led the country to struggle to provide jobs while dealing with severe balance of payments. During these times, other countries needed labor to realize its ambitious infrastructure plans. The government through the Labor Code of Philippines established the government's overseas employment program.

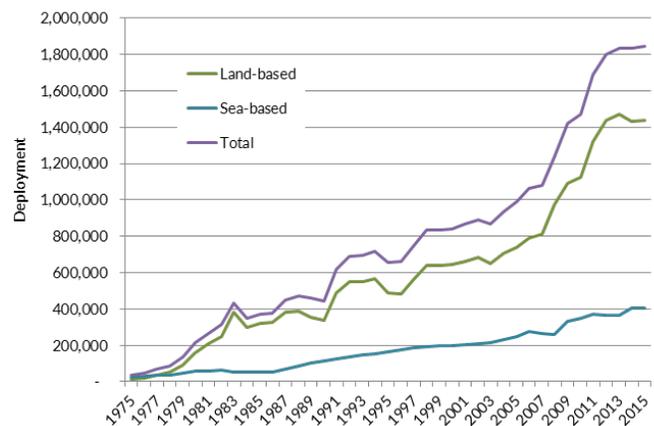


Fig.1 Annual Deployment of Overseas Filipino Workers (OFW), 1975-2015 [4]

Source: Philippine Overseas Employment Administration (POEA), "Compendium of OFW Statistics,"

*D. The Impact on the Philippines' Economy*

The total remittances of Overseas Contract Workersto Philippines was over 205.2 billion pesos (approximately 400 billion Kenyan shillings) that was sent to Philippines during a four month period in 2017. The remittances involve cash sent some, cash brought home and cash in kind. Most of these workers were able to save out of their salaries and those in the elementary job groups remitted the most amounts. [5]. More income can also be obtained due to conversion of currencies since the workers are paid in foreign currencies.

There are more than 2 million families depending on the remittances from seafarers and thus boosting their social economic standards. The money sent is used to settle family expenses and also entrepreneurial purposes. The families also have more disposable income for leisure and luxuries hence they enjoy heightened standards of living. Families have better opportunities for higher quality education and health care budget for their children.

Another important aspect is the country's balance of payment. The country is able to buy goods and service from

foreign countries [6]. This means that the country can easily service its debts. A better balance of payment realized due to reduced unemployment will raise the wage rates for local jobs.

#### E. Good Practice

Given that approximately one third of the World's seafarers are Filipinos, there must be some reasons that make shipping agencies prefer Filipinos over other crew. The International Mariners Association of Japan has stated that the Filipinos are a top choice of the Japan's market for seafarers. More than 40% of seafarers from the Philippines work for the Japan's 3000 merchant ships which is 65% of Japans Maritime crew [7]. Filipinos are the most wanted crew for work onboard all types of ships. The following are some of the reasons attributed to this:

- Filipinos are seafarers by nature: The coastline in the Philippines is the longest at 36, 289 km which exceeds that of USA at 19,924 km and China at 14,500 km. This makes the Filipinos seafarers by nature. The Philippines coastline is the longest because it is made up of 7,017 islands [7]. They enjoy the life at sea having no stress in doing their work even for prolonged periods of time (up to 1 year onboard). They value their families and hence during the onboard periods they utilize most of their shore leaves on calls and emails rather than much spending.
- Dedication, hard work and discipline: Filipinos are hardworking enough to manage long working hours. They are willing to do more work than their job description. They can also work under strict laws and their conduct is usually high during the contract period because companies usually replace the ones who make mistakes. Their conduct on drugs and shore leaves are very commendable. Some companies exploit the Filipinos because they demand less salaries as compared to other nationalities.
- Fluent in English: Filipinos have a good command of the English which is the official maritime language Worldwide as required by the International Maritime Organization.
- Highly trainable and adapt to changing environment.
- Problem solving capability: the Filipinos can handle ship emergency problems with ease.
- Attitude: they get along easily with other foreigners.

#### F. Training and Qualification

The seafarers enroll in maritime schools and universities to pursue courses in marine engineering, nautical science or basic seaman course in maritime schools. The Philippines has 80 to 100 maritime training schools with three year class work and a 12 month cadetship onboard a ship and thereafter a seaman's state board examination. After passing the examination, they are given a valid seafarer's identification and record book (SIRB) from the Philippines' Maritime Industry Authority (MARINA). This is the document to prove that the person is qualified as a seaman and able to work on international ships. The trainings and certification are offered in line with the International Convention on Standards of Training,

Certification and Watch keeping for Seafarers (STCW) provided by the International Maritime Organization [3].

After being certified, the seafarers apply to the manning agencies in the Philippines and can get onboard merchant ships. This is possible for all the countries that the Philippines government has signed MOU for labor cooperation.

#### G. Other Oversees Contract Jobs

The Philippines also supply human labor to other countries with over 2.3 million workers currently overseas. The population of the Philippines is now over 100 million people and the unemployment is on the rise. This is however curtailed by the maritime employment opportunities. This means that there are over 2.3 million families who depend on income from across the border. 97% of these workers are contract workers while the rest work without contracts [5]. The highest population of Oversees Contract Workers are aged between 30 to 34 years with 54% being female workers. Saudi Arabia is the leading destination for these workers followed by countries such as United Arab Emirates, Kuwait, Hong Kong, Qatar, and other Asian countries, Australia, Europe, America and Africa. [5]

One out of three OCWs are working as elementary workers while others work as service and sales workers, plant and machine operators, craft and related trade workers. Most of the female workers work as elementary workers [5]. 86% of Filipino Oversees contract workers are working in Asia while the rest are distributed all over the world as seen in figure 2.

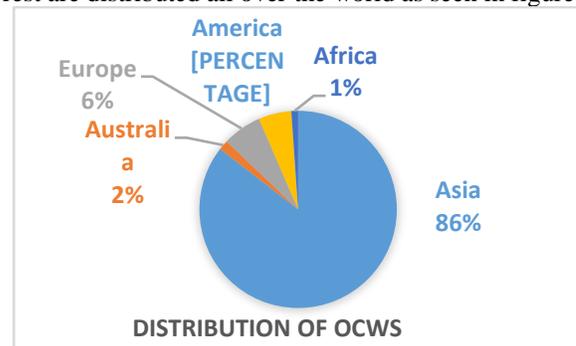


Fig.2 Chart showing the distribution of Oversees Contract Workers

### III. DEVELOPING SEAFARING IN KENYA

#### A. The Role of the Government of Kenya

From the analysis above, it can be seen that the government has a major role to play in the development of Kenya as a competitive source of seafarers. So far the Government of Kenya laid the foundation towards the development of the blue economy sector. This includes the establishment of the following: Kenya Maritime Authority (KMA); State Department for Fisheries, Aquaculture and The Blue Economy in the Ministry of Agriculture, Livestock and Fisheries; Blue Economy Implementation Committee; State Department for Maritime and Shipping Affairs in the Ministry of Transport, Infrastructure, and Housing and Urban Development. There is also the equipping, dredging and expansion of the Mombasa Port, revival of Kenya National Shipping Line, and the

LAPSSET (Lamu Port, South Sudan, Ethiopia Transport Corridor) program, which encompasses construction of the new state of the art Lamu Port). The government has also held blue economy summits which is a step in harnessing the waters as a means of improving the social economic status. This includes the hosting of the International Blue Economy Conference in Nairobi from 26<sup>th</sup> to 28<sup>th</sup> November 2018. There is also the role played by Kenya Maritime Authority in ensuring that Kenya meets the IMO maritime regulations and protection of Kenyan Seafarer's.

Although there is some progress, there is still much that remains to be done to build Kenya's maritime sector to international standards. Some recommendations that need to be acted on are:

- The government has to make MOUs with other countries as one of the key ways to deploy our maritime labor. There are already some agreements being made but the faster they are signed the better it is for the already graduated students. Kenya so far has little recognition of its certificates thus it is herculean task to market its seafarers and get the international employers to recognize them. Kenya need to sign MOUs with as many countries as possible as this will increase deployment of Kenya seafarers. Kenyan seafarers have already proven to be well skilled during their sea time experiences but the lack of MOUs prevents them from being employed.
- Charity begins at home. Employment of seafarers would be more effective if local shipping companies employ the existing trained Kenyan seafarer's into their ships. The cooperation between the Mediterranean Shipping Company (MSC) and Kenya National Shipping Line (KNSL) is promising to Kenyan seafarers since it is expected to create about 10,000 jobs and save the country 300 billion annually, money normally lost while using other shipping lines [8]. The ongoing maritime related projects like the LAPSSET corridor project is expected to employ up to 424,000 people by the completion of the project. The LAPSSET project should train and employ the Kenyan youth that already have the training relevant to the field.
- Acquisition of a training ship. To produce well trained, qualified and skilled marine officers, the training ship is a necessary tool to enable the officers have an upper hand in the market. The training ship is an asset that needs to be shouldered by the government and made accessible to all the maritime training institutions. This is a valuable asset that will deliver more than its cost.
- Development of a competitive wage bill. As the institutions do their best to produce quality training, this should be accompanied by a competitive wage package and regulations that will protect the seafarers from exploitation by maritime employers. Kenya Maritime Authority is mandated with this role to ensure the seafarer's are well protected from exploitative shipping agencies taking the advantage to reap abnormal profits.

### *B. Maritime Institutions*

It is evident that the Kenyan seafarers who work without the requisite training and certificates are exploited and treated

very unfairly. Their wages are delayed and they get underpaid by huge margins when compared to their fellow seafarers. These uncertified personnel can only manage to get jobs in small and old ships which have poor working conditions.

There are IMO regulations on Standards of Training, Certification and Watch keeping with the latest amendments being the manila amendment of 2010. Kenya has a huge capability in giving quality education to its seafarers because it has a good record of quality education in Africa. Another added advantage is that the mode of instruction in Kenya institutions of learning is English. Kenyans therefore have a good command of the English language and hence can communicate fluently and with ease in English, the maritime language used on ships. So far the universities and colleges offering maritime courses have made huge advance in ensuring they meets the IMO standards and regulations on maritime education and training. Notable is the accreditation the Bachelor of Science degree in Marine Engineering program of Jomo Kenyatta University of Agriculture and Technology. Below are some recommendations to enable Kenya improve her maritime education and training sector:

- Competitive Maritime Education: Quality training of officers is very crucial as the ship needs well trained professionals to man the multibillion dollar economy. The training should be up to date as marine technology keeps changing with time. There is need for maritime training institutions to acquire the state-of-art equipment needed to train the marine engineering and navigations officers. The engine room and the deck simulators are some of the most important training equipment for marine engineers and nautical scientists respectively, among others. Marine simulation allows creation of real, dynamic situations that happen in a real ship and has proven to be very important in education, training and development of practical skills.
- Quality and standards will market itself. Laws, regulations and policies should be developed and their implementation strictly monitored to ensure the standards and quality of maritime education and training are maintained. This will attract shipping companies and manning companies to Kenyan seafarers and consequently Kenya can make better wage agreements for her seafarers. The recent graduates of BSc Marine Engineering from JKUAT have proved reliable in the marine engineering field and have passed interviews by international maritime manning companies.
- There is an oversupply of ratings thus the maritime training institutions should focus more on production of officers. In 2015, there were 873,500 ratings worldwide but the demand was only 754,500 ratings which left out more than 100,000 ratings jobless. According to BIMCO report of 2015, there will be a continuous shortage of officers from the year 2015 to 2025 with the expected shortage in 2020 being 92,000 officers and 147,500 by the year 2025 [9]. Also in a report by International Chamber of Shipping, the global demand for officers has increased by 24.1% while that of ratings has increased by only 1%. The current demand-supply situation demands approximately 16,500 officers and has a surplus demand of 119,000 ratings. There is a steady increase in supply of officers though it is still overtaken by the demand [10]. These figures should guide the training institutions to

focus more on training of officers as compared to the ratings.

#### IV. CONCLUSION

The Philippines is one of the nations that Kenya needs to study and model as it develops herself as a source of skilled seafarers. In order to need to achieve this target, Kenya needs to copy the Philippines which claims the largest market share in maritime professionals. The aspects include the well-established agreements with countries all over the World, the training policies, standards and equipment; and attraction of major shipping and manning companies to set up offices in Kenya. This can enable Kenya have many of her seafarers employed and consequently improve on the country's GDP.

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