



Maritime Employment Review
Technical Shipping
May 2011



“THERE IS A RISING GLOBAL DEMAND FOR PEOPLE WHO HAVE SERVED AT SEA AND ARE ABLE TO OFFER AN EMPLOYER THEIR TECHNICAL SKILLS IN AN OFFICE BASED POSITION”.

Since our last technical shipping market report (April 2010), we have seen a continual rise in confidence amongst both candidates and employers. Broadly speaking there is a rising global demand for people who have served at sea and are able to offer an employer their technical skills in an office based position.

Whether as surveyors or fleet managers, vetting or technical superintendents, candidates with previous shore based experience who are able to take on responsibility with a minimal amount of retraining are finding that their services are very much in demand. The tanker sector continues to be an active hirer of technical staff, accounting for a third of all our placements.

There are more jobs out there and there are good candidates too. We are not however seeing the speculative hires of the boom years, when companies were snapping up experienced technical staff and then worrying about finding them something to do. Today the challenge for employers seeking to bring in new blood or expand their operations is persuading candidates to move job and possibly relocate.

At the best of times it can be a difficult task to ask a good candidate in employment to take the leap and join your company, but against a backdrop of a difficult housing market, pessimism and uncertainty surrounding the general economy and a general sense of caution, employers searching for experienced and polished technical shipping people need to communicate the strength of their companies and be prepared to be flexible.

This report is based on actual placements made by Faststream staff at our offices in the UK, USA and Singapore between May 2010 and March 2011.



Globally speaking the average age of a technical shipping candidate placed by Faststream over this period was 42 and the average salary of £55K (USD \$89K / SGD \$111K). On average we were able to find and place a candidate within nine weeks. However, there were regional differences.

Whilst the future short and medium term outlook for the shipping industry remains unclear, the industry has a greater number of ships to be surveyed, managed and maintained than ever before by a workforce made up of a large proportion of people approaching retirement age. Whether the shipping industry will see earnings return to 2008 or 2002 levels remains to be seen, but companies do need to take a long term approach to recruitment and to plan well in advance.

EUROPE



KEY TRENDS:

- **AVERAGE AGE 43**
- **AVERAGE SALARY GBP £61,000**
- **CLASS SOCIETIES HIRING AGAIN**
- **SLIGHTLY LOWER SALARIES FOR SURVEYORS**
- **TECHNICAL SUPERINTENDENT SALARIES FIRM**
- **GROWING DEMAND FOR TECHNICAL PEOPLE FROM COMMODITY HOUSES**
- **UK FEELING IMPACT OF IMMIGRATION CAP**

Both worldwide and particularly in Europe, the major **classification societies** are hiring again. This follows a job freeze imposed by all the class societies during 2009 and much of 2010, although each is taking a different approach. One major class society which made heavy redundancies in 2009/10 is now advertising heavily for new permanent people, whilst a rival is taking on people on a contract basis. Others who did not make heavy redundancies during the lockdown period are hiring on a replacement only basis.

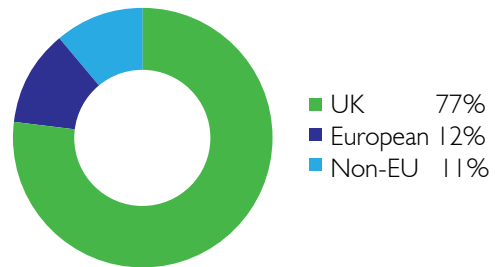
Class society salary levels are however slightly down on previous years' levels. Faststream data shows that the average age of a classification society employee placed by us over the past 12 months was 36 years and his/her salary was on average £43.5K, down on the £46K average of 2008. Classification societies have always struggled to compete with the salaries and packages offered by both the consultancies and the shipowning/managing companies and this remains the case.

Our data shows that the candidates taken on by **consultancies** are generally a little older (average age 41) and are paying an average basic salary of £58K. European consultancies are however struggling to find European master mariners with a bulk carrier or container ship background as the impact of the ageing profile

of European officers continues to make itself felt across many areas of the shore based maritime industry.

For **technical superintendent** and fleet manager roles within European shipowning and management companies, there is fairly strong demand across the main shipping centres, particularly in London, Glasgow and Cyprus. However, the impact of the UK's immigration cap and tighter control of visas is making itself felt. Not only are non-EU citizens finding it harder to obtain tier one visas, but the employers of those in possession of these visas face uncertainty as to whether or not these visas will be renewed by the UK immigration authorities. Our data shows that in the past 12 months 11% of UK based positions requiring technical shipping experience were filled by non-EU citizens. Only 12% were filled by EU citizens with the remaining 77% filled by UK nationals.

UK placements - candidate nationality





Outside of London, the UK is not always seen as an attractive place to work by European candidates and given the extra pressure of a weak sterling/Euro exchange rate and higher taxes, we believe that UK based employers of technical shipping professionals will find it increasingly difficult to find the right people.

The weak freight markets have of course led to all shipping companies reviewing their cost base and suppliers. This has had a direct impact on third party ship managers as their principals put contracts up for tender. For some this has meant a loss of business, for others this has led to a gain. From an employment market standpoint it has meant more candidate movement in the past 12 months than in 2009 and generally speaking more than ever before is being asked of mid and senior level technical employees.

Across Europe the average basic salary for a technical superintendent placed by Faststream was £54K. This includes technical superintendents placed within independent shipowning companies as well as within oil majors, ship management and commodity trading companies. However **third party ship management** companies are paying slightly better than the shipowning companies, with an average salary of £55K offered by ship management companies versus £51K offered by independent shipowners. Both are also typically offering a bonus package of between 10 and 20% as well as generous pension and private health care packages.

The debate over the pros and cons of third party vs in-house ship management continues to exercise both shipowners and employees alike. With an estimated 16,000 to 20,000 vessels under third party management by around 450 companies (source: Lloyd's List 28 April 2011), the sector is facing stagnating management fees. However, from a career path point of view, gaining experience within a ship management company can be a very useful step on the ladder. We have seen a number of candidates with oil major or large shipowning company experience seeking out third party ship management positions in order to build a more rounded shipping industry experience.

Another interesting development has been the growth in demand for technical people by London and Geneva based **banks and commodity trading houses** who are seeking to bolster the management of their shipping operations. These are extremely specialist roles which require technical candidates who are equally at ease in a high pressure office environment and as able to work with traders and lawyers as they are with dealing with ship crew and third party ship managers. Typically they will be required to manage the ship managers and ensure that the ship contracts are being handled properly. Pay for these types of roles can be between £80-£100K plus bonuses. However, it should be stressed that the pool of candidates with the mix of skills required for these roles is not a deep one.

ASIA



KEY TRENDS:

- **AVERAGE AGE 40**
- **AVERAGE SALARY SGD \$111,000**
- **CONTINUED GROWTH OF SINGAPORE AS SHIP MANAGEMENT CENTRE**
- **INCREASE IN “LOCAL PLUS” PACKAGES**
- **TECHNICAL SUPERINTENDENT SALARIES FIRM**
- **GROWING DEMAND FOR TECHNICAL PEOPLE FROM COMMODITY HOUSES**

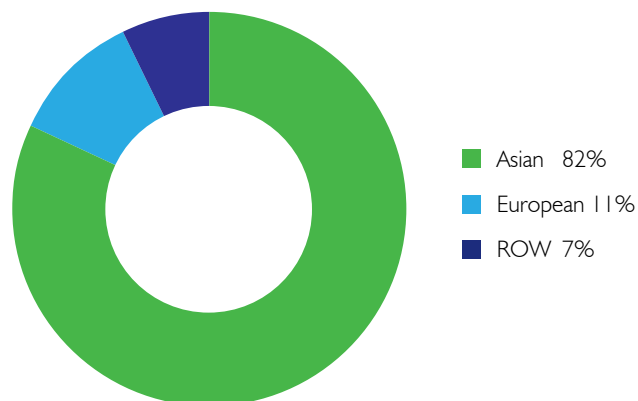
Whilst the market for third party recruitment services for technical superintendents is more limited in Asia, given the ease of networking in ship management centres such as Hong Kong and Singapore, Faststream has been placing people in a variety of roles, especially for the harder to find specialist requirements such as a Singapore based Russian speaking dry bulk technical superintendent.

Salaries across the technical market sector in Asia have remained relatively stable, with a Singapore based technical superintendent typically able to command between SGD 156K annually, which at the current exchange rates is equal to nearly USD 130K or just over GBP 74K. This is a very sharp rise from the GBP 55K we reported in 2009/10. The weak US dollar means that for those companies whose income is principally in US dollars, the cost of technical staff is high and Singapore is

becoming an increasingly premium location. However, employer costs, taxation, office rent and the costs of living are still higher in Europe than in Asia, still making the region an attractive one to place ship management staff.

We are seeing a reduction in the expatriate packages and a shift to “local plus” packages. Local plus packages will often be based on local pay, but with some perks such as partial housing or education allowances. The trimming down of the plump ex-pat packages with attractive allowances for housing, schooling and club memberships which took place in earnest in 2009 continues and more local staff are being hired than ever before. Our data shows that 82% of Asian technical candidate positions were filled by Asians, with 11% of roles filled by Europeans and the remaining 7% by candidates from around the world.

Asian placements - candidate nationality



AMERICAS



KEY TRENDS:

- **AVERAGE AGE 42**
- **AVERAGE SALARY USD \$91,200**
- **WEAK HOUSING MARKET IMPACTING ON ALL**
- **MOST HIRES TANKER MARKET RELATED**

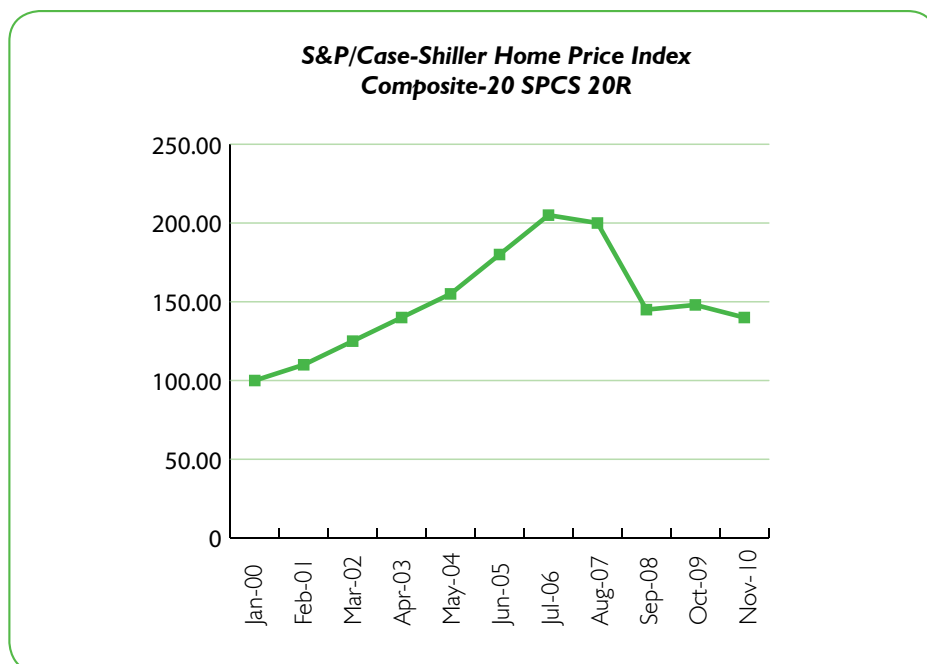
The American employment market for technical shipping expertise continues to be dominated by the requirements of the tanker sector and predominantly staffed by US citizens or Green Card holders. However, the poor US property market continues to impact on the employment market with many homeowners facing negative equity and unable to sell their property to take a new job.

Whilst property prices in the Houston region have generally held up, Florida and California which have been particularly heavily hit, impacting on the ability and willingness of employees to seek new opportunities. However, an American property owner who bought pre 2005, who is able to find a buyer and needing to move between the shipping centres of Florida, Houston and Connecticut/ New York should be able to do so without incurring a huge financial loss.

Whilst many may feel that the worst has already happened in terms of layoffs, candidates are

still unsure as to how sustainable the recovery will be. This means that there is a not as much employee turnover as in previous years and fewer top quality candidates on the market. We are advising our US clients to show flexibility when hiring new employees and being open to paying for commuting costs and allowing work from home where possible.

The index below tracks house prices in 20 major US cities and shows that prices are lower than a year ago.

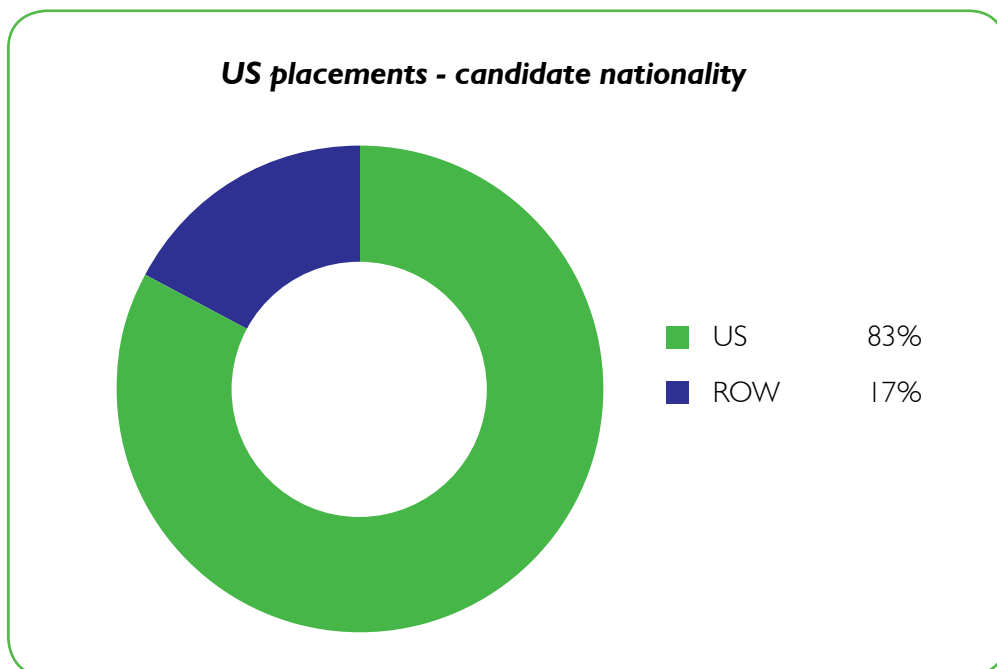




Good technical superintendents in the USA are still very much hot property and can be difficult for companies to find. With very few US nationals available, the gaps have been plugged mainly by Indian nationals. With a large immigrant Indian community – according to the US Census Bureau the USA is home to over 2.5m Asian Indians – the USA is a popular choice for many. However, it is very difficult for a company to employ someone who has had no previous connection with the company due to visa restrictions. The L Visa will allow an intercompany transfer and enable the employee to work in the States for between five and seven years before returning to their country of domicile. The H Visa, which is extremely hard to obtain and only issued on 1 October each year, also allows an intercompany transfer, but crucially can track the employee onto a Green Card.

Managing immigration issues is taking an increasing amount of US managers' time and companies' money. Companies winning a new contract and requiring to man up quickly are often forced to transfer people in from overseas offices and pay high legal fees. One ship manager told us such is the extent of the problem he has an immigration lawyer assigned to the company.

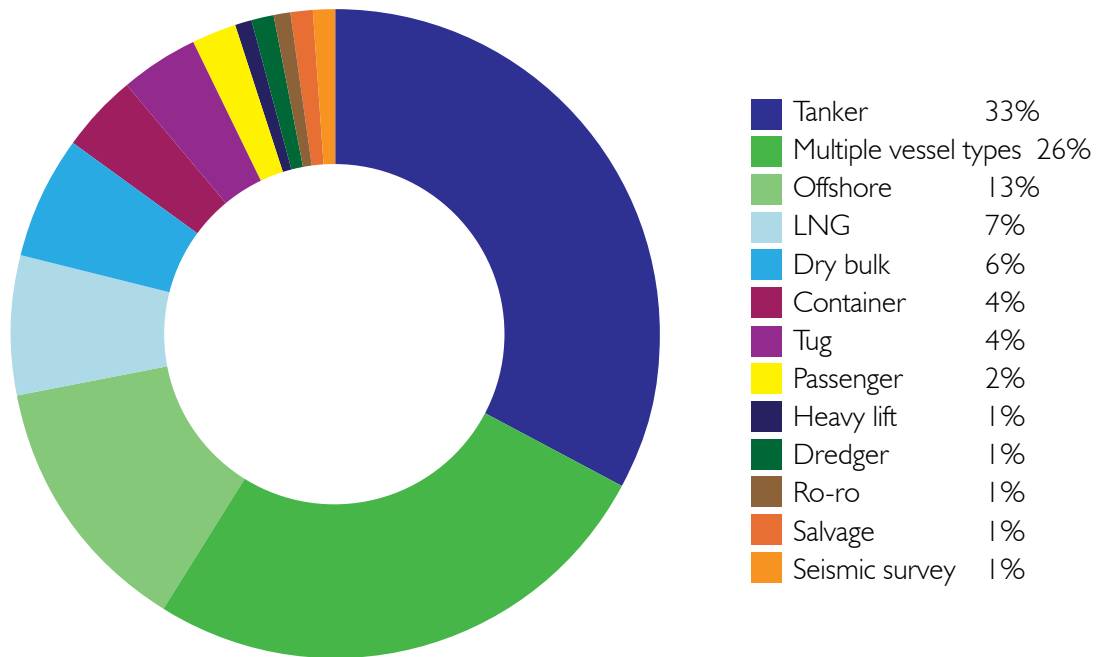
The Houston region continues to be the most active in terms of new hirings and the average salary for technical superintendents placed by Faststream in the past 12 months has been GBP 64K (USD 106). As in Europe and Asia, many companies are re-evaluating their contracts with third party ship management providers and we are seeing a number of changes. Again, as in Europe, the classification societies have begun to make hires again and our offices have seen a steady stream of enquiries.



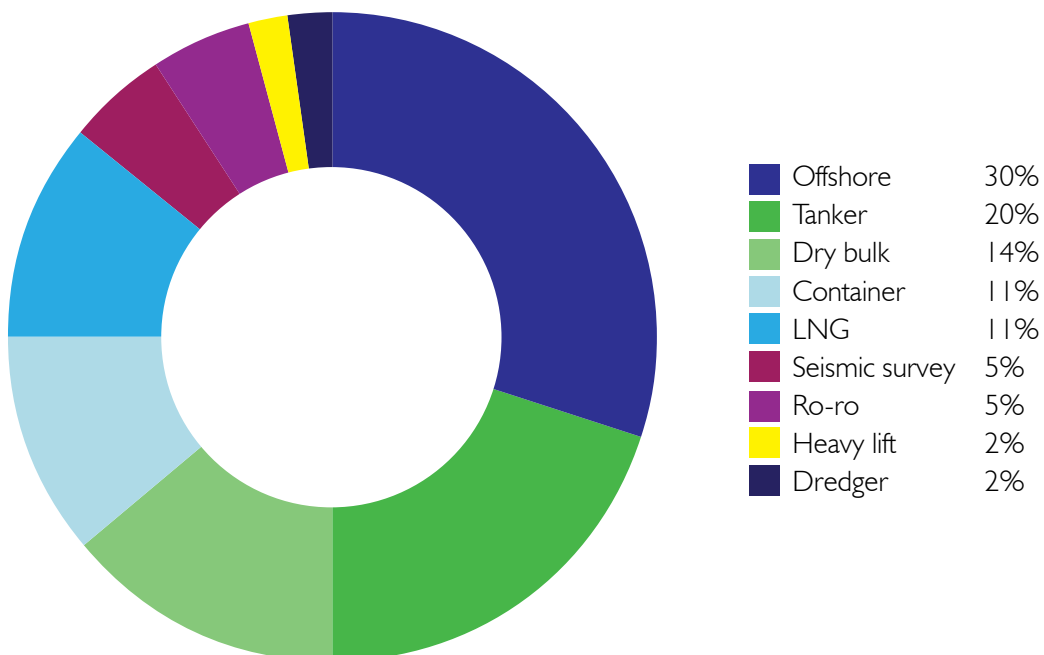
FIGURES

All figures are based on placements made by Faststream's offices in the UK, Singapore and USA.

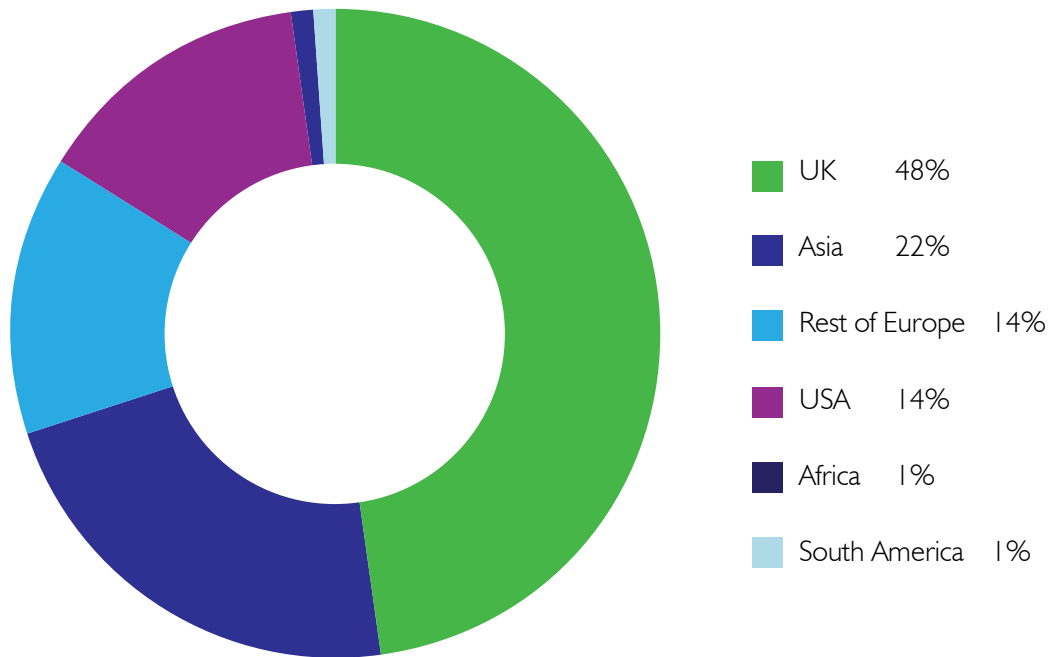
Faststream placements 2010-11 by vessel type



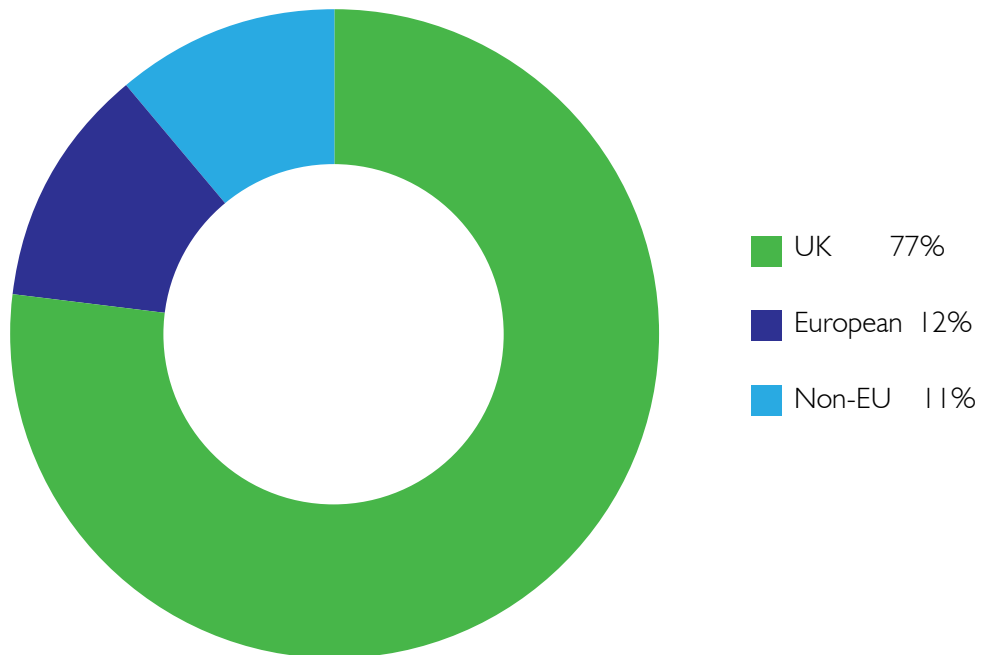
Faststream placement for shipowners/managers 2010-2011 by vessel type



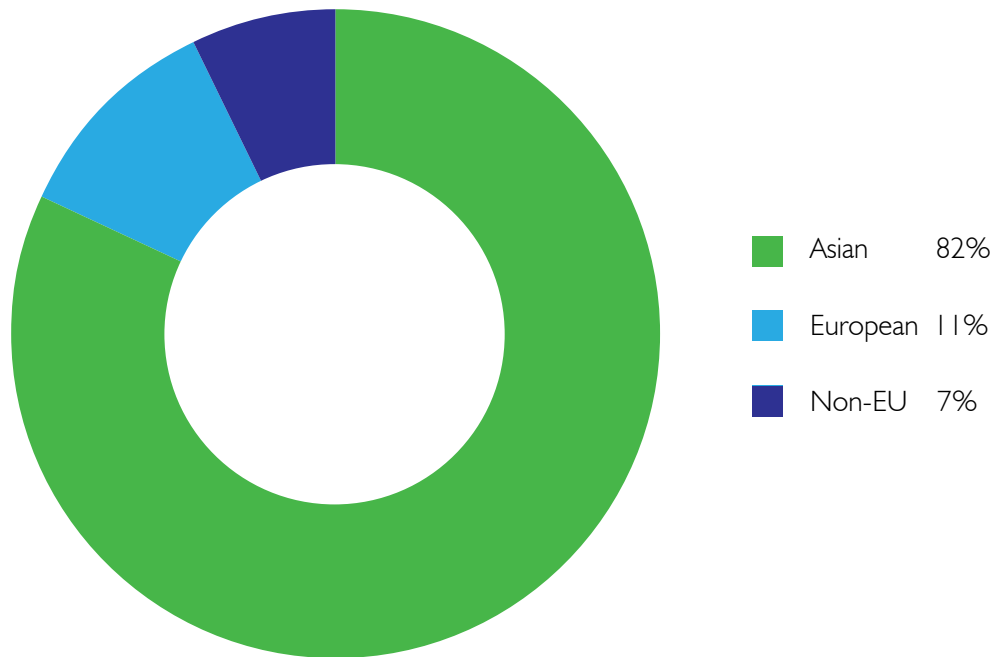
Candidate nationality



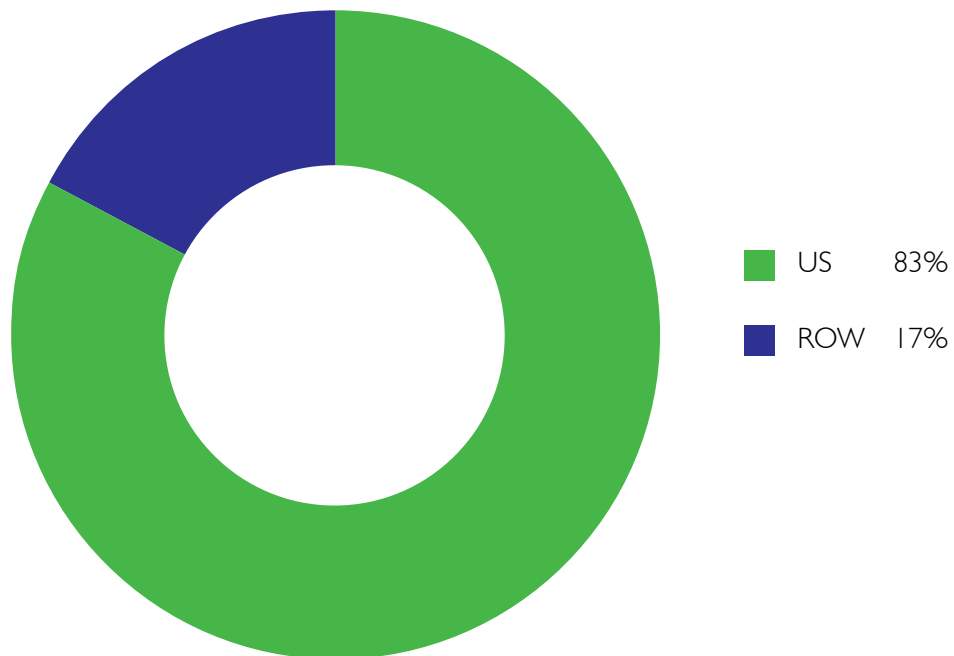
UK placements - candidate nationality



Asian placements - candidate nationality



US placements - candidate nationality



Global average candidate age:

Job type	2009-10 (years)	2010-11 (years)
Technical Superintendent	43	46
Fleet / Technical Manager	39	43
Surveyor (class/flag)	40	36
Vetting Superintendent (oil major)	52	42
Overall*	41	42

Global average base salary:

Job Type	2008-09 (GBP£)	2009-10 (GBP£)	2010-11 (GBP £)
Technical Superintendent	64,000	56,000	56,000
Fleet / Technical Manager	60,000	60,000	75,000
Surveyor (class/flag)	46,000	47,000	42,000
Vetting Superintendent (oil major)	49,000	65,000	54,000
Overall*	56,000	54,000	55,000

Time taken to place candidates:

Technical Superintendent	12 weeks
Fleet / Technical Manager	10 weeks
Surveyor (class/flag)	8 weeks
Vetting Superintendent (oil major)	8 weeks

*The 'overall' figures represent the weighted average across all technical positions, including roles which fall outside of the above listed job disciplines.