



STROKING AGAINST THE TIDE: POTENTIAL AND CHALLENGES OF SEAFARERS OF PAKISTAN

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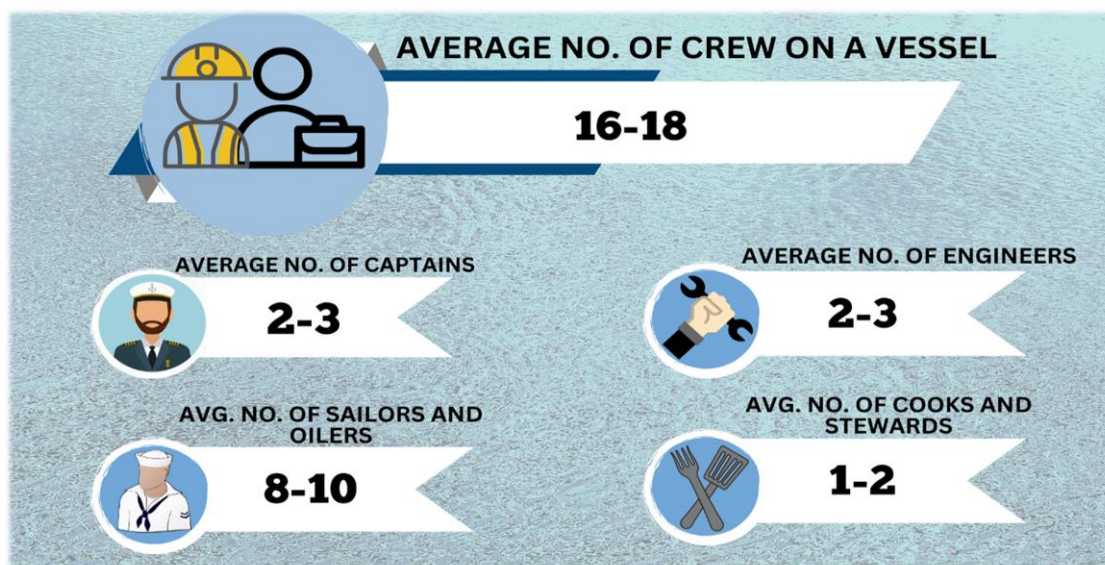
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Background and Introduction

A maritime off-shore labour also known as sailor, seaman, mariner, or most commonly seafarer is: *a person who works aboard (off shore) on a watercraft as part of its crew, and may work in any one in a number of different fields that are related to the operation and maintenance of a ship.* Major positions under the said categories are classified into two broad categories Officers and Ratings. Officer class comprises of: Captains, Engineers and other personnel holding a relevant certificate, whereas ratings refers to all other seafarers like sailors and oilers, cook / stewards etc. All the positions are relatively high paid as compared to similar job descriptions for on-shore employments / labours opportunities. Salaries of oil tankers crew are relatively higher because of the risk/hardships of the tasks, their operational loading/unloading carries out in sea so they spent months without touching the shores. Besides, seafarers receive very substantial amount of overtime and other allowances. Due to this, the rate of savings of seafarers are relatively higher.

Seafarers are the integral part of shipping service sector that wholly belong to the offshore component of the services by the sector. The global shipping sector has consistently been growing with the increase in global trade, however, Pakistan has seen its share in international shipping professions gradually decline over the last few decades. Despite incentives to seafarers in Pakistan Merchant Marine Policy 2001¹, Pakistan was unable to grasp the potentiality of its seafarers through employment at foreign flag vessels.



¹The incentive as stated in Pakistan Merchant Marine Policy 2001

“Pakistani seafarers earning salary on foreign flag vessels shall be exempted from payment of Income Tax up to the amount repatriated through banking channel”.

This policy was implemented as

- (a) a Pakistani seafarer, working on Pakistan flag vessels for one hundred and eighty three days or more during a tax year; or

Implemented through Income Tax Ordinance 2001 Amendment in 2006

SRO 1119(I)/2006, dated 01.11.2006

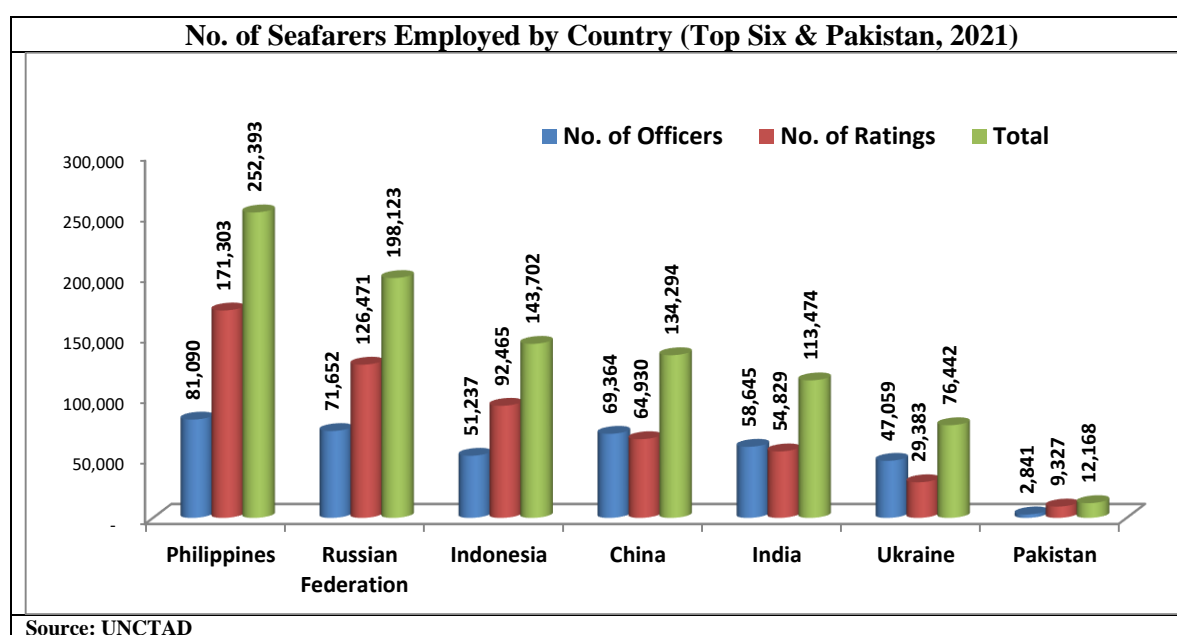
<http://download1.fbr.gov.pk/Docs/2017831181435412IncomeTaxOrdinance2001updatedupto30.06.2017.pdf>

- (b) a Pakistani seafarer working on a foreign vessel provided that such income is remitted to Pakistan, not later than two months of the relevant 3 [tax year], through normal banking channels.

Implemented through Income Tax Ordinance 2001 in 2001

Ref: <https://www.ma-law.org.pk/pdflaw/ITO%202001.pdf>

The global employment of seafarers (both officers and ratings) stands at around 1.89 million across the globe as of year 2021. Filipinos and Russians have the largest employment share which make up 13.33 percent and 10.46 percent respectively of the total employment. This is followed by Indonesia with 7.59 percent, China with 7.09 percent, India with 5.99 percent and Ukraine with 4.03 percent. The top six countries account for approximately half of the employment share (48.49 percent) in the total employment. There are about 152 countries that have share in the seafarers employment (officers and ratings) in the world. The share of Pakistan is 0.64 percent (12,168 seafarers) in the total world's seafarer employment and accordingly stood at 49th position in terms of total employment of seafarers.



According to the Bangko Sentral ng Pilipinas (Central Bank of Philippines), the deployed Filipino seafarers in 2021 remitted USD 6.55 billion, which is higher than 2020's remittance of USD 6.35 billion. The number makes up approximately 20.8 percent of the total foreign remittances sent by the Overseas Filipino Workers in 2021. The sea-based sector's remittance comprises at least 22 percent of the total dollar OFW (Overseas Filipino Worker) remittances.² The reason behind this hold on the industry is the modern and updated education system of Filipino seafarers where around 80-100 marine schools train seafarers under various degree and diploma courses. Realizing the importance of training and courses impacted by Marine Academies/schools based on IMO standards, it is much possible that if trained; Pakistan can also earn significant revenue in remittances sent by its seafarers.

In early 90s, the seafarers from Pakistan stood around 18,000 (including officers and ratings) serving on foreign vessels, however, over the time, the share of Pakistan has reduced considerably to 12,168 (2,841 officers, 9,327 ratings) in 2021. This is on the back of several reasons, the most important is the post 9/11 scenario, where international employment for Pakistan origin seafarers become more difficult and delays due to more scrutiny required for issuance of visa to Pakistani seafarers³. During the period of 1990, the share of Pakistan Origin Seafarers in the country's overall remittances is around 25 percent⁴ (amount **500** million US dollar, author estimates, based on recorded total remittance), however, with the reduction in number of employment over the last three decade vis-à-

² <https://www.bsp.gov.ph/Statistics/External/Table%2011.pdf?>

⁴ <https://www.dawn.com/news/1429448/economy-seafarers-and-remittances>

vis increase of number of overseas in other sectors, this share significantly declined to around two and a half percent (amount **576** million US dollar – see appendix for detailed calculations, author estimates based on recorded total remittance of 22.12 billion US dollar) in 2019.⁵

The current document is to understand the potentiality of Pakistan Origin Seafarers for bringing foreign remittances in to the country. Beside this, the document also mentions some policy level hurdles and procedural bottlenecks for the increase of employment of Pakistani Origin Seafarers in foreign flag vessels.

Potentiality of Pakistani Origin Seafarers

The potentiality estimates are based on following assumptions:

- Total number of crew on average size ship (60,000 DWT) = 16-18
- Oil tankers contain 2-4 additional crews (Additional engineer and sailors/marine oilers)
- With increase in tenure/off shore experience, the salary increases and the projection balance out this with average 7.5 percent increment. In 2018, international bodies reached an agreement on an overall increase of 4.5 percent of minimum wage for an able seafarer.⁶
- Pakistan Marine Academy inducts 170 candidates and passes out 150 (75 Deck side/75 Engineering side) on an average. Currently, an educated guess reveals that out of these 75, 20 Individuals land jobs on foreign vessels and other chooses different onshore options.
- If government creates opportunities for these yearly passed out cadets, along with sufficient sailors/oilers and cook /stewards annually they can contribute substantial amount of remittances. This remittance source would be very stable and long lasting. An estimated remittance calculated on 200 Ratings strength is given below to comprehend the amount of remittance.

Current Seafarers Potential to Join the Profession& Average Domestic and International Remunerations					
Category		Average Pay Pakistani Vessel	Average No. of People employed in a mid-size vessel (60000 DWT)	Average Pay International	Passing out candidates from PMA
Captain (Officers)	Chief Officer	\$80,000	2 to 3	\$120,000	75
	Mates				
Chief Engineer(Officers)	2nd Engineer	\$75,000	2 to 3	\$115,000	75
	3rd Engineer				
Sailor and oilers Cook / Stewards (Ratings)		\$14,000	9 to 12	\$26,000	200
Total Employment Prospects per annum per vessel:			13 to 18		350

⁵ Author's estimation

⁶<https://worldmaritimenews.com/archives/265239/deal-reached-on-higher-seafarer-wages/>

Employment Prospects of Seafarers

The employment prospects of seafarers can be gauged from the registered ships in the world over the years. During 2011-2022, the overall fleet has increased by about 1.78 percent (CAGR⁷). Of this, growth in Bulk carriers achieved a growth of 3.69 percent, other type of ships 2.71 percent and Container ships 0.99 percent. The growth of oil tankers was witnessed at 0.72 percent while the cumulative growth in general cargo declined by 0.39 percent. Since, there is an overall increase in registered ships therefore there has been increase in demand of seafarers also. Based on seafarer's employment numbers in year 2021 and number of registered ships, the average seafarer's employment on per ship comes to approximately 18.

Registered Ships / Vessels by Different Types

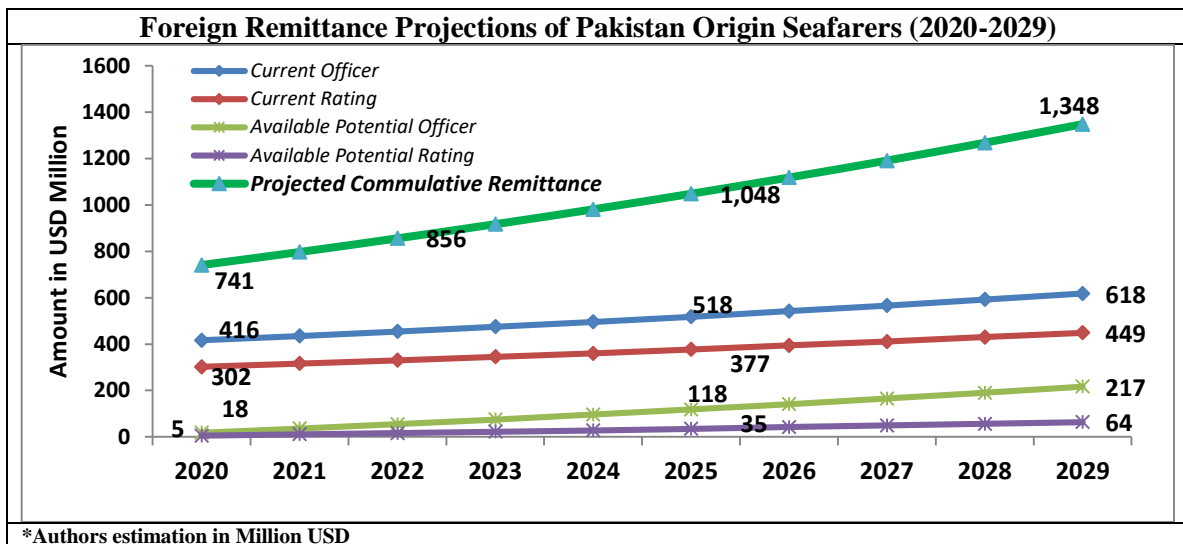
Category	Oil tankers	Bulk carriers	General cargo	Container ships	Other types of ships	Total fleet
2011	10 609	8 228	21 090	4 966	38 390	83 283
2012	8 838	9 001	20 309	5 096	41 465	84 709
2013	9 100	9 688	20 421	5 079	42 380	86 668
2014	9 239	10 162	19 664	5 101	43 784	87 950
2015	9 695	10 509	19 566	5 111	45 589	90 470
2016	9 884	10 729	19 613	5 226	46 643	92 095
2017	10 187	10 895	19 045	5 150	48 244	93 521
2018	10 852	11 384	19 080	5 198	49 139	95 653
2019	10 996	11 623	19 288	5 305	49 924	97 136
2020	11 354	11 987	19 888	5 384	51 538	100 151
2021	11 506	12 336	19 976	5 442	52 159	101 419
2022	11 565	12 714	20 112	5 589	52 919	102 899
CAGR (12 year)	0.72%	3.69%	-0.39%	0.99%	2.71%	1.78%

Annual Remittance Projections

Subject to conditions and assumption, the potentiality projection gauged for the annual remittance inflow is provided below. The seafarers contributed **0.57 billion US dollars**⁸ in 2019 which accounts for approximately two and a half percent of the remittances in respective year. In early 90's there were around 18,000 Pakistani seafarers employed in foreign vessels and the share of seafarers in annual remittances inflow touched around 25% but this contribution has now shrunk drastically. However, Pakistan has a great potential of getting back that employment share resulting an increase in remittances, based on conservative approach of 4.5 percent per annum increment in remuneration for projection, a compound annual growth rate (CAGR) of 6.2 percent is expected in seafarers' remittances for ten years down the road from year 2020 to year 2029.

⁷Cumulative Aggregate Growth Rate (CAGR)

⁸ Author's estimation



Pakistan seafarers can contribute up to **1.35 billion** US dollars by 2029 which is almost two-fold vis-à-vis remittance inflow by seafarers in 2018 and more than 6 percent of the total remittances (approx. **20 billion** US dollars) by Pakistani's overall expatriate working abroad in 2018. The detailed calculations are provided in the appendix tables⁹.

Potential of Marine Academy Affiliations

The affairs of the seafarers are given top priority across the globe. The sector is pushed to keep up with the ever-expanding global trade. Despite continuous efforts, Pakistan has been unable to tap the potentiality of its seafarers through employment at foreign flag vessels. Many of the problems can be remedied if Pakistan engages its marine academy in affiliations with other entities that can benefit the training and image of the academy. Countries like Philippines and Bangladesh have pushed their marine academies to fulfil their potential through institutional affiliations. The global employment of seafarers (both officers and ratings) stands at around 1.89 million across the globe as of year 2021. Filipinos have the largest employment share which make up 13.33 percent of the total seafarer employment. According to the Central Bank of Philippines, the deployed Filipino seafarers in 2021 remitted USD 6.55 billion, which makes up approximately 20.8 percent of the total foreign remittances sent by the Overseas Filipino Workers in 2021. Bangladesh's total seafarer employment stood at 5417 seafarers in 2021. Marine academies of both Bangladesh and Philippines have engaged in academic and commercial affiliations that have transformed their performance and international image. The academic affiliations have enhanced their educational activities and aligned their trainings with international standards. Because of the said affiliations, the seafarers trained through the globally credited courses from the marine academies of Bangladesh and Philippines have a greater probability of getting hired by foreign flagged merchant ships. The affiliations improve the image of the labor of the country and builds trust in the eyes of the ship origin country. The professional engagements have boosted the profitability of the maritime sector and the remittances. The increased employment of seafarers from a country ultimately boosts the foreign remittances and the foreign exchange reserves.

Pakistan needs to follow the footsteps of its peer countries and seek affiliations, both academic and professional, for the betterment of the marine academy. The affiliations will aid the academy in adhering to the international conventions and increasing seafarer employment by making every

⁹See appendix for details

exercise a joint venture. Following are the examples of successful marine academies and their affiliations:

Bangladesh

Bangladesh is a South Asian country marked by lush greenery and many waterways. Until 1971, Bangladesh was a part of Pakistan and was called East Pakistan. Over the years, Bangladesh has excelled in many trades relating to seas and other waterways.

Maritime Academy

The govt-owned Bangladesh Marine Academy (BMA) has a longstanding reputation of producing professionally skilled, environmentally aware and prudent Marine Cadets. It grooms the young Cadets through a regimental and residential education and training program with English as the working language, in accordance with the competence standards (Nautical Science and Marine Engineering) as required by the IMO STCW Convention.¹⁰

Bangladesh Marine Academy is an ISO Certified Institution. BMA has been awarded with ISO 9001:2015 Quality Certificate by DNV-GL in 2015; being renewed regularly.

Administrative Authority: Ministry of shipping

Monitoring (Academic) Authority: Department of Shipping

Bachelor Degree (Hons) Awarding Organization: Bangabandhu Sheikh Mujibur Rahman Maritime University (BSMRMU)



Academic Affiliations

- The Bangladesh Marine Academy engaged in Research-attachment with Australian Maritime College (University of Tasmania). BMA linked itself with Dalian Maritime University (China), Vietnam Maritime University and Singapore Maritime Academy in 2011. In the same year, European Commission (EMSA) recognized BMA Cadet Training. In 2012, BMA engaged in an Academic collaboration with Shell Marine Singapore. In 2014, BMA signed an MOU with WMU for conducting WMU courses at BMA campus and in the same year became a Member of Global On-Board Training Centre (GOBTC).
- In 2018, BMA signed an MOU with Tolani Maritime Institute, India.
- BMA achieved “Centre Recognition” of UK Merchant Navy Training Board (MNTB), “Centre of Excellence” recognition of Nautical Institute (NI London) and Upgraded status as a ‘Partner Relation’, in place of former Branch, of World Maritime University (WMU), Sweden, in 2019.

¹⁰ Bangladesh Marine Academy: <https://macademy.gov.bd/>

- BMA signed an MoU with Solent University (Warsash Maritime School), Southampton, UK for academic collaboration (up to MSc level) in 2022 and is currently in process of signing an MoU with MAAP Philippines (Maritime Academy of Asia & Pacific) for academic collaboration. BMA training is also recognized by Maritime and Port Authority of Singapore.



Professional Affiliations and MoUs

- In 2010, Bangladesh entered the white list of IMO.
- Bangladesh Marine Academy built a Professional Link with IMEC, ISF, ITF, IMarEST & NI and became a Member of GlobalMET (Australia), Inter-Manager & Marine Biz-TV in 2010.
- The academy engaged in a professional Link with Maritime Piracy Human Response Programme (MPHRP) in 2012.
- BMA became a member of International Maritime Rescue Federation (IMRF) in 2013.
- BMA Commandant (Dr. Sajid Hussain CEng CMarEng FIMarEST) was selected as an IMO Maritime Ambassador in 2016.

- BMA was selected for “South Asian Business Excellence Award 2017” as the “Best Institution in South Asia in Maritime Education” by SAPS (South Asian Partnerships Summit)



in 2017.

Philippines

The Philippines is an archipelagic country in Southeast Asia. Philippines makes the most of its strong labor force and connection with the sea. Philippine stands first when it comes to Seafarer employment which makes up 13.33 percent of the global seafarer employment. There are currently approx. 250,000 Filipino seafarers working across the globe.¹¹

Maritime Academy

The Philippine Merchant Marine Academy celebrated her 200th year anniversary in 2020. The academy offers maritime programs leading towards a B.S. degree in Marine Transportation and B.S. degree in Marine Engineering. Since 1996, PMMA has been offering master's degree programs namely Master in Shipping Management and Master in Maritime Education and Training.

The Philippine Merchant Marine Academy is an ISO certified institution.



Academic Affiliations

The Philippine Merchant Marine Academy (PMMA) entered into an educational collaboration with the Singapore Maritime Academy (SMA) with the signing of a memorandum of understanding (MoU)

¹¹ UNCTAD

in Singapore recently. Under the MoU, both premier schools agreed to "explore the possibilities of developing and implementing academic and cultural activities, including but not limited to sharing knowledge, experiences and expertise.

The Philippine Merchant Marine Academy successfully conducted its Benchmarking Activity in Research, Development and Extension at the Palompon Institute of Technology in Palompon, Leyte.

The PMMA signed an MOU with Canadian Bureau for International Education (CBIE) at CBIE's annual conference in Niagara Falls on November 23, 2015.



Canadian Bureau for
International Education



SMA
Singapore Maritime Academy
SINGAPORE POLYTECHNIC

Philippines Coast Guard PCG Commandant, Vice Admiral Rodolfo D Isorena together with Philippine Merchant Marine Academy (PMMA) Superintendent, Rear Admiral Richard U Ritual and General Manager of Training Quality Assurance and IT Development of Union Marine Management Services Pte Ltd, Chief Engineer Harish Joshi signed a Memorandum of Agreement (MOA) of the PMMA Cadetship Training Program. The objective of said MOA is to establish a harmonious working relationship among the PCG, PMMA and UMMS with the view of promoting, sustaining, and improving maritime operations.

In 2022, The Philippine Merchant Marine Academy and the Central Michigan University formalized their partnership through a Memorandum of Understanding. The MOU highlighted cultural exchange and exchange of knowledge in the arena of education and research. Future meetings will be held to identify programs and activities that both parties will venture into for the improvement of Education and both institutions.

Professional Affiliations and MOUs

On 18 December 2019, the PMMA entered into partnership with Landbridge Ship Management (HK) Limited in Queensway, Hong Kong for sponsorship of cadets. The Memorandum of Understanding was signed in the presence of Landbridge's Manila Centre partner Capt. Rex D. Seballos, President of Spectrum Marine and Ship Management, Inc.



Heavenly Culture, World Peace, Restoration of Light (HWPL) and PMMA signed partnership through a Memorandum of Understanding (MOU) to continuously carry out projects especially the integration of Peace Education. HWPL turned-over peace corner materials including peace education modules, True Story Book of HWPL, brochures, DVDs and banners to be displayed in their library.

Epilogue

Pakistan's economy is sagging, particularly on the external front on account of rising imports and decreasing or stagnant exports. Although, the foreign remittances during the last one decade have increased impressively, and have supported the trade deficit in a significant manner. Despite this, there is a need to do a lot more to offset the trade imbalances, and the remittance by overseas Pakistanis is one of the avenues which needs to be explored further. Amongst other opportunities of increasing overseas remittance, the potential of seafarers is gauged in the current document. The findings revealed a significant potential of increasing foreign remittance by means of increasing efforts to employ seafarers of Pakistan origin on foreign vessels.

Considerable marketing efforts need to be made by Pakistani mission abroad, particularly in the major seafarers' employment centres, such as *Greece, Cyprus and Singapore* etc. The employment opportunities in the sector are still widely open and Pakistan must increase the size of its pie, going forward. The efforts will not only increase the overseas employment of seafarers from Pakistan origin but also would help in increasing foreign remittance.

The government needs to view this as an industry source of high inward remittance potential. Currently, Pakistani seafarers are facing issues to secure employment in national and particularly international level because of many reasons such as:

- Non-existence of domestic shipping industry. PNSC is the only Pakistani flagship operating organisation and on its fleet of 9 vessels it can only provide limited number of employment opportunities.
- Hurdles faced at domestic level such as lack of appropriate training opportunities and cumbersome procedure for acquiring certificates of competencies. The Pakistan Marine Academy (PMA) is the only public institute in Pakistan to train the seafarers and is managed by DG Port and Shipping. Merchant Marine training standards at international level has modified its training curriculum by adopting technological changes and aligning its curriculum with standards given in Manila Amendments 2010, whereas the training curriculum for Merchant Marine Personnel of PMA remains very traditional with very little emphasis on updates and technological innovations. Several courses have been discontinued by the academy on account of paucity of funds, lack of trainers and non-availability of appropriate training instruments.
- The failure to address the requirements of modern trainings standards set under the IMO conventions.
- Post 9/11 Pakistani citizens are facing strict customs check at foreign borders and the situation for seafarers is more deplorable because of non-updated / non technologically upgraded Seafarers Identity Documents (SID) as per ILO Convention 185) and e-Articles of Agreement. As a result, Pakistani seafarers cannot join foreign flag vessels without proper visa of that country where he has to join foreign flag ship, he is not allowed to avail shore leave or transit or transfer at foreign ports. This all hassle makes Pakistani seafarers as least desired employees by foreign vessel operators.
- Concerns over misuse of The Merchant Marine Ordinance 2001 (MSO – 2001), certain provisions of the MSO -2001 need revisit as its given provision (i.e. Sec 123 and 127) are being misinterpreted /misunderstood/misused by the concerned authorities and seafarers who

find opportunities to get employment on foreign vessels face lots of hurdles in getting their required medical/physical fitness certificates and agreements of engagements.

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Some Basic Description

- Sailors and oilers are of different grade, able sailor is the senior most position along with Class 2 and Class 3 sailors.
- Most of the Sailors and Oilers are trained with informal education and they generally possess basic diplomas. On job experiences and their skill sets makes them worthy of their position.

Appendix

Estimation of percentage share of remittances in 2014-15 by Seafarers <i>amount in Million USD</i>				
Remittance as per Employment (2015) (Employment number * average remuneration)		Total Seafarers Remittance (A)	Total Country Remittances (B)	Percentage share [(A / B)*100]
<i>Officer</i>	<i>Rating</i>			
334	243	576	18400	3.10%

Potential Employment Estimate

Average Salary		Current Employment		Available Seafarers (Per Year)	
<i>Officer</i>	<i>Rating</i>	<i>Officer</i>	<i>Rating</i>	<i>Officer</i>	<i>Rating</i>
117,500	26,000	2841	9327	150	200

- * 4.5% increment in annual salary per year
- * increased 150 (officers) passing out cadets to foreign vessel work force per year
- * increased 200 (rating) seafarers to foreign vessel work force per year

Foreign Remittance Projection

Estimated Annual Remittance Inflow from Seafarers <i>amount In Million USD</i>					
Year	Pre-2020Seafarers		Post-2019 – Seafarers Inclusion		Projected Remittance
	Officer	Rating	Officer	Rating	
2020	416	302	18	5	741
2021	435	316	36	11	797
2022	454	330	55	16	856
2023	475	345	75	22	917
2024	496	360	96	28	981
2025	518	377	118	35	1048
2026	542	394	141	42	1118
2027	566	411	165	49	1191
2028	592	430	190	56	1268
2029	618	449	217	64	1348