

MARITIME EMPLOYMENT REVIEW

Technical Shipping

April 2010

“PEOPLE CHANGE JOBS FOR ONE OF TWO REASONS: SOMETHING CHANGED OR SOMETHING DIDN'T”



The market for technical shipping jobs has improved considerably in the first quarter of 2010. We have seen confidence return to the market and more than just the first green shoots of spring emerging. We may not be basking in hot sunshine yet, but the worst of the bleak frozen winter is certainly behind us. The more positive feeling in the general economy and in particular the ending of the sense of panic that was so prevalent in 2008/09 has led both companies and candidates to come out of their shells and to begin sniffing around for new opportunities.

When taking on a new job in a technical area of shipping, be it as a surveyor, fleet

director or business development manager, the new role will often entail a relocation to another part of the world or country. The decision to change jobs is never an easy one to make and will often hinge on personal circumstances and family life. With the upturn in the housing markets in most of the world's major economies, candidates are more likely to accept jobs knowing that they can sell or rent out their house more easily than last year. For an individual to decide to make the major decision of moving job, confidence in both the company they are going to and the general economy are key issues. The general sense of greater confidence in the economy has made its way down to increased movements across the technical shipping market.

“We’ve seen confidence expressed in a surge of CVs submitted to us, hits on our website and quiet chats with our recruiters”

There is a backlog of people who have been dissatisfied with their current job for some time, but put plans on hold during the uncertainty of the financial crisis.

People change jobs for one of two reasons: something changed or something didn't. Whether it is pay, future prospects or office politics, people who last year felt that on balance a secure job was better than an insecure job, are now beginning to contact us. We have seen this confidence expressed in a surge of CVs submitted to us, hits on our website and quiet chats with our recruiters. The number of new candidates on our books in Q1 2010 is up 26% versus Q1 2009 and the number of unique visitors to our site is up nearly 20% from 68,000 in Q1 2009 to 81,000 in Q2 2010.

We believe that the numbers of candidates on the market for a new job will continue to rise this year as confidence continues to grow. However, our local offices in Oslo, Southampton, Singapore and Fort Lauderdale report different local patterns. Danish and German employers are not hiring nearly as many candidates as their rivals in Norway, UK and the Netherlands. The Singapore market is performing particularly strongly, with a particular emphasis on offshore roles. New dry bulk and tanker operators are springing up across the Asia-Pacific region and all need experienced and technically competent staff. Indian ship managers are calling on our services to find them Indian technical managers. With the British pound so weak in comparison to the Euro, UK employers are struggling to compete with Euro-zone based employers to attract foreign talent. Stringent and often expensive US and UK visa requirements are making the hiring of non-US/EU citizens increasingly onerous. We are also seeing a level playing field in terms of salaries offered to technical superintendents, whatever their nationality or location.

Our survey of candidates placed in a wide range of technical roles for shipping companies, oil majors, flag states, classification societies and consultancies shows that salaries have remained steady and that experienced and well qualified candidates remain hot property. We are managing to place candidates more quickly than before, in an average of 9 weeks, down from 11 weeks in 2009.

Asia-Pacific

“Despite perceptions to the contrary, there is little or no difference between the salaries of Asian and European candidates and there is little difference in the salary of a technical superintendent placed in western Europe or Asia”

As reported in our last technical market review (March 2009), demand for technical shipping candidates has remained steady through the recession and there has been no drop in salaries or mass redundancies.

However, since the start of 2010 we have seen more technical roles, particularly in the offshore sector. We have seen a number of new companies enter the sector and look to fill positions quickly with experienced people. Many of these offshore operations are start-ups which are offering senior people a stake in the company as well as an attractive salary package. We have also seen a number of new dry bulk operators opening offices in Singapore and looking for technical superintendents.

Indeed demand for technical superintendents is so strong that for the first time we are being asked by clients to undertake retained searches for technical superintendents, something we have been more used to doing when placing managing directors and other senior commercial executives.

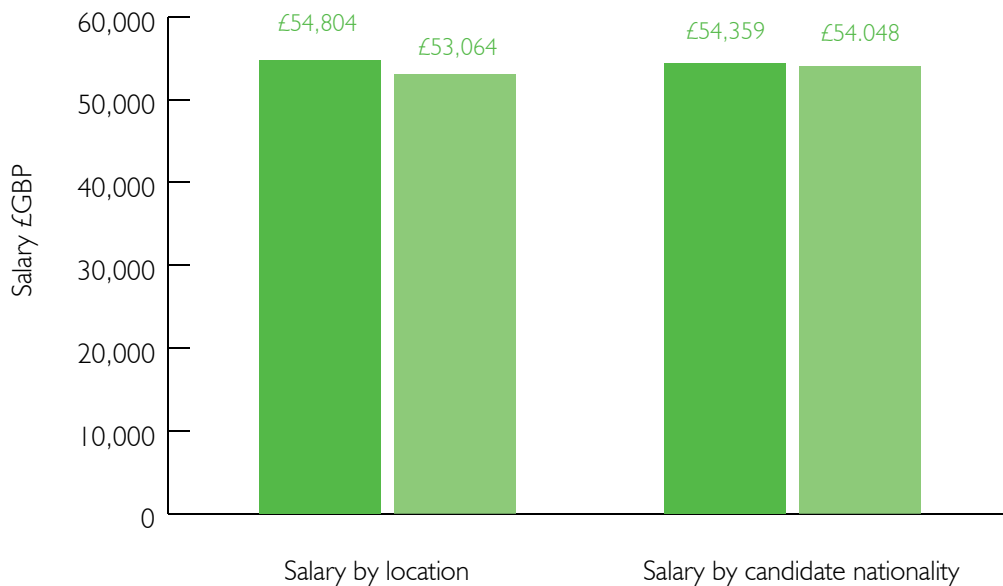
The Indian market continues to grow with more companies outsourcing their technical operations to Mumbai. Again, for the first time we have been asked to find Indian superintendents for the Indian market. This is something which has not happened before with India based operations previously finding it easy to find good technical people themselves. Asian shipyards are also keeping us busy, with many looking for senior European talent to liaise European owners and design houses.



Looking at the salary data below for technical superintendents, we can see that despite perceptions to the contrary, there is little or no difference between the salaries of Asian and European candidates and that there is little difference in the salary of a technical superintendent placed in western Europe or Asia. Of course, the figures below do not take into consideration employer costs, taxation, office rent and the costs of living which are considerably higher in Europe than in Asia. It is also important to note that within this data is a wide range of salaries for technical superintendent roles. On the lower end of the scale a technical superintendent we placed in Asia was a European paid circa £27K. The highest paid in Asia was an Asian technical superintendent for an urgent newbuild LNG project on a very attractive salary package of circa £150K.

Technical superintendent salaries

- Asia
- Europe



Europe

“The UK market is suffering from the weakness of the pound in comparison to the Euro and UK based firms are having to up their packages to attract mainland Europe candidates to come across”

Our Southampton and Oslo offices report a mixed picture. On the one hand, both offices report that they are placing people more quickly.

This is because many candidates are not being required to work out their full notice period; there are more candidates in the market place and with the upturn in the general economy and a sense of greater security in the job market place, people are more willing to make a move.

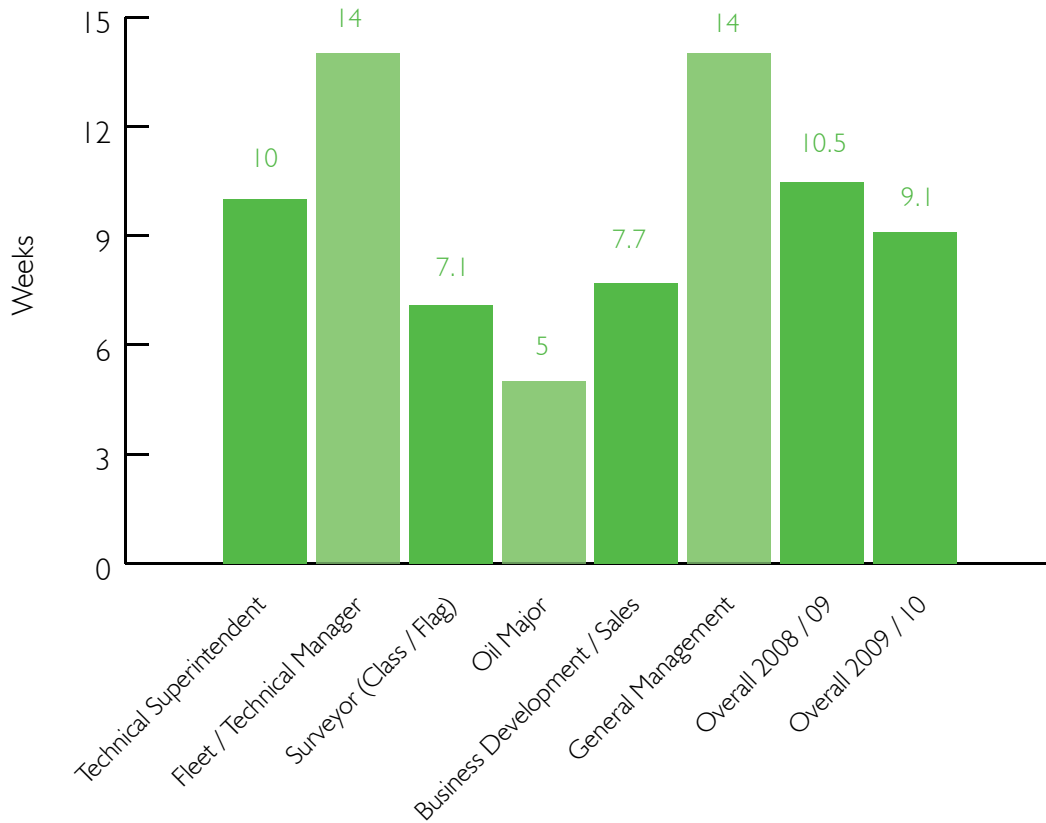
On the other hand the tax situation is making it more of a struggle for companies to find local people with a local background. There is still a shortage of experienced ex-seafarers who are ready and able to fill the countless shore based roles available to them. Good technical people know that their salaries will go further if they move to Hong Kong, Singapore or Dubai. However, we do advise our candidates to think carefully about the longer hours typically expected in Asia and the well funded European healthcare, pension and insurance system, which is generally very generous when compared with other parts of the world.

We are seeing the technical consulting companies continuing to recruit high level people, but the classification societies have been very quiet on European hires in recent months. From the owners, we have seen more activity on the tanker side of the business. Some of the box ship companies are beginning to slowly hire again after the recruitment freezes of 2009. Many ship management companies are expanding their scope and moving into different vessel types, creating

a demand for new people with different skill sets and experience. However, with a huge pressure on costs, some ship management firms are downsizing and ship management companies are having to be more creative than ever in finding ways to make a profit in a tough market and are on the look-out for very good technical people who can deliver the solutions they need. However, the UK market is suffering from the weakness of the pound in comparison to the Euro and UK based firms are having to up their packages to attract mainland Europe candidates to come across. The stricter visa requirements recently put in place by the UK authorities are also making the placement of non-EU citizens in the UK more onerous than ever before. As in Asia, we are finding that in a candidate short market, we are having to headhunt people for technical roles in a way that was not necessary during the boom years.

Denmark continues to experience difficulties, especially compared to Germany and Norway and we are seeing this reflected in the lack of movement between companies.

Number of weeks taken to place a candidate



Oil majors are making very quick hiring decisions, whilst many shipping companies seek board approval for a senior technical hire, thus slowing down the placement process.

The Americas

“We have seen strong demand in the LNG sector for technical superintendents, whilst the offshore and OEM markets are fluctuating”

The Faststream Fort Lauderdale operation reports that confidence and activity has risen across all sectors. This can be partly attributed to pent-up demand from a lack of hiring during 2009, but also to a general sense of optimism surrounding the prospects for economic recovery.

Interestingly many of the roles available are either at the top end or bottom end of the experience spectrum. Mid-level positions are not so readily available. We think that this may be because mid-level candidates, typically in their thirties and with young families, are reluctant to move. Higher level jobs become available through natural wastage and there are vacancies at the highest levels and opportunities for mid-level candidates to make the step up. However, those that do take the step up are often not being replaced.

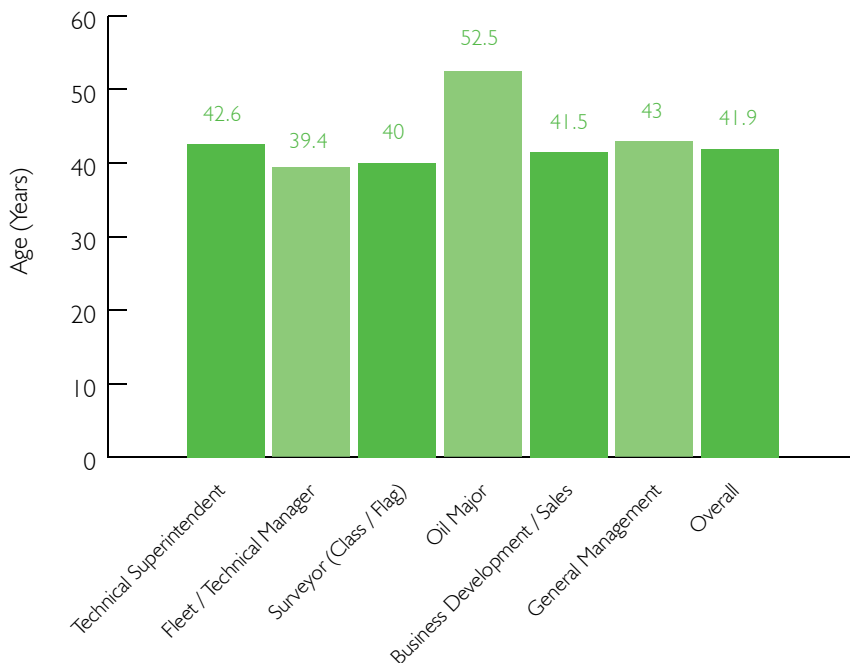
Non-US citizens are finding it harder to secure positions within US companies as the cost of securing a visa becomes more of an issue than ever before. Today a visa can cost between \$2.5 and \$10K to secure, with many companies not willing to spend this to secure the services of a European or Asian technical manager.

We have seen strong demand in the LNG sector for technical superintendents, whilst the offshore and OEM markets are fluctuating. The US flag market is finding it tough at the moment, but has remained relatively stable. Growth in both the South American shipyard business and the offshore sector has seen demand for people by classification societies and consultancies.

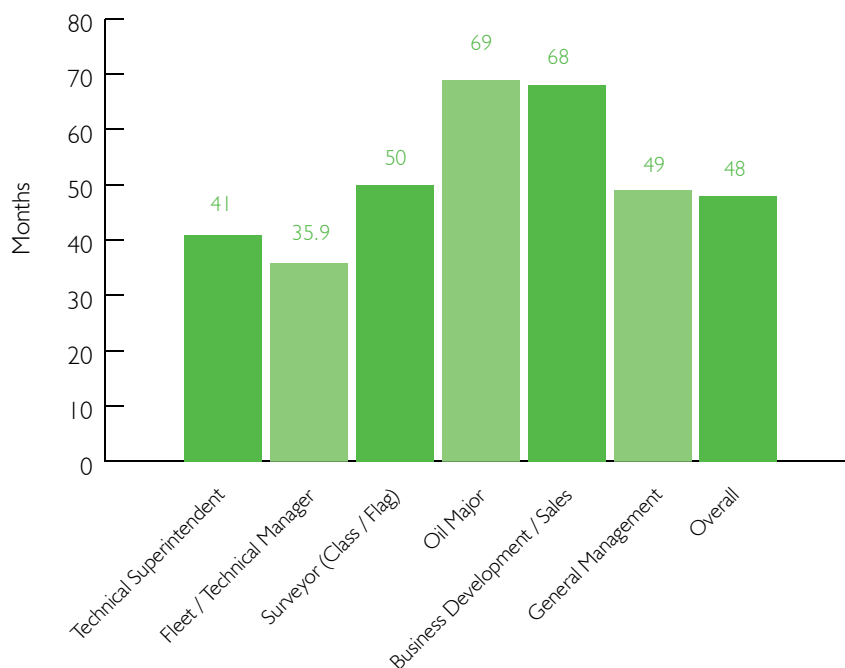
As in our European and Asian offices, we are seeing a reduction in the length of time needed to place candidates, but still nowhere near as rapid a turnaround time as during the 2006-2008 boom period when people were being taken on speculatively to manage the future growth expectancies.

FIGURES

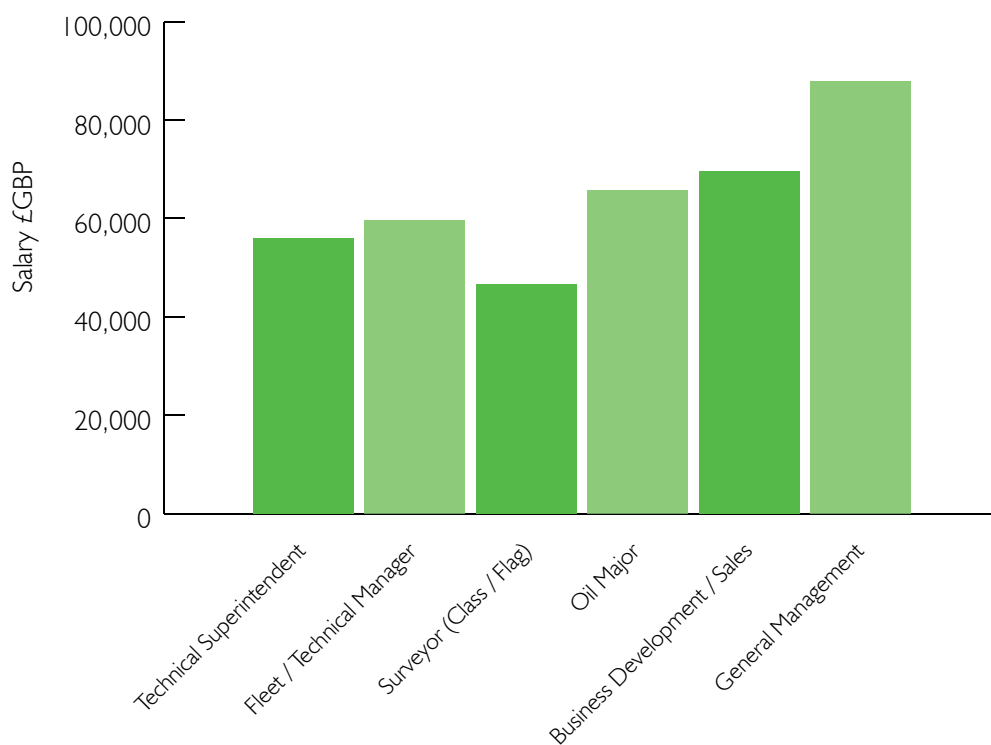
Average candidate age



Average time in previous role

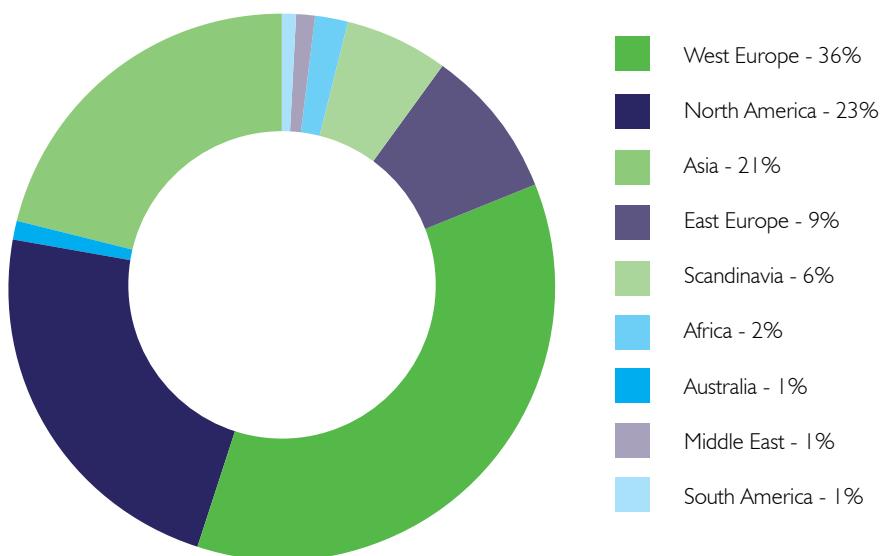


Average candidate salary

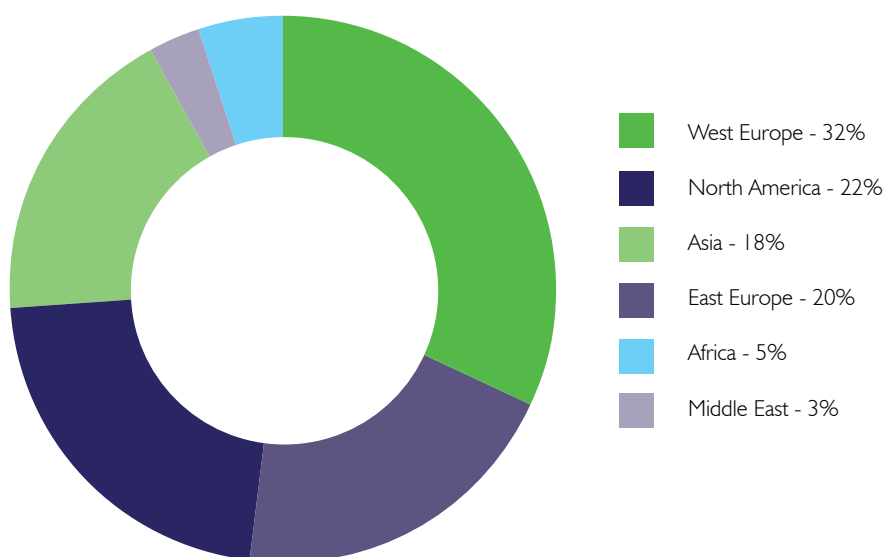


Technical Superintendent	£56,067
Fleet / Technical Manager	£59,678
Surveyor (Class / Flag)	£46,634
Oil Major	£65,756
Business Development / Sales	£69,589
General Management	£87,914

Candidate nationality



Surveyor nationality



Fleet Superintendent / Manager nationality

