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Look-out : Cheap lesson

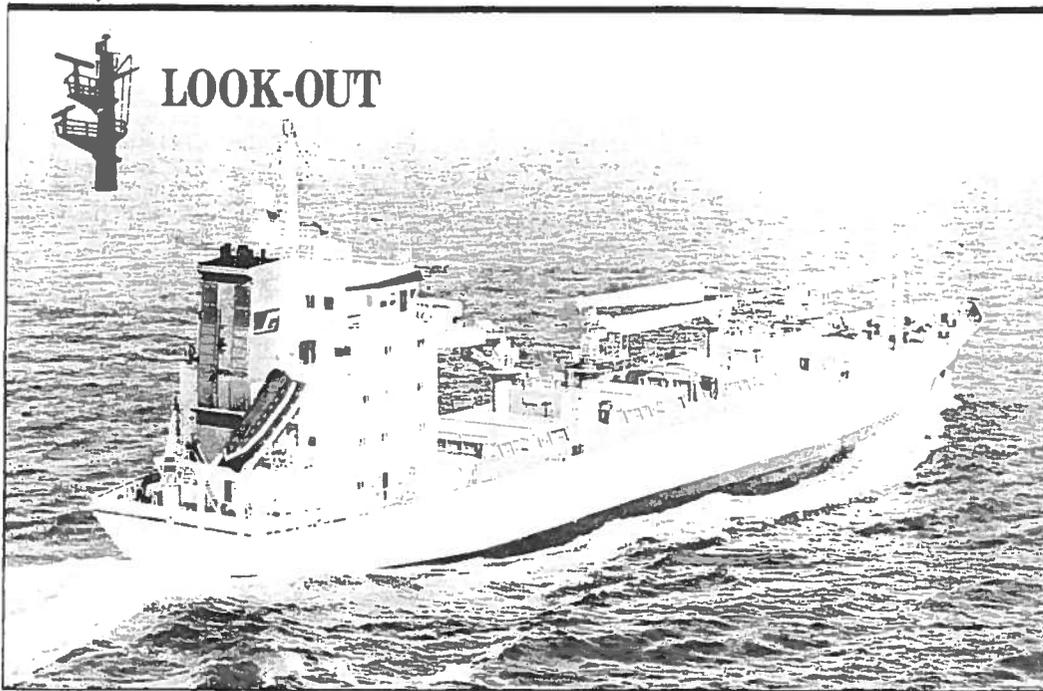
Anonymous

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LOOK-OUT

Changing market

I ALWAYS enjoy reading about far-reaching changes which are planned for Lloyd's. If you're going to have a change have a big one, I say. And the changes proposed by the Institute of Economic Affairs are certainly that.

The Institute has released a report which says that Lloyd's could be restructured in such a way that names without inside knowledge of the market would be on a par with market professionals. (Some of them already are). And names would be able to contain losses and rearrange portfolios by buying and selling shares in syndicates at market prices. And names "unlucky enough to be on a loss-incurring syndicate would be able to limit losses by an immediate sale of the share in the market." (This sounds like reinsurance under a fancy name to me).

I hate it. So far as shipping is concerned, one of the big faults of the insurance market is that there are not enough professionals in it. And there is too much capacity. Bringing in more non-industry outsiders is just what we don't need.

Insurance is not a turkey-shoot. It should not be the sort of thing you dabble in for a quick, speculative profit. Lloyd's should not be confused with the Stock Exchange, although the authors of the report would seem to want to do just that.

As for underwriters "unlucky" enough to make a loss, I suggest they should not be in the market in the first place if they are not prepared to run that risk.

And one more thing. The authors of the report say their proposals would pave the way for a futures market in insurance. The beasts. Anybody as dismayed with this report as I am should send it to me. I have shredding facilities on the premises.

The 6,985 dwt reefer, Prins Casimar, recently completed by Dutch shipbuilder, IJsselwerf BV, Capelle a/d IJssel, and owned by Anthony Veder & Co BV, Rotterdam. The vessel presently operates in a reefer pool along with Seatrade, Groningen. (Photo by Skyfotos)

Cheap lesson

THE greatest problem facing the maritime world is a shortage of skills. I am not referring to the cyclical shortage of skilled seafarers which shipmanagement companies are whimpering about. That is a cross of their own making. They must bear it. In any case, there is no real shortage of maritime skills in some of the developed countries. What there is a shortage of companies far-sighted enough to pay for those skills. In other parts of the world, the situation is different.

Governments, ports, shipping and every conceivable maritime industry is chronically short of talent. The result is that a large part of the world's maritime infrastructure does not work properly. Governments cannot implement conventions without administrators. Ports cannot be efficient without trained managers. There can be no trained seafarers without trained lecturers. This benefits no-one.

The remedy is education. Not starting expatriate training schools to pump out paper seafarers to be temporary ship fodder for the shipmanagement majors. Education, to train the executives and administrators and teachers the developing world needs. Until the developing states have a corps of high-level people who understand shipping, and understand each other, the maritime world will be in a mess. The only place they can get that corps is from the developed world. Not by buying in expatriates but by educating their own people. There are lots of

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places they can go to get that education. There is only one which is specifically tailored to creating marine administrators. The World Maritime University.

The WMU, in Malmo, is the most sensible thing IMO has ever done. It is a tool for implementing conventions. Every year it pumps one-hundred graduates out into the world, fired with knowledge, tolerance and a desire to make the maritime world work. It attacks the problems of skills shortage at the roots. It is a cheap lesson for most of the maritime world. They are not paying anything for it. They should be.

The WMU needs credible long-term finance. It should get it from the people who benefit from its work. That is the entire maritime community. They all stand to gain. So they should all contribute. Even shipmanagers.

Better half

GO to any conference or gathering to do with maritime matters. The assembled company will often be exclusively male, and predominately drawn from the so-called developed countries. There is a blandness about such gatherings, especially as the citizens of many leading shipping nations have some personal difficulties with smiling and laughing.

But there is a tremendous vitality about the students of the World Maritime University. They are drawn from the so-called less developed countries. Much of this vitality is due to the presence of a reasonable proportion of talented and forceful ladies. I asked one such lady, who had no difficulty with smiling, why this should be so. "In Jamaica," she said, "we have a history of slavery. Women have always worked, and always will. Only the rich and stupid don't work. We have many women in the public sector, and they are the first to take up these opportunities."

In some respects it is hard to see which countries are really developed, and which are still developing.

Depressing news

A headline in my newspaper last week said, "Booming Japan to build 33 new ships." It is reported that \$280m will be pumped into the Japanese shipbuilding industry to build new ships this year. But money will not buy you expertise beyond a certain level.

In recent years, the labour and transport ministries in Japan have, to their credit, put together a scheme to encourage the re-employment of displaced workers. Subsidies have been granted to those shore-based industries taking on marine personnel, and retraining and education programmes have been stepped up.

The scheme is not limited to shipping. But it is designed specifically to cater for those workers who have been deemed surplus to requirements in depressed industries or who come from what are designated as depressed geographical areas of the country. Under the scheme, shipbuilding is classified as a depressed industry, and those yards which have been closed are considered to be in depressed areas. In Japan. It makes you think.

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