

THE GLOBAL FINANCIAL CRISIS: ITS IMPACTS ON WOMEN AND MARITIME BUSINESS

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Abstract. This paper deals with the impact of financial crisis on women and its impact on maritime businesses. First, The International Labour Organisation ILO warns economic crisis could generate up to 22 million more unemployed women in 2009, jeopardize equality gains at work and at home. Furthermore, of the UN chief UN commission states that: a legal framework that ensures the promotion and protection of women's rights is now crucial. On the other hand, we can also take the view that crises may provide opportunities. It is highly recommended to factor gender considerations into the crafting of national stimulus packages and social protection measures and invest in women and girls as smart economics.

Secondly, there are still business opportunities in the maritime industry although the sector is suffering from its worst downturn due to the global financial crisis, says Wilhelmsen Ships Service Malaysia managing director Winston Loo. Moreover, The Dubai Maritime City Authority on Tuesday said that the emirate had witnessed a 31 per cent growth in the registration of new maritime businesses in 2008 compared to 2007, reflecting huge demand for maritime and boat-building services. Also, Southeast Asian leaders were expected to endorse easier monetary policies and make a stand against protectionism on Sunday as they conclude a summit overshadowed by the worst financial crisis in decades. Further still, Port executives are playing an influential role in the imminent launch of what will be known as 'Women in Maritime Asia Region'. In addition to that, women in shipping gather to address criminalization markets and other concerns at international maritime in New Orleans Over 200 women from 17 countries gathered in New Orleans for an international maritime conference being held by the Women's International Shipping and Trading Association (WISTA).

THE LATEST SITUATION OF THE GLOBAL ECONOMY CRISIS

The Global economic activity is declining.

The developed economics are experiencing their strongest declines since the II war, reflecting a crisis and real activity, notwithstanding continued policy efforts.

The world economy is expected to decrease from -0,5 % to -1 % in 2009, before recovering gradually in the course of 2010.

The recovery will depend on more coordinated efforts to stabilize financial conditions as well as sustained strong policy support to strengthen demand.

The latest International Monetary Fund (IMF) World Economic Outlook of March, 2009 projected that the World economy will decline from 3,2 % in 2008 to an average 0,75 % in 2009 before recovering to 2 % in 2010. Emerging and developing economies are expected to decline from 6,1% in 2008 to 2 % in 2009. The economies in developed countries will sharply decline from 0,8 in 2008 til 2008 to -3,25 % in 2009.

The US economy is expected to drop to -2,6 % in 2009 before growing slightly to 0,2 % in 2010, 2 % in 2010.

The Euro area and Japan will both experiences sharp declines to -3,3 % and -5,8 % respectively.

China's growth is projected to slow from 9,4 percent in 2008 to 5,5 percent in 2009, World trade volumes are expected to contract in 2009 for the first time since 1982 from 4,2 % in 2008 to - 2,8 % in 2009 before recovering to 3,2 % in 2010, 2.8 % in 2009 before recovering to 3,2 % in 2010.

This decline is driven first and foremost by a sharp drop in demand, as the global financial crisis imposes a rare simultaneous recession in high-income countries and a sharp slowdown across the developing world. The global credit crunch is likely to affect private investment especially, which is the most cyclical and most internationally traded component of GDP. At the same time, the credit crunch is restricting export finance.

IMPACT OF THE FINANCIAL CRISIS ON WOMEN AND FAMILIES

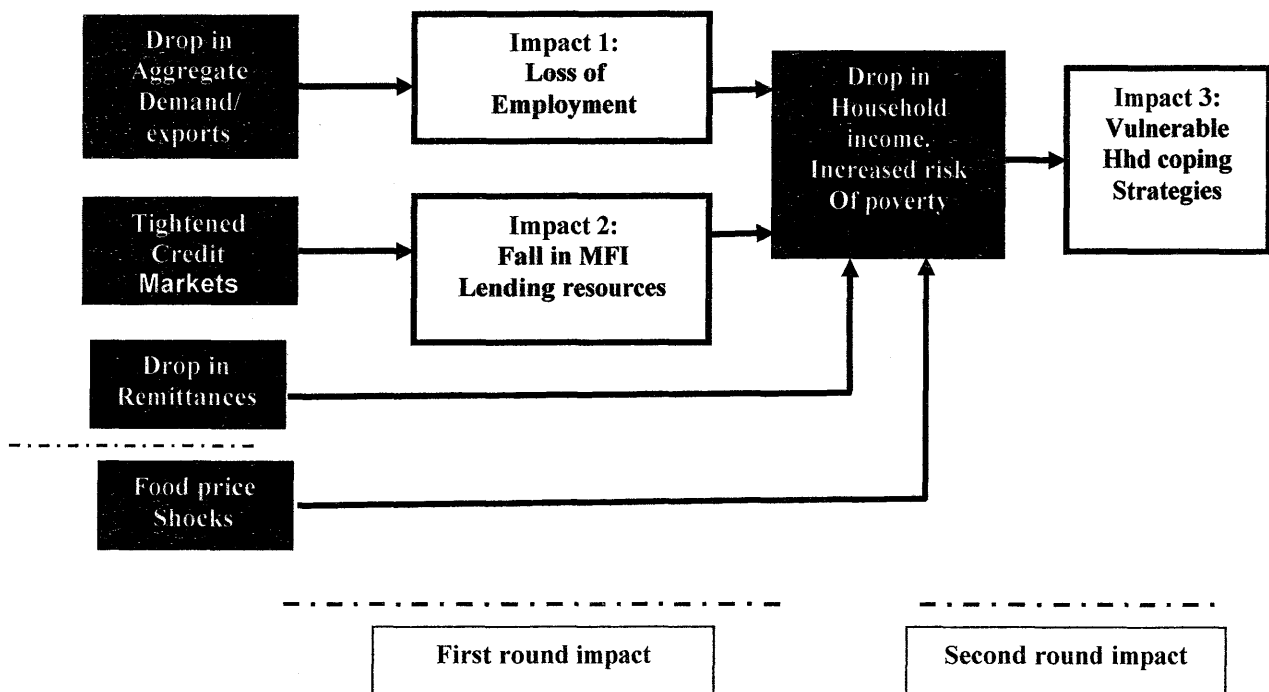
According to PREM Gender and Development World Bank February (2009) there are

Three Main Messages

- The financial crisis will have gender-specific impacts.
- Effects on women and children, if ignored, will both increase current poverty and imperil future development.
- Effective policy responses should build on women's roles as economic agents.

Impacts

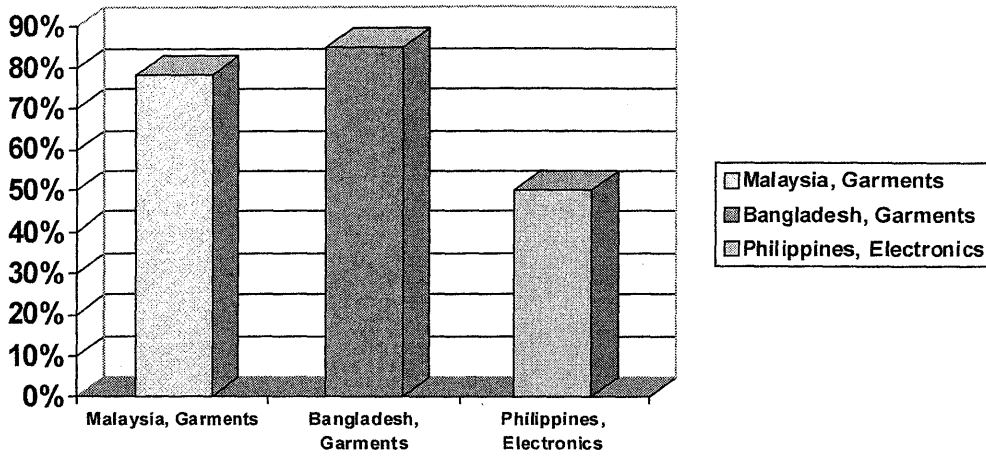
The crisis has first and second round impact on women and families



Impact 1: Women workers in export industries lose jobs

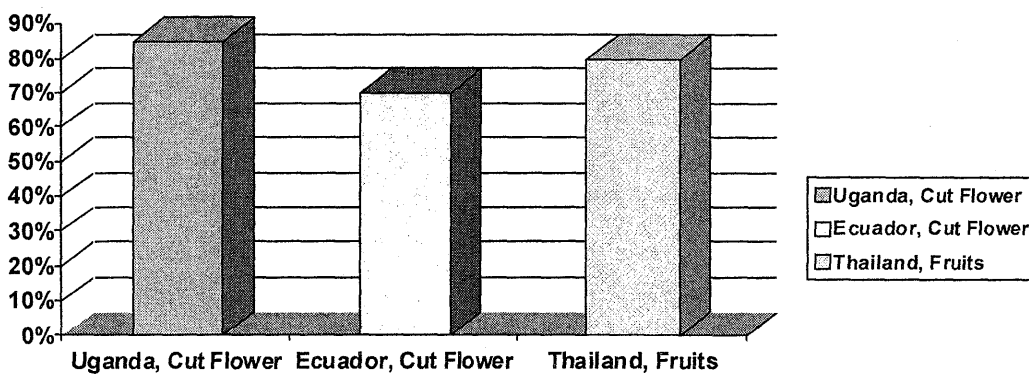
Country	Industry	% of world force female
Malaysia	Garments	78 %
Bangladesh	Garments	85 %
Philippines	Electronics	More than 50 %

Women workers in export industries lose jobs
Export Manufacturing



Country	Industry	% of world force female
Uganda	Cut Flower	85%
Ecuador	Cut Flower	70%
Thailand	Fruits	80%

Women workers in export industries lose jobs
High Value Export Agriculture



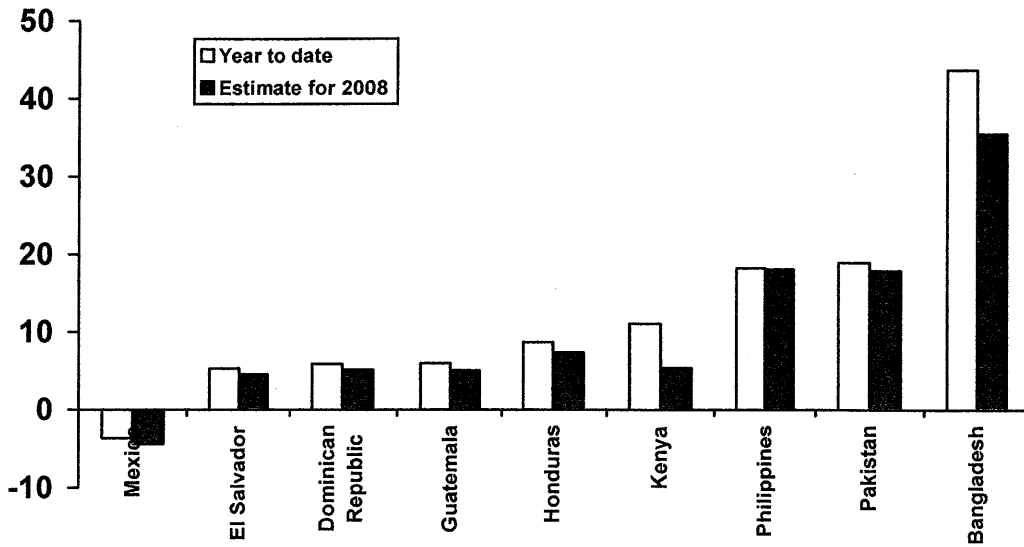
Impact 2: Tightening credit markets can squeeze MFI loans to women producers

MFIs typically lend to women:

- Over 3,330 MFIs reached 133 million clients in 2006;
- 93 million of the clients were among the poorest when they took their first loan;
- 85 % of these poorest clients were women.

Drop in remittances lowers income available to HHS

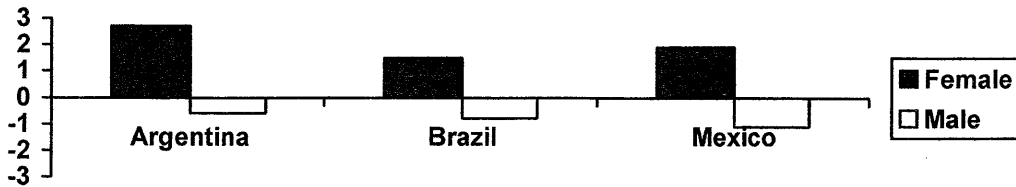
Growth Rate (%) of Remittances



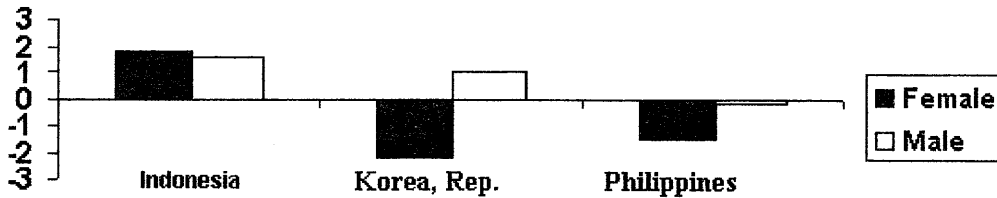
HH Coping Strategy

HHs sends women to work

% Change in Labor Force Participation (1993-95), Latin American Crisis



% Change in Labor Force Participation (1997-99), East Asian Crisis



HH Coping Strategy

HHs pulls girls (and boys) out of school

Low income countries:

- Madagascar (fall in Ag income) → girls more likely to drop out of schools;
- Cote d'Ivoire (drought) → enrollment decreased 11 ppts for girls and 14 ppts for boys.

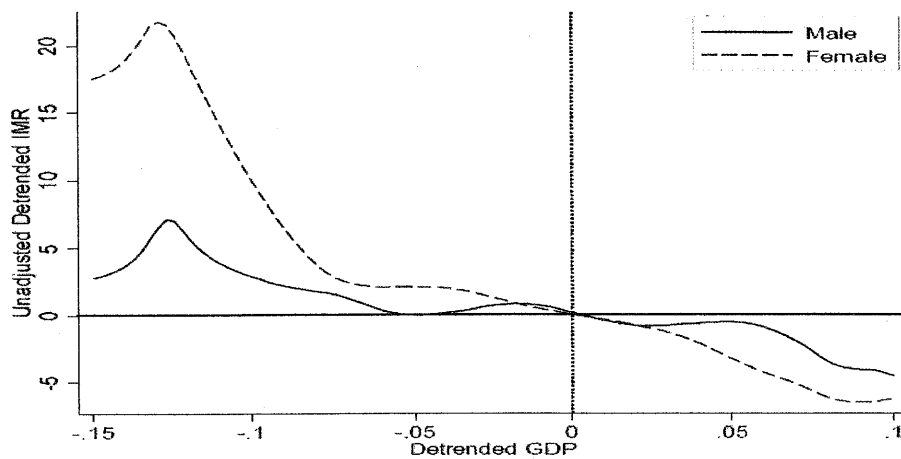
Middle income countries:

- Mexico (peso crisis) → girl's attendance fell by 8 %, no impact on boys;
- Peru (1980s crisis) → no impact on school enrollment for girls or boys, schooling increased.

HH Coping Strategy

HHs cut back on health investments, affecting girls disproportionately

Girls' (IMR) exceeds boys' during economic downturns

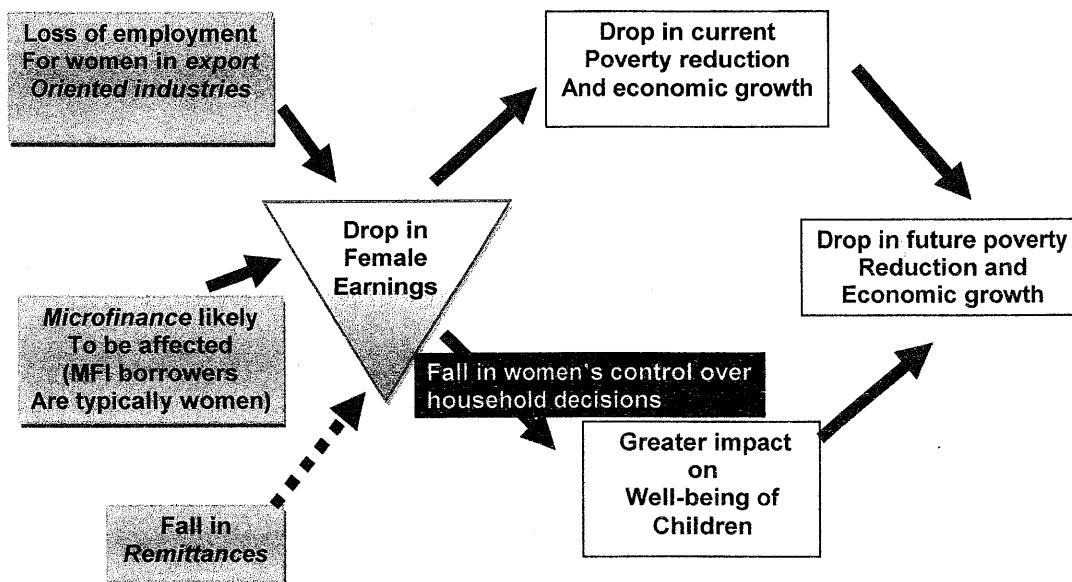


Data from 59 developing countries, different years ranging from 1985 to 2004

Policy implications

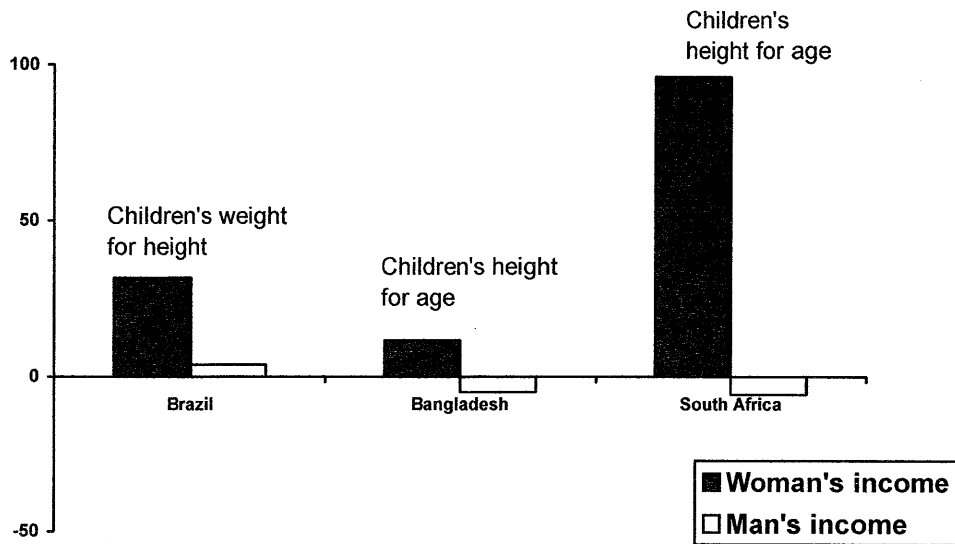
Priority Investment increase women's incomes in poor HH because:

Loss of women's earnings can have long-term welfare impacts.



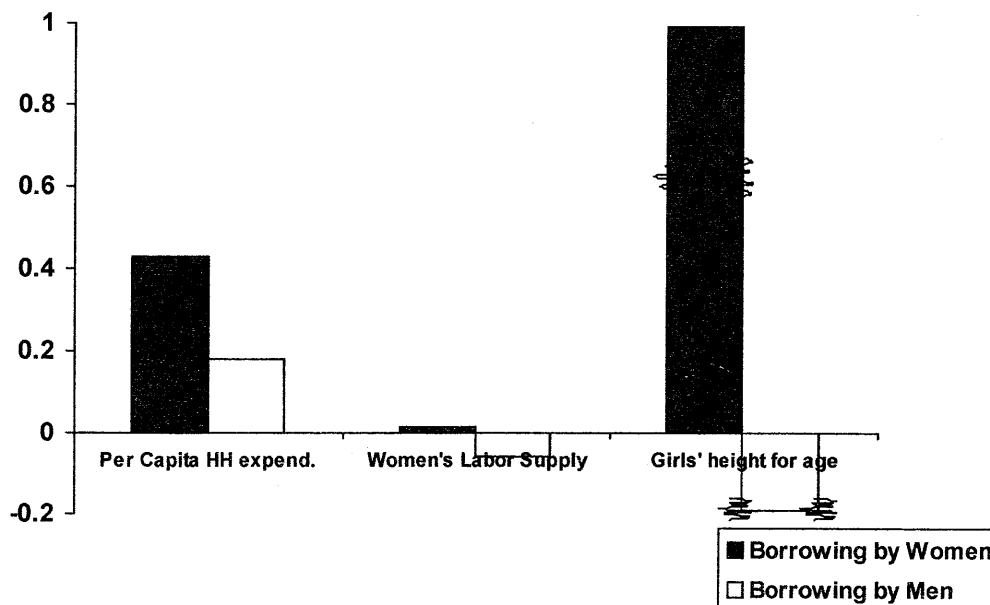
- Income transfers to women have larger effects on children's nutritional status than similar transfers to men.

% change in child's anthropometric measure



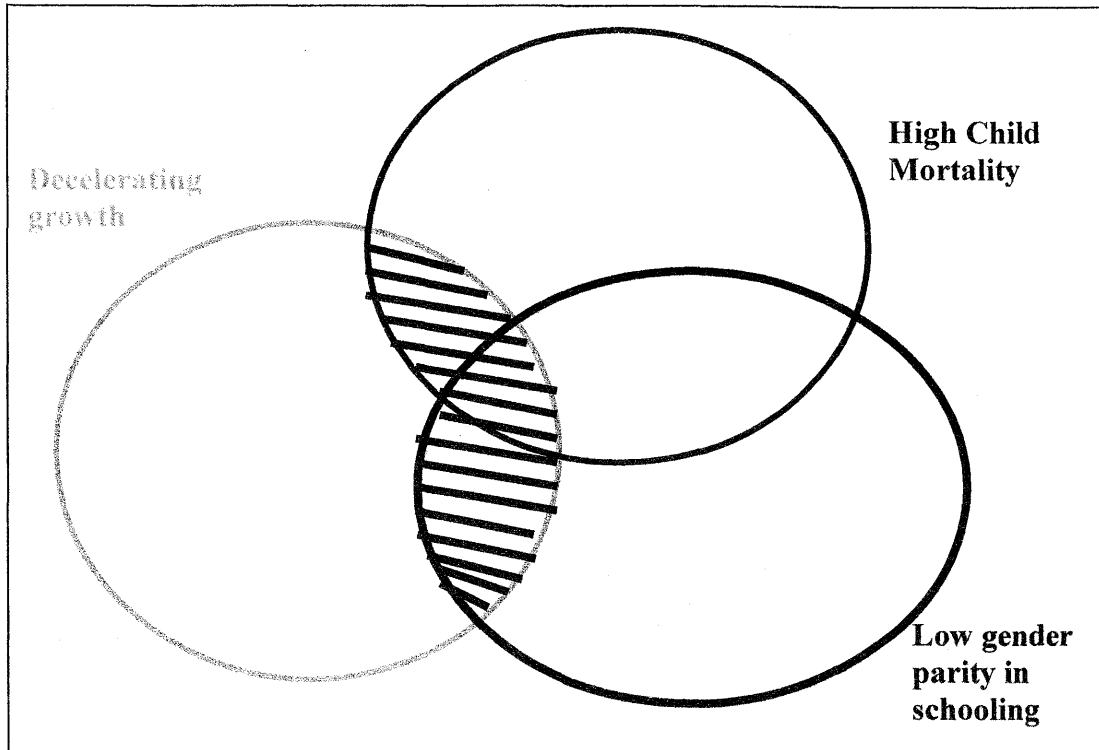
- The effect of female borrowing on hh welfare is larger than the effect of male borrowing (e.g. Bangladesh).

Percentage Change for 10% Increase in Borrowing



Especially in the set of 33 to 52 countries where women are most vulnerable to the effects of the crisis.

Women & girls in 50 % of countries in the sample (of 90) face moderate to high exposure to negative impact of crisis.



Bank's Response

Mapping impacts to policy

Impacts	Policy/programs
Women's employment	Employment generation programs
Women and girls' human development	Cash transfer programs Other social safety net programs
Women producers	Capitalization of microcredit

World Bank Group's Gender Action Plan will allocate its financial resources in 2009 to assist in ensuring that WBG responses to the crisis maximize women's income, especially in those countries where women and girls are most vulnerable to the effects of the crisis.

Impact of the Economic Crisis on the World Seaborne Trade

Preliminary assessment of the impact of the Global economic crisis on the maritime freight trade indicates that the annual percent change (APC) of the World Seaborne trade is expected to decline to 0,1 % in 2009 from the estimated 2,8 % in 2008 before climbing back to 2,4 % in 2010. Meanwhile, the APC's of the major world waterways are expected to decrease in 2009 to -9,9 %, -9,7 % and -10,5 % for the Panama Canal, Suez Canal and the St. Lawrence Seaway respectively. This forecast does not include the affect of the Somali piracy problem on the Suez Canal Traffic.

A rise in protectionism would worsen the already grim outlook for world seaborne trade. It is always tempting for governments to introduce new trade barriers when jobs and wages are at risk. The effect could further shrink global trade and consequently the world seaborne trade could decline much more than the expected 0,1 % in 2009.

The Impact of the Financial Crisis on Shipping Industries

The shipping crisis - What happened?

A global crisis from financial to real market that led to:

Phase 1. A shortage in money...

Phase 2. Then in transportation demand...

Phase 3. ... And finally a surplus in supply (shipping market).

Why should we still be concerned?

Supply is reducing through:

- Scrapping vessels since October 2008 (but still low);
- Cancelling orders since October 2008.

The main issue is then on the future impacts for the:

- Scrapping markets?
- Ship building markets?

Two open questions for the future

Shipping activities are by nature international and cyclical and markets will adjust and are already adjusting. But what will be the impact on quality shipping?

For markets with old fleet structure we can expect that older ships will be scrapped first (short term positive effect).

At the same time, low freight rates will push ship-owners to reduce costs (long term negative effect).

Q1. The final effect on quality shipping will depend on the duration of the crisis.

Scrapping and shipbuilding activities are by nature cyclical and regional.

There is no doubt that market will adjust but it will be done through huge migrations of population from one region to another.

The question is then:

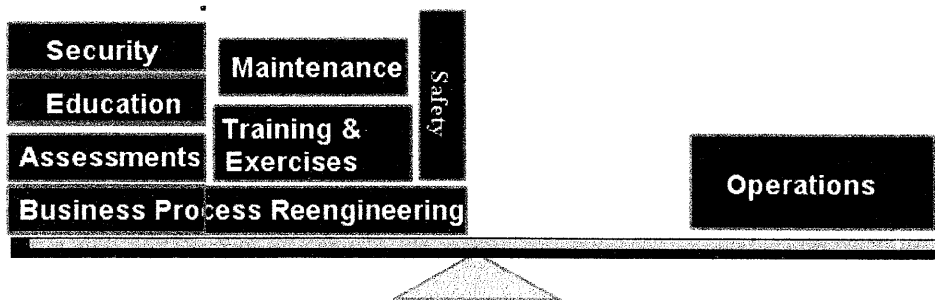
Q2. Should we let the market adjust or should we regulate to change the rules?

THE DILEMMA

In difficult economic times, resources for improvements, security and maintenance become even more scarce:

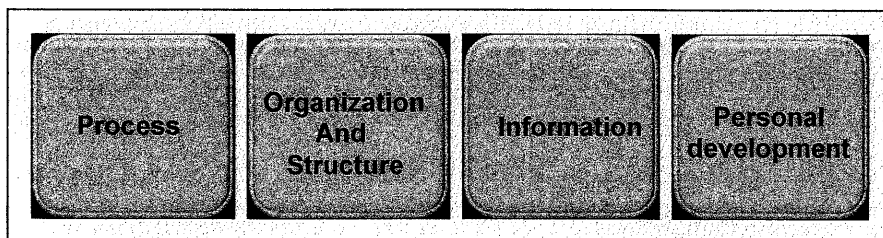
- How do we gain efficiencies?
- Do we do planned lifecycle replacements?
- What can we afford?
- What are the important tradeoffs?
- Do we really need training, education and exercises?

There is an important balance that must be maintained ...



Developing Capacity in Difficult Economic Times

Even during difficult economic times, leaders and managers must look for ways to improve operations, ensure the long-term viability of the ports and ensure trained personnel

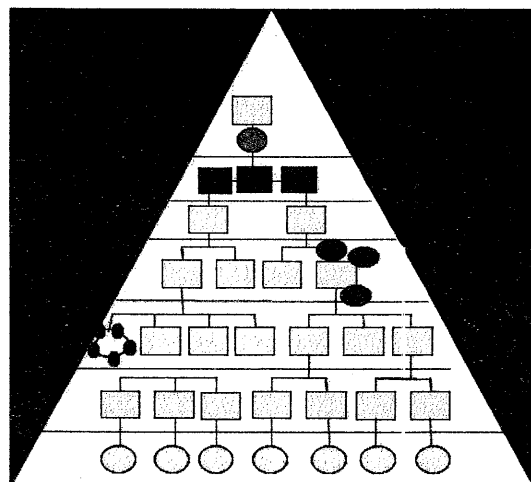


Structure & Organizations

- Focus on the customer;
- Concentrate on the core business;
- Organize around the work;
 - Eliminate "non-value added" work;
 - Operations drive the structure;
- Establish the correct number of organizational layers;
- Establish clear accountabilities & authorities - delegate whenever possible;
- Example: Use of technology can enhance efficiency of dispatchers & Patrols.

What can be eliminated?

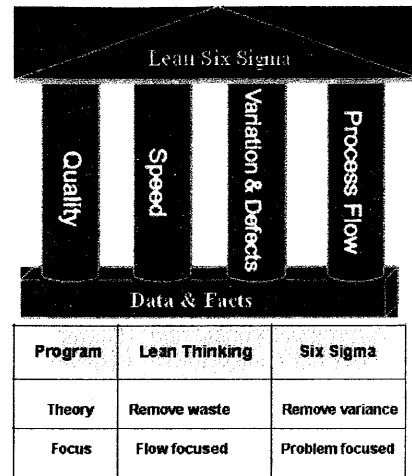
Is the organization aligned with the process?



Processes

Examine the process of the Operation to determine if there are:

- Unnecessary steps
 - Waste
 - Variability on the steps
- Question: What adds value?
- Core processes
 - Flow
- Employ best practices and
- Performance metrics
- Examples:
- How long does it take to load the Ship? How long should it take?
 - Are containers sitting for days? Waiting to be loaded?



Examples

1. Develop and Institutionalize Better Business Processes.
2. Improve Processes & Organizational Structure.
3. Conduct Training & Exercises.
4. Make Use of Simulators.
5. Conduct Tradeoff Analyses.

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