

# MANAGEMENT STRATEGIES FOR RE-LAUNCHING MARITIME TRANSPORT IN ROMANIA

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## Abstract

*Romania has not had a commercial maritime fleet for many years. In the university environments, in the communities of navigators, solutions are discussed and sought in order to re-launch this type of transport, which is very important for the national economy. We have a large number of officers and sailors working for foreign companies, which is a force that must be taken into account. They are highly qualified people, with adequate training in the maritime field, with a long experience at sea. In addition, the high profits of foreign shipping companies prove that those who carry the sea, manage to meet the challenges and be profitable. In this paper, an analysis of the managerial errors that led to the abolition of the national fleet is carried out and further, several strategic directions are pursued in order to set up a maritime navigation company, with ships carrying the Romanian flag, to solve a series of navigator problems and bring profits to our state.*

**Keywords:** maritime, ships, management, strategies.

**JEL classification:** M 12, R 42.

## 1. Introduction

At the end of 1989, Romania had one of the largest shipping companies in the world. But in 1990, the Romanian state company, IEFM “Navrom”, was structured according to the fleets that included all maritime ships of the type: oil tanks, bulk carriers, cargo ships, Ro-Ro, a total of 302 ships, which had a capacity of transport of approx. 9.2 mil. tdw. All ships were registered under the Romanian flag. However, other ships of some Romanian ship-owners have a flag of compliance, their headquarters are registered abroad and the respective companies do not pay taxes to the Romanian state. Over time, I have studied the situation of our merchant fleet in order to understand what happened to our ships, Iordanoaia (1999). I thus discovered many serious situations, many managerial mistakes of company leaders.

## 2. Research methodology used

The realization of this work began many years before. I studied the documents at the headquarters of the former shipping companies “Navrom”, “Petromin” and “Romline”, and I presented the research results on various occasions, Iordanoaia (2001), Navrom (1990), Petromin (1990), Romline (1990). In order to carry out this work, I studied the documents from the three Romanian maritime navigation companies, between 1990-1998, but also a series of press articles and chapters in the volumes of some specialized works. All information was systematized and centralized to meet the requirements of such a study. Used the methodology that consisted of the systematic, oriented and coherent study, in connection with the principles that accompany a scientific investigation in the field of managerial strategies. The main method of research is the “transfer of concepts”, but also the transfer of personal ideas, which I have developed over time.

## 3. Study and managerial analysis of the situation of loss of the commercial maritime fleet

Since 1990, the restructuring of the Romanian Commercial Fleet has started, in the general context of the political, social and economic transformations in Romania, starting from the division of the “Maritime Fleet Operating Company” (IEFM) into 3 state-owned shipping companies thus: the Maritime Navigation Company “Petromin” SA, having in its component the oil and mineral type ships; MNC “Romline” SA, with the “Ro-Ro” type ships;

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MNC “Navrom” SA, with the cargo type ships. From the Ministry of Transport, newly established in 1990, OM (1990) and from the management of the companies, initiated a series of necessary managerial measures in that context, with a relatively opportunistic character, for the moment, without conceiving a new development strategy in this field, the new stage of transition from the state economy to the capitalist economy, among which can be mentioned:

- Decentralization of company management by reducing the role of the State Inspectorate of Civil Navigation, as a representative of the Ministry of Transport.
- Increasing the companies' own capacity for coordinating, monitoring and controlling the situation of ships.
- Increasing the economic efficiency of naval transports depending on the specifics of the ships.
- Performing ship repairs, equipping them with modern navigation installations and equipment.
- Continuing the construction of new ships and equipping companies with modern ships.
- Improving working and living conditions on board ships.
- Increasing the salaries of the embarked personnel and granting bonuses for hard working conditions.

In this situation it can be considered that the political and social factors from the early '90s, which were the basis for the establishment of shipping companies, were favorable, with generous objectives, which were estimated to lead to positive results, to obtain significant benefits for the development of this activity. But in reality, the situation for shipping companies was completely different. They started their activity with a series of shortcomings and debts, taken over together with the ships, from the old company “Navrom”, as shown in table 1.

**Table 1. TECHNICAL AND ECONOMIC SITUATION SINCE 1990**

| No | TECHNICAL AND ECONOMIC SITUATIONS                                     | ECONOMIC IMPLICATIONS   |
|----|---|---|
| 1. | The relatively large "age" of most ships was 15-20 years (100 ships). | This practically meant that ships had to undergo partial or major repairs in a relatively short period of time, with high costs involved, which required the existence of a considerable source of financing.   |
| 2. | Old equipment and installations on board.                             | The equipment on board, in most of the ships, was "morally" outdated, no longer complied with the new international regulations imposed by the International Maritime Organization (IMO), being necessary to replace them with modern equipment, but which involved high costs for procurement, transport and boarding.             |
| 3. | Lack of spare parts.  | Lack of many spare parts, so that a number of ships were not in operation, being stationed in ports, waiting for their entry into the shipyards, for repairs.   |
| 4. | The general economic situation of Romania.                            | From this transition period meant: the permanent decrease of the national production; the loss of the traditional markets for Romanian products (abolition of the Economic Council for Mutual Aid - CAER); reducing the share of naval transport and reorienting the national economy, from intense exports before 1990 to imports. |
| 5. | Inadequate legislation.   | Lack of adequate legislation in the naval field, corresponding to the new stage, of transition from a state economy with a bureaucratic, inefficient, uneconomic, political command system, to a liberal economic system, with the reduction or even cancellation of the state role in the field shipping.                          |
| 6. | The "historical" debts of the company.                                | Large debts taken over from the former shipping company “Navrom”. In total, at the beginning of 1990 the company “Navrom” had debts of approximately USD 29 million.  |
| 7. | The situation of the world economy.                                   | Fluctuations and crises of the World Economy, strongly reflected on the maritime market and in international trade.   |

Source: author's study, company documents Navrom (1990), Petromin (1990), Romline (1990).

From the beginning of the establishment of the companies, a series of problems appeared, which reflected the old mentalities and attitudes, totally inconsistent with the new imperatives of the moment. Table 2 summarizes these situations and problems.

**Table 2. SITUATION AND PROBLEMS OF MARITIME NAVIGATION COMPANIES**

| No  | SITUATIONS FROM COMPANIES                            | MANAGERIAL ERRORS. PROBLEMS   |
|-----|--|---|
| 1.  | Top Management of companies.                         | In the new management teams, both at the top and at the execution levels, the promotions in positions were not based on professional criteria. Thus, people imposed by trade unions (in the spring of 1990), then on criteria of political or other affiliation, advanced in office. The lack of experience of the new managers of the shipping companies, in the field of world trade, market economy, privatization, knowing that the super centralized economic system before 1990, did not leave room for any initiatives in the field of foreign trade, practically trade relations of Romania, were led by specially elected and trained people, from the ranks of the party nomenclature or Secret services.   |
| 2.  | Increasing the number of functions.                  | The restructuring of the "Commercial Fleet" by setting up these three companies meant first of all the increase of the number of administrative staff "TESA", the creation of new jobs, at the companies' headquarters. But people were hired, who generally did not have knowledge and training in the naval field, were not specialists in the economics of maritime transport.   |
| 3.  | Salary increase.                                     | Sudden increase in wages and bonuses, at very high levels, compared to the previous period. First of all, it was due to the strikes of the spring of 1990, which had a real social support, but not an economic base. This increase in salaries had a spectacular evolution, so, for example, a deck officer had a daily allowance of \$ 1.55 / day in 1989 plus a salary of approximately 2,000 lei / month. In 1990, the daily allowance increased to \$ 7 / day and after 1993, to \$ 30 / day. In the same way, the salaries of the managers increased, reaching, at one of the companies, up to \$ 8,000 / month, being practically the highest salary in Romania, at a state company. This increase in wages was made without: increasing the productivity of labor on board ships; increasing the number of transport contracts; reduction of ship overheads; reducing the expenses of the companies, at their headquarters; elimination of losses; reducing the number of employees, etc. |
| 4.  | Staff recruitment.                                   | The personnel recruitment policy for the staffing of the crews has not been changed, keeping the same ways of promotion, on non-professional criteria.  |
| 5.  | Lack of specializations in the field.                | No training and improvement measures have been taken in the field of management and marketing specific to the market economy, shipping, despite the fact that the number of trips abroad of company leaders has increased, but these were more for: participation in various symposia, specialized conferences; contract negotiations; check the ship.  |
| 6.  | Indiscipline, errors in the administration of ships. | Against the background of a degradation of the discipline on board, of some mistakes of driving the ships, the number of fines and penalties increased for: transport delays (due to some complex causes); non-compliance with the technical norms for equipping ships; non-compliance with pollution regulations; the deficiencies found following the controls performed on ships, by the various Romanian and foreign port authorities.  |
| 7.  | Performing ship repairs.                             | Repairs to ships began to be carried out abroad, starting from the principle that there "repairs are of quality and at lower prices than in the country", Iordanoaia (1999). But in reality, the bills for repairs, endowments with modern equipment, were "loaded".  |
| 8.  | Increased costs.                                     | The payment notes for food and crew equipment, fuels, lubricants, spare parts, which before 1990 were procured from manufacturing companies in the country, and now from various companies abroad, increased the bills, considering that the products obtained from abroad, they have a much better quality, but the prices were much higher.   |
| 9.  | Lack of investment in modern information systems.    | The following were not introduced quickly and efficiently at the level of companies and ships: computer systems for data management and processing; fast and efficient communication systems; supervisory and control systems. At the beginning of the '90s, there was only one computer office, at the level of the entire port of Constanta, and the formation of its own systems for recording and managing data about ships, personnel and contracts was cumbersome, inefficient and even incomplete.   |
| 10. | Lack of investment in new ships and equipment.       | Appropriate investment policies have not been adopted so no new ships have been purchased to gradually replace the old ones, the purchase of modern equipment has not fully met the needs of the ships. Several ships were received, which were under construction from 1989-1990, but they also arrived at companies to late.  |
| 11. | Unjustified payments.                                | Courses and examination fees were paid for promotion to a number of employees of the companies, which unjustifiably increased their expenses, due to the fact that the vast majority of people who benefited from these facilities were transferred to other companies, usually foreign. The recovery of the sums from them took place with great delays even as a result of some legal processes, resulting in large losses.   |
| 12. | Non-performing bank loans.                           | The companies' policy in the field of bank loans was not efficient, the loans were not used for development, but for consumption. These have generated high interest rates and unprofitable repayment terms for a shipping activity.  |

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| 13. | Sponsorships and donations.             | Many sponsorships have been made in almost all areas of civil society, many of them unjustified or with a purpose other than the official one, but the basis of these sponsorships was not a real profit of the companies, but one based on revenues that were not collected. on time or income from the sale of ships.  |
| 14. | Wrong financial concepts.               | The volume and nature of the companies' expenses represented misconceptions about the manner of carrying out the advertisement and the protocol of the companies, the repair works and modernization of the companies' headquarters, the endowments made with various materials and installations for ships and companies.   |
| 15. | Failure to perform functional duties.   | The successive managements of the companies were involved in the activities of the political parties, pursuing the achievement of other objectives than the economic ones, related to the specifics of the companies' activity. Practically, the management of the companies was done opportunistically, without any vision or managerial strategy, without respecting the simplest techniques and management methods.   |
| 16. | Tax evasion.                            | Legal fees and taxes were not paid to the state, various articles of financial laws and regulations were misinterpreted, leading to heavy penalties, investigations, criminal proceedings and convictions.   |
| 17. | Criminal investigations.                | A number of managers, ship captains, etc. have been discovered with many irregularities, investigated, tried and convicted for fraud, abuse in the service and others, but many cases, for various reasons, have not been completed. These situations were due to the inefficiency of the management of the three companies, the lack of cooperation of the managers with the specialists of the companies in legal or finance-accounting issues, etc. Discretionary management of companies, sometimes authoritarian, but essentially incompetent, arrogant and fraudulent, has negatively influenced the activity of companies, leading to poor results and then bankruptcy. |
| 18. | Effects due to the State Property Fund. | The establishment of the State Property Fund, GD (1992) and the involvement of some people who represented this Fund, in the management problems of the shipping companies, most of the times people who had nothing to do with shipping, meant another strong blow for companies. By the decisions taken at the level of the SPF the development strategies of the companies, their perspectives were influenced, and the solutions chosen for privatization, by selling the ships and practically dismantling the companies, led to the elimination of some big competitors on the world maritime market.  |

Source: author's study, company documents Navrom (1990), Petromin (1990), Romline (1990).

The modalities of privatization, decided at the level of each company, constituted the worst blows for them. Privatization at the level of shipping companies began with the following forms: management contracts, "joint venture" and "bare-boat". These forms of privatization or collaboration are practiced worldwide, but the conditions for their realization in Romania were completely different. The principles underlying the conclusion of these types of contracts were not respected. The partners of our companies were Romanian and foreign economic agents, who took over the ships through the system of management location, of the contracts in "bare-boat" which were used for a long period of time. Table 3 presents some aspects related to these contracts.

**Table 3. ANALYSIS OF THE SITUATION OF BARE-BOAT CONTRACTS**

| No | SITUATION OF CONTRACTS                   | ECONOMIC IMPLICATIONS   |
|----|--|---|
| 1. | Non-economic criteria for ship transfer. | Delivery of ships to private operators (Romanian, newly established companies or foreign companies), on non-economic criteria, without material guarantees, Iordanoaia (2001). That is, the ships were taken over by Ltd.s companies with a share capital of 100,000 lei, very small compared to the huge sums necessary for the operation of the ships. Or by foreign companies, through contracts disadvantageous for Romanian companies.   |
| 2. | Inadequate contractual clauses.          | The contracts concluded with the partners had major deficiencies regarding: <ul style="list-style-type: none"> <li>- Ship operating clauses.</li> <li>- Material liability in various situations.</li> <li>- Maintaining the technical condition of ships.</li> <li>- Timely payment of rent and crews, all debts incurred by the charterer.</li> <li>- Firm material guarantees were not included in the contracts. The guarantees were such as: "the charterer guarantees that no debit will go to the ship-owner when the ships return", which did not happen in reality, Teodor (1998).</li> <li>- Contracts with partners were not effectively pursued.</li> <li>- They received little information about the condition of the ships, and these were not checked effectively.</li> <li>- No specialized control commissions have been set up.</li> </ul> |

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|    |                                    | - They did not terminate the contracts, as they were entitled to for various reasons such as: negligence in office, fraud, incompetence, misinformation, etc.   |
| 3. | Situation at the end of contracts. | Following some serious situations, the ships were still withdrawn from some charterers, but on return they were as follows:<br>- With damage to material goods and equipment on board.<br>- Repairs not carried out, practically the ships have reached scrap metal.<br>- Large foreign currency debts to crews, as well as to authorities in various ports around the world. |

Source: author's study, company documents Navrom (1990), Petromin (1990), Romline (1990).

#### 4. The influences of naval transport on the economy

In the period after the Second World War, the naval transports in our country had great implications at the macroeconomic level, of the general economic policy of the state, but also at the level of the state economic agents, which operated in the field of shipping, on the with activity in ports or related to the field, ASR (1989). Now, this economic policy must be oriented according to a series of strategic factors, as presented in Table 4.

**Table 4. STRATEGY FACTORS THAT INFLUENCE THE ECONOMY**

| No | STRATEGIC FACTORS                        | INFLUENCES ON THE NATIONAL ECONOMY   |
|----|--|--|
| 1. | Geographic position.                     | They are very important: going out to sea, navigating the river and inland waters. In this context, the sea and river ports, the Danube-Black Sea canal and very much, the Danube river, on which the ships move, are of great importance.   |
| 2. | The structure of the national economy.   | Romania's economic analysis at 2020, as it is, is not very encouraging, but it can offer some opportunities. We have exporting industrial enterprises, shipyards that build ships for export, an agriculture from which large quantities of grain are exported, but also other industries that can be re-launched for export.  |
| 3. | Orientation and trends of foreign trade. | This is the main source of foreign exchange accumulation (USD and Euro). A very important strategic issue is the recovery of foreign markets, on which the Romanian economic agents acted, but also the entry on other markets, especially those in the European Union, Russia and China. It is true that we must respect the institutional framework and the European mechanisms, but our existence as a state depends on our strategic interest.   |
| 4. | Internal institutional framework.        | Without proper, stimulating laws, nothing can be re-launched! I believe that the laws in the field of naval transport should include: "National Maritime and River Strategy", not what is now in the "Master Transport Plan of Romania", MTI (2021). This "Master Plan" does not contain anything about the re-launch of maritime transport. Another particularly important law must refer to the "Romanian Navigating Personnel Law", because we still have many sailors working abroad and many of them are in vulnerable situations, Iordanoaia (2002). Since 2012, a series of ideas and a project regarding a Law of the "International Pavilion of Romania" have been launched. Opinions regarding such a law were contradictory and the first option was not in favor of the Romanian state, but of third parties abroad. |
| 5. | Naval transports.                        | The main influences of naval transport on the national economy are directly related to the activity of one or more shipping companies as follows:<br>- General state revenues (from taxes and duties).<br>- Maintenance and development of the production capacity of the shipyards in Romania. This will require a new horizontal industrial development.<br>- Development of port activity (of port operators).<br>- Imposes the development of the general transport infrastructure (road, rail, pipeline and river).<br>- Maintaining the system of specialized education, from the training of sailors, port workers, to higher education.<br>- Adequate legislation in the field of social protection of seafarers, shipbuilders and port workers.<br>- Maintenance of scientific research and design in the naval field.  |

Source: author's study.

All of these have direct influences on the national economy, but there are a large number of indirect influences, generated by shipping, from sheet metal production to shipbuilding, to marine equipment and supplies. The domestic industry no longer has the capacity to provide everything needed for the field, but demand can stimulate new investments in the industry horizontally.

## 5. Managerial strategies regarding the re-launch of maritime transports

What happened to the Romanian merchant fleet, explained briefly in Chapter 3. What is not understood at the political or decision-making level, at the Ministry of Transport and at the Ministry of National Economy, is that Romania cannot remain a country without a commercial maritime fleet, which can rent foreign ships to transport Romanian goods, destined for export or import. In the reconstruction of Romania, which must really begin, I believe that an important role must be played by naval transport (sea and river). But in order to be able to have maritime transport, the entire Romanian naval transport system must be rethought, not only maritime, but also river, in order to ensure the most efficient multimodal connections, for the European transport corridors, which pass through Romania. From here, we must understand that a pragmatic approach to the future of shipping is not only necessary but also mandatory. This raises a number of questions: what do we want to have, who and what should we do and especially, with whom? In order to answer these questions, more scientific analyzes are needed, starting from the political factors (political parties and their strategies for the development of the country), the executive leadership of the state, which through the line ministries (transport, economy, finance, education), it must adopt a series of appropriate policies, based on a medium-, long-term and very long-term strategy, to start as soon as possible. I believe that the main strategic directions of action, in the field of shipping, can be approached starting from two distinct economic concepts, as presented in Table 5.

**Table 5. ECONOMIC CONCEPTS REGARDING THE RE-LAUNCH OF MARITIME TRANSPORT**

| No | ECONOMIC CONCEPT  | EFFECTS ON THE NATIONAL ECONOMY  |
|----|---|--|
| 1. | Non-involvement of the state in the field of naval transport. | That is, no investment should be made, leaving the "maritime market" to generate or even "govern" shipping. Exactly what happened after 1990, until now! This is an economic conception of liberal essence, applied at random until now, but with bad results for Romania, in all these years of transition, to the market economy.  |
| 2. | The state as the main investor or majority shareholder.       | Based on a coherent policy, by creating an entire system (a naval infrastructure), which would support the development of naval transport, to solve its main problems, so that Romania has a commercial maritime fleet, another river fleet and inland waters, but to be economically efficient. The profitability of a commercial maritime or river fleet must be seen and understood, not only as a source of immediate enrichment, but rather as a secure, very long-term investment that solves several economic, social and environmental problems. . Also, the public-private partnership can be a correct solution. |

Source: author's study.

One of the specialists in the field of shipping, Gheorghî Bătrîncea, considered that "from shipping you can only get rich under certain conditions, i.e., promoting rather a policy of buying and selling ships, when the market is favorable, depending on a demand and an unpredictable offer; than from the transport of goods or passengers", (personal discussions of the author, 1999). This idea, correct at the microeconomic level, is also based on a theory of economic speculation (such as those on the stock exchange), which I think is more valid at the level of small and medium shipping companies. It is a very difficult theory to dispute! But the theory of "the existence of small and efficient companies in shipping", which was the basis for the restructuring of the company "Navrom" in 1990, proved bankrupt. Therefore, in the current context of globalization, globalization, expansion of multinational corporations in all fields, only a large, strong company can withstand the fluctuations of the maritime market and especially the fierce competition in this field. I believe that all the principles underlying naval transport must be reconsidered, in the current world situation, when other types of transport, especially road and air, are gaining ground on certain routes, connections or areas.

The share of naval transports is maintained at high levels, but the trade areas, the transport routes have a different dynamic, practically at 10 years new routes and ports appeared and appear, new areas of economic interest, then they rise in states that have

rhythms high development. The sea lines are constantly changing! It is already observed that the center of gravity of shipping will be transferred to the Pacific Ocean, between the US, Japan, Australia, China and India, which will have the largest share of total maritime trade. But new states are also emerging from other parts of the world, which have high growth rates. This will mean an impetus for the development of maritime transport, the construction of new ships, which will assimilate the latest conquests of the scientific-technical revolution (the Fifth Industrial Revolution, especially robotization), but also the diversification of auxiliary or transport-related services. actually. It all consists in correctly forecasting favorable situations and being prepared to use the opportunities that appear on the maritime market, because there is a rich experience in shipping in Romania, Iordanoaia (2009). We have a great wealth of seafarers who are ready to work on any kind of ship, in any kind of sea conditions. There is also a great pain in this field! Romania does not lack specialists to work on board ships, specialists are lacking in the field of management of maritime shipping companies. There is a certain fear of this type of management, there is a certain reluctance and they are motivated by the respondents, but not all their arguments are convincing. If we now had directors at the big maritime shipping companies abroad, maybe they, in a certain period of time, could have returned home, to run a big Romanian company. But we do not have, and without a high level of experience, it is very difficult for someone to offer the guarantee of their quality management in this field.

To re-launch something, we need a national shipping company. Without such an economic unit, we can only talk about the modernization of ports (for the ships of others), the maintenance of the navigable channel on the Maritime Danube and on the rest of the river, the monitoring of the traffic and the surveillance of the territorial waters, etc. I think we must first understand very well how to organize a national shipping company. Then a series of strategic objectives must be set, such as: sources of funding; what kind of transport we want to do (goods and / or people); new shipbuilding and then repairs; general maritime and river transport infrastructure; port activity; environment protection; social protection and job creation; scientific research and education. Table 6 presents the managerial strategies required to set up the shipping company.

**Table 6. STRATEGIC DIRECTIONS FOR THE ESTABLISHMENT OF THE MARITIME NAVIGATION COMPANY**

| No | STRATEGIC DIRECTIONS                                   | QUESTIONS AND GUIDELINES FOR MANAGING STRATEGIES  |
|----|--|---|
| 1. | Financing sources.                                     | <p>A very important question is this: What are the sources of funding? I believe that the following can be used to set up a national shipping company:</p> <ul style="list-style-type: none"> <li>- The state budget, providing a certain percentage of GDP annually, requiring very large amounts from the beginning.</li> <li>- An investment bank in the naval field. Romanian banks do not have the courage to invest in this field! The CEC, as a state bank, can be a starting point, based on a plan developed by the state, for financing.</li> <li>- External loans from international bodies. The idea is very little agreed by specialists.</li> <li>- The public-private partnership, by public subscription, for the establishment or completion of the share capital of the maritime navigation company, established as a joint stock company and with shares traded on the Stock Exchange.</li> <li>- Private investment funds. The American model is the most common, but in our country, after the existence and experience of "Caritas" type games, the trust in such companies is very low.</li> </ul> <p>The beginning is always the hardest, so in the first phase the political will is very important to achieve this. Based on the political initiative and some government funds, initially limited, the shipping company can be set up, with majority state or mixed capital.</p> |
| 2. | What kind of shipping company needs to be established? | <ul style="list-style-type: none"> <li>- It is a question that can only be answered for a short period of time, approx. 10-15 years. After 10 years, everything can change and we must not have illusions that there is something eternal in this field.</li> <li>- Compared to 15 years ago, when I finalized my ideas and presented them at a scientific communication session, a lot of data on the problem changed. -If then I saw the national company consisting of oil tanks and container vessels, now I have a completely different perspective.</li> </ul>  |

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|     |   | <p>- We must take into account the evolution of the price of oil, which will fall to a price at which its transport by ships will become unprofitable. In containers, the appearance of ships of more than 20,000 containers blocks or limits our entry into the market. So we have to look for those types of ships, in perspective, which will be operated for at least 10 years, in order to be profitable, to make an investment and to make a profit! A non-profit company cannot be set up!</p> <p>- Profit is the essence of capitalism, socialism and any economic activity. The experience of the "ferry-boat" branch of the National Company "CFR-Marfa" is sufficient to understand this situation. This subsidiary was designed to operate at a loss of approx. 6 years, but it was never profitable, and now the agency has been removed from the company's organizational chart, and the ships "Mangalia" and "Eforie" are in conservation at the quay, CFR Marfa (2021).</p> |
| 3.  | What kind of ships need to be bought or built?    | <p>From the study and analysis of the maritime market situation, from the documents published in various specialized publications, Mordor (2021), I consider that first of all we can invest in the following types of ships:</p> <ul style="list-style-type: none"> <li>- LNG tanks (in 2018 there were 1932 ships on the market).</li> <li>- Chemical tanks (in 2018 there were 5609 ships on the market).</li> </ul> <p>Depending on the evolution of the economic situation, investments and then operation must follow container ships (5152 ships in 2018) and passenger ships (4627 ships in 2018). All of these are expensive ships, but can enter relatively easily in certain market segments. The goods it transports bring high freight (prices) for the carrier (ship-owner).</p>  |
| 4.  | How long does it take to build or purchase ships? | <p>Even using shipyard projects, which make series ships, shipbuilding time remains a major impediment. For maritime specialists, the situation is known and understood, but how can we convince a politician to support such an initiative, when it takes some time (1-3 years), between designing and launching the ship? Thus, the purchase of a ship becomes a very important issue, and the duration of the purchase of new or even "used" ships involves many aspects. So, in a reasonable amount of time, how many ships can the national company start transporting goods? If it starts with a few ships, it will be a small, insignificant company with small profits that will not help it grow. If we want to start with many ships, with a large company, the question is the source of financing, where will the funds come from and then, where do we buy many ships in a short time?</p>   |
| 5.  | Decision factors.                                 | <p>From point 4, a very serious problem arises. Who has the courage to take the risk to start, one way or another? Which politicians, from the positions they hold, can assume this responsibility? Another "key" question, is Romania ready to bear a new loss in the field? Who will pay in case of failure? The answer to these questions may be the solution to the establishment of the national shipping company.</p>   |
| 6.  | Who will run the company?                         | <p>We have many specialists in the field, but very few large and courageous managers. The most important management functions are the following: General Manager, Deputy General Manager, Fleet Manager, Technical Director, Safety Director, Human Resources Director, Logistics Director, Financial and Economic Director, Commercial Director, Marketing Director, Legal Director, and so on Specialists for all these functions are very difficult to find. There are a number of questions about company managers:</p> <ul style="list-style-type: none"> <li>- "How will they be elected?". On professional criteria, without political implications? Who guarantees this? The Minister of Transport, or of the Economy, the representatives of the majority shareholder?</li> </ul>  |
| 7.  | Type of management.                               | <p>Another important issue is the maritime management they will adopt. What kind of management must be in a worldly company, what are the challenges facing managers? Modern companies have to face many challenges in the maritime market and managers need to be very well prepared, Iordanoaia (2006).</p>   |
| 8.  | The organizational structure of the company.      | <p>This will be another difficult problem to solve. Modern shipping companies have specialized sections or departments by fields of activity (technical, commercial, human resources management, logistics, marketing, legal, administrative, financial, accounting, etc.), i.e. a large number of people, specialists with experience in the field .</p>   |
| 9.  | Maritime crews.                                   | <p>Romanian sailors and officers are on board many foreign ships, and most get good and very good salaries there. The question is whether a Romanian national company will be able to offer their salaries at the level of those they get at their current jobs. If the salary is not at the level or at least close to that on foreign ships, we have no guarantee that the human resource will return home and, above all, will provide high quality services. Another situation is related to the loyalty of the navigating personnel towards the company.</p>   |
| 10. | Ship operating costs.                             | <p>These are very large, with special financial implications. After the ship has been removed from the construction site, until the first money enters the company's account, everything represents only costs, which it has to bear.</p>   |
| 11. | Who starts the project? What is the legal way?    | <p>There are a number of questions about the launch of the project. Who will make a business plan of such magnitude? Who will promote the project? Who will lobby for him? Who will really take it on? Who will make the decision to set up and for funding. By Law or Government Decision?</p>   |

Source: author's study.



## Conclusions

The managerial strategies to set up a national company to re-launch maritime transport in Romania must be oriented towards the following directions:

- The company's vision.
- Strategy appropriate to the current stage of international trade.
- Management of the company (top, environment and management of ships), human resources at the company's headquarters.
- Company structure, on two fleets: chemical tank fleet and LNG fleet.
- The current activity of the company.
- Maritime market analysis.
- Analysis of ship and administrative operating costs.
- Investments required for headquarters, equipment, acquisition of ships and construction of new ships.
- Financial projections, source or sources of investment.

All this must be studied and designed in detailed plans, which should be integrated into the overall business strategy of the new company. The decision rests with politicians, who must introduce it into Romania's government programs and development strategy.

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