ETF ANSWER TO THE CONSULTATION ON THE REVISION OF THE CONSORTIA BLOCK EXEMPTION REGULATION

The establishment and consolidation of consortia or alliances between shipping lines has not only an effect on the customers (shippers and freight forwarders) but also on the companies that provide services to the shipping lines in ports (cargo handling, towage, etc.).

Indeed, over the last years we have observed that the growing concentration in the container shipping sector has a direct impact on the socio-economic sustainability of port service providers as well as on ports, creating disruptive competition between port service providers within the same ports of operating in competitor ports.

As a Federation representing the workers employed by these companies we follow very closely these developments, and we have been raising our concerns on the consequences that the market choices made by shipping companies have on port and port services employment. As documented by many studies recently published (notably the very recent ITF-OECD report ‘The impact of alliances on container shipping’), due to the growing power of the alliances, the relation between the shipping companies that are part to the alliances and both the ports and the companies providing services in ports is highly unbalanced.

This situation impacts the economic profitability of terminals and other service providers, especially in a context where, due to the ever-increasing size of ships, constant and significant investments from terminals are required.

This situation puts downward pressure on working conditions and job security in ports. Over the last decades, port workers and their trade unions in many European ports have secured fair working conditions, in exchange of high productivity and high flexibility. Recently, the situation seem to be reversed, and fair working conditions as job security are put under threat by the framework in which many European terminals operate.

What is more, is that not only shipping lines, through the system of alliances, have been increasingly putting pressure on terminals and ports, but they have been also on the forefront of attacks to the labour schemes that are in place in several ports in Europe, and which have been established in order to guarantee the constant availability of qualified dockers to cope with peaks, and at the same time ensure job continuity for the workers. So while alliances and the use of megaships are generating greater peaks in the handling of containers, shipping lines are also attacking those labour schemes that allow dealing with those peaks in a more efficient and socially sustainable manner.
In a context where economic growth is not generating employment and where most of the jobs created in Europe are low-paid and precarious, the European Commission shall play a strong role in promoting policies and legislation that allows the retention of good jobs. The revision of the CBER is a concrete case where mitigation measures can be proposed, that would contribute retaining good and stable jobs in the port sector. This would be an important signal to citizens living around port regions, also in view of the upcoming EU elections, where growing precariousness will play a big role in the choices of EU voters.

As far as the tug sector is concerned, shipping alliances generally conclude global contracts with tug companies on a global level. By doing so the pressure put on the tug operators is enormous. At the moment we witness global contracts being negotiated where the cost per move does not even cover the vessels’ depreciation and fuel, let alone the crewing cost.

Since vessel depreciation and fuel are essential operational costs that cannot be influenced by the company, the only remaining factor to pressure is the human factor. Crewmembers’ salaries and working conditions are permanently pressured. Crew settings are forced downwards thus imposing huge stress on overall performance and safety of the crew, vessel and operations.

Only the major tug operators could withstand this race to the bottom the longest, but even they witnessed their overall business becoming financially unviable, and again saw the need to put a stop to it and again make some basic arrangements in order to establish a level playing field or at least establish fair competition. It is to be noted that there is integration also in the tug sector, with some operators being part of the same holdings as very large shipping lines.

Shipping alliances also have negative effects on the feeder sector. By driving pressure down for feeder rates, shipping alliances push companies operating the feeders to reduce the costs associated to port services. Also, a growing time pressure is generated on feeders, which experience increasing waiting times in ports due to the low priority at berth given to them in order to allocate quays to ships that are part of one of the alliances. This means that it is very frequent that feeder ships are lashed and unlash (operation aimed at securing containers on board the ships) by seafarers. Lashing is a dangerous, complex and physically demanding operation that should only be done by qualified dockers. Seafarers often do it during their rest time, and very often receive little or no compensation for this. Only to mention the most recent fatal accident, a Filipino seafarer lost his life while lashing on board a feeder vessel in the port of Dublin.

The influence of shipping companies on ports and terminals need to be framed in a wider context, which includes a growing trend towards vertical integration in terminals, the above-mentioned increasing size of ships and general favourable taxation and state aid systems that is granted to shipping lines. The maritime sector being wider than maritime transport, a more inclusive approach of all those involved in the sector, including the workers, is needed in order to design policies and legislation that are able to guarantee a sustainable future for the sector under both an economic and social perspective.
What is more, the assessment of the effects of shipping alliances should also include the implications that those alliances have in terms of public investments. As documented in the 2016 European Court of Auditors’ report ‘Maritime transport in the EU: in troubled waters — much ineffective and unsustainable investment’ there is currently overcapacity in the EU container terminal sector, which was mainly driven by the behaviour of port users, and which was substantially funded through taxpayers’ money.

Against this framework, the ETF stands in favour of a repeal of the current CBER and urge all the concerned European Commission’s services (MOVE, COMP and EMPL) to launch a concerted and comprehensive approach, based on the active and transparent involvement of all concerned stakeholders, to shape up port coherent and maritime policies able to a social and economic sustainable future to EU maritime sector at large.

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