

FAIR AND SUSTAINABLE WATERBORNE TRANSPORT

- state of play -

The waterborne transport sector in Europe - including the sea and inland waterways, as well as locks and bridges, deep-sea and inland ports and terminals - is a key enabler of European and global competitiveness. Like other transport sectors, it has been facing significant challenges: from decarbonisation and digitalisation to intensified global competition, as well as new threats, such as cyber-attacks and now, a global pandemic. The European markets in the sector are also still largely fragmented, and there is a lack of integration in wider multimodal logistics networks.

The waterborne transport sector is reliant on skilled workers and the support of excellent professionals, with almost 700,000 employed directly by the EU shipping industry alone¹. Any solutions to the sector's challenges need to recognise that fact and ensure that waterborne transport workers (seafarers, crewmembers, fishers and dockers) can adapt and grow with these changing industries. Creating smart, safe and sustainable waterborne transport services and operations requires both high-skilled workers and high-quality jobs.

European Commission's Work Programme 2020 "A Union that strives for more", includes a declaration that the "European Green Deal is our new growth strategy. It will help create jobs and make Europe more competitive globally. Our new industrial strategy will be essential in making this happen as an enabler of both the ecological and digital transitions".

At a time when the EU is both facing a sudden, immense crisis and considering how to define an industrial strategy to strengthen its place in the world economy, the European waterborne transport sector should be viewed as a strategic asset. The ETF urges the European institutions and Member States to put the needs of workers at the centre of any strategy, as well as apply the lessons of the COVID-19 pandemic.

Waterborne transport sectors have been disrupted by the measures put in place to fight the COVID-19 pandemic and workers have been severely affected. The crisis has revealed that seafarers, crew members, fishers and port workers are essential 'front line' workers and their wellbeing is vital if we are to keep the world moving. New business models along supply chains with sustainability at their heart are essential in improving quality of life around the globe.

The COVID-19 crisis has brought with it its array of problems:

REPATRIATION AND CREW CHANGES || Crew members have stayed longer on board than legally allowed, leading to fatigue and psychologic stress issues, since they have not been allowed to disembark and to return home. Overworked, overtired seafarers and fishermen are more likely to make mistakes that can cause accidents, posing serious risks to the safety

¹ Oxford Economics, Economic value of the EU shipping industry, 2020 update

of lives at sea, as well as threatening the marine and coastal environment. Moreover, the denial of shore-leave and medical assistance in some cases, have aggravated the already stressful situation.

UNSTABLE INCOME AND JOBS || Many crew members in the inland waterways transport and maritime transport sectors couldn't join their ships. Loss of income has also affected many fishermen who in most countries are paid a low minimum wage, with the rest of their income being based on a share of the catch or bonuses. Due to the drop in consumer demand, they have seen their income plunging, relying on government support schemes or technical unemployment allowances where applicable. In ports, a decline in economic activity could result in the potential loss of employment. In the ferry sector, the pandemic has been used as an excuse for companies to neglect their obligation to protect local jobs and communities while continuing public funding has been made available to businesses to maintain critical supply chain routes.

COLLAPSE OF CRUISE AND PASSENGER INLAND WATERWAYS TRANSPORT || Thousands of crewmembers were left without any income. Most of them are seasonal workers, hired through obscure manning agencies located in tax havens and were therefore not covered by social security measures introduced in response to mass unemployment.

HEALTH AND SAFETY || Many crew members have had no access to medical treatment ashore, and waterborne transport workers, in general, have been at risk of contamination while they continued working. Some port States have treated workers as "undesirables" rather than respected professionals that deserve access to quality preventive care and medical treatment.

The crisis has shown that waterborne transport workers require special attention and has highlighted the complexity of a global industry with unfettered mobility of labour and capital. The well-known proliferation of flags of convenience, in particular, has proved to be harmful to the wellbeing of crews, as many have not adequately assumed jurisdiction over the social matters concerning their ships. It has also clearly demonstrated that the market "freedoms" prevail over fair working conditions and also over fair competition, even in dire times of a global health pandemic, in a European Union proclaiming to have the "social agenda" at heart.

The crisis can be a game-changer: it is time to stop unscrupulous companies and ship owners, as well as inept flag States, to continue engaging in unfair competition.

FAIR AND SUSTAINABLE WATERBORNE TRANSPORT

- going forward -



EMPLOYMENT-CENTRED RESPONSE AND FAIR WORKING CONDITIONS

To be sustainable, any recovery strategy which would entail financial or other support to companies in waterborne transport, should include social and environmental considerations. The sector's policies need to be defined within the context of a broad and long-term socio-economic agenda.

Companies that benefit from the freedom to provide goods and services within the EU must also abide by the EU *social acquis* regarding the employment conditions of their workers. In inland waterway transport, for example, companies seek to optimise costs by registering a company (or subsidiary) in a Member State with significantly lower social security contributions and are abusing the rules on coordination of social security systems by establishing obscure corporate mazes, leaving workers without proper social security coverage. The EU has started to tackle this problem but tighter control of undertakings operating in cross-border contexts, closing loopholes in existing legislation and closer cooperation between national law-enforcing authorities are now urgently needed.

Create a level playing field through a genuine European Maritime Space for maritime services within the EU. This way, unfair competition between shipping companies that are operating according to EU labour standards and those that are engaging in substandard practices would be prevented. This level playing field would ultimately benefit the development of high-quality maritime clusters and safeguard job opportunities for European maritime professionals and the European maritime skills base.

Re-orient and harmonise maritime subsidy policies in Europe. They are an important tool to promote growth, employment opportunities and quality training in the European waterborne sector and they should be clearly linked to the achievement of identified policy goals. These should include job creation, recruitment and retention of European domiciled seafarers, as well as training and life-long learning opportunities. The best guarantee would be to link subsidies to ship registration in the EU and to exclude shipowners who flag out from receiving any public financial support. Enforcement also needs to be further enhanced by strengthening and broadening inspections of onboard working and living conditions and monitoring recruitment practices.



EQUAL OPPORTUNITIES AND JUST TRANSITIONS

Provide future-proof training, education and life-long-learning to facilitate just transitions, as waterborne transport workers will have the necessary skills and competences to deal with changing needs. Automated operations, digitalisation and

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artificial intelligence may have a significant impact on the future of work in the waterborne transport sectors. The right conditions to guarantee competitiveness, job creation and smooth transitions between jobs need to be created so that people can remain integrated into the labour market throughout their entire working lives, with wellbeing for all being assured. Quality jobs with good working-conditions will also create the necessary conditions to attract more women to the sector. Compulsory periodic training schemes directly linked to validity of professional qualification certificates, are to be developed as soon as possible.

No job losses as a result of environmental sustainability-related measures or technological change. Retraining and redeployment guarantees need to be at the centre of any plans of large-scale transitions that impact the organization of work, the number or types of jobs in different sectors.

No automation without negotiation. Social dialogue is the only tool to steer these transitions in the best way possible, whilst reaping the full range of benefits they can bring for good jobs and the sustainable, solidarity-based financing of social protection. EU policymakers also have a role to play in guaranteeing social protection. ETF expects the EU to continue prioritising initiatives to increase the level of education and training for waterborne transport workers beyond international minimum requirements, as well as to make the industry more attractive to women.



INVESTMENTS IN SAFE AND CLIMATE-RESILIENT INFRASTRUCTURE

Invest to ensure a just transition and a balanced and sufficient geographical distribution of funds. The European Green Deal proposal promotes a modal shift in Europe from road to waterborne transport, including short-sea shipping. To realise this shift, investments will need to be made to ensure a Just Transition and a balanced and sufficient geographical distribution - particularly in the TEN-T network - including the development of green ports and programmes to further enhance the environmental sustainability of inland waterway transport in Europe. It will be important to ensure adaptation of port infrastructures to the changing needs of a greener fleet, with smooth and efficient hinterland connections. Training and education will also be an important aspect here. The green transition in waterborne transport needs to go hand in hand with a focus on workers' health and safety, their skills needs and their working conditions - both onboard and onshore in, e.g. (inland) ports.

Base financial support measures on a social objective and link them to job guarantees and stronger social cohesion. In addition to state aid for maritime transport, other financial support measures such as the Motorways of the Sea, TEN-T and the Connecting Europe Facility need to follow these principles. It doesn't make sense to publicly fund maritime transport or inland waterway ship operations that do not pay taxes or social security fees in the EU, or that allow substandard onboard working and living conditions through Flags of Convenience or letter-box companies which give rise to social dumping. This would undermine the sustainability of any investments in the frame of the Green Deal. To fight abusive practices, public funding needs to be conditional to where an established subsidiary pursues its real activities in an EU Member State.



FAIRER, MORE ROBUST SUPPLY CHAIN

Social, labour and environmental effects of market consolidation must be considered, beyond price-related competition effects. A wave of market consolidation has transformed the global container shipping industry, leading to mergers and acquisitions between container lines, a reshuffling of shipping alliances and the expansion of shipping companies into port and towage operations, freight-forwarding and offshore energy. This process has put pressure on local salaries and working conditions. Vertically integrated terminal operators have emerged, controlled by carriers that have the ambition to provide similar services as freight forwarders. This raises the question of possible market distortions of competition along the whole maritime value chain, between operators that are subsidised and independent freight forwarders or terminal operators that are not subsidised. A fair pricing mechanism should be implemented, ensuring the different stakeholders in the industry sustainable access to quality services and viable livelihoods of communities living along rivers or on the coasts.

Stop market distortion in port cargo handling operations. Maritime subsidies have an impact on the port sector, as a number of taxation practices are putting fair competition in the port cargo handling market at risk. In some European countries², port terminal operations have been included under the scope of the tonnage tax, although the EU Maritime State Aid Guidelines don't make mention of terminal operations as shipping-related activities. The coverage of port operations under the scope of the tonnage tax - granted to qualifying shipping companies that opt to be taxed on the basis of their net tonnage instead of on the basis of their profits - might lead to the distortion of the cargo handling market, as well as unfair competition between carrier-controlled terminal operators - that benefit from the special tax regime - and independent port terminal operators who are obliged to pay taxes on the basis of their profits.



TRADE IN THE SERVICE OF SUSTAINABLE DEVELOPMENT

Introduce mandatory human rights due diligence and responsible business conduct. Due diligence is a key principle for corporate sustainability and social responsibility in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). Additionally, there is a need for meaningful social dialogue at different levels, to properly analyse and provide joint responses to global value chains in sustainable companies whilst including the dimension of transport, which is often forgotten. Workers in our waterborne transport sectors have been the lifeline of the vital maritime supply chain during the pandemic. It is well past time to ensure the respect and enforcement of human rights, including trade unions' and workers' rights.

² OECD-ITF study "[Maritime subsidies: do they provide value for money?](#)", 2019