

Port Package II - superfluous, antisocial, and economically detrimental

By André Brie

On January 18, the European Parliament will vote on the directive, proposed by the EU Commission, on the market access to port services (Port Package II). The Europe-wide protests in the last days have gotten this regulatory framework into the headlines. Port package II, for instance, would allow it in the future to the crews of freighters to carry out the loading and unloading of their ships themselves. At the same time, ship-owners will be allowed the operation of their own service installations in the shipyards. The threat to existing jobs (the German shipyards alone employ more than 11,000 people) is surely the gravest, if certainly not the only negative effect of the EU instructions.

Motives, content, and development of the directive

Port package II is officially motivated by the apparently existing necessity to allow for more competition in port services. It is being ignored in that context that this competition has already taken place for a long time and in a very effective way, even if the services in the majority of the European harbours are managed by the public authorities. Already today, port services constitute a decisive factor in the competitive struggle between the sea ports.

In the international comparison, the European harbour industry occupies top places. Before the Hamburg dockers, ver.di chairman Frank Bsirske on January 11 pointed to the fact that the loading and unloading of a 40 feet container by standard price in the European harbours costs 10 US Dollars, in the North American ports 200 Dollar, and in Asian ports 300 Dollars. However, European harbour companies will be confronted with high damage liability claims, if the ships are not loaded within the briefest possible time. In Asian and American ports, long waiting times for ships on the docks are, therefore, not rare. The European Self-managed Port Organization (ESPO), therefore, even calls the European ports the most efficient world-wide. According to the agreement of the International Labour Organisation concerning harbour works of 1973, port services belong into that framework, and next to the loading activities also tugging, guiding and steering services, transport jobs and logistics services must be supplied by registered dockers. By way of Port Package II, this might change. Because the directive among other things foresees that

- ship-owners may use their own on-board personnel for loading and unloading;
- port authorities must widely advertise, carry out a public tender for these service jobs (with some very few restrictions, for instance as concern guiding and steering services) across the whole EU;
- the harbours and the port service providers must publicise their financial inter-linkages just as widely as possible subsidies;
- the time frame of port licences will be limited. Moreover, after the entry into force of the directive, all concessions for port services should be newly written out and then be reissued after that only for a limited time period.

A first version of the port service directive had been narrowly rejected by the European parliament in November 2003. By 229 to 209 votes, the deputies had voted, after a two-year parliamentary procedure, against the proposal by the Commission. It is undoubtedly a disregard of the parliament that the EU Commission has practically immediately and without major changes re-entered its directive.

Social and employment policy consequences

If the directive is passed, untrained or badly trained cheap workers from third countries, who belong to the ship crews, may carry out loading and unloading jobs in the ports. In this way, employers may undercut existing rules for the registered, trained employees who exercise their jobs at wages agreed upon in collective bargaining and in a qualified way. Moreover, as in other liberalised areas, a process of social dumping is set in motion. Thousands of jobs of trained and registered port workers, high quality and performance standards in the ports are on line. Of course, provision is made for a permission procedure by the port authorities, which also allows fixing qualification standards, but the experiences in other liberalised areas show that it will be more difficult, as the public monopolies are broken up, to keep to the standards that have prevailed up to now.

Following an investigation by the Institute of Sea Transport Economy and Logistics in Bremen, the danger of dismissals of the currently employed workers (in the ports – A.B.) is unambiguously a factor (Evaluation of consequences of the draft directive by the European parliament and the Council concerning the market access of port services, September 2005). Self-service with one's own ground or even on-board personnel leads as a rule to the mellowing of secure full-time employment. The scientists also adduce support for the expectations of social dumping: in the final analysis, we have to count on suppliers also entering the market, who do not feel bound to the existing collective bargaining norms and pay lower wages also due to the cost pressure.

For the sailors, there also follow direct consequences from Port Package II. For instance, work pressure and therefore the danger of accidents could drastically increase. Put into question is also the keeping of work times for on-board personnel that was also regulated by an EU directive.

Consequences for employers and communities

Port Package II will certainly have an effect on the companies active in the port area and on other companies charged with merchandise turn-over. Concerned in particular are

- the break-up of transport and logistic chains as well as the destruction of grown links of cooperation;
- limited investments by the suppliers of port services due to the limited contract periods;
- the difficult acquisition of capital and credit, complicated for the same reasons;
- a larger bureaucratic expense for the public tenders;
- the weakening of regional suppliers and other partners of the companies active in the port service and in the general harbour location as well as
- the need for solutions to problems that follow from the dismissal for employees.

Conclusion

The following conclusion follows from what has just been said:

- 1) The EU directive concerning port services is superfluous, because it interferes with a well-functioning, efficient system and the declared goals have already been reached in practice;
- 2) The directive is anti-social, because it threatens jobs not only in the ports but also among suppliers and cooperating businesses and gives free reign to social dumping;

- 3) Port Package II is detrimental to the economy, because additional charges are imposed on the firms, their planning security sinks, and the economic strength of the port location is being weakened.

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