

INTERNATIONAL LABOUR ORGANIZATION
Sectoral Activities Programme

Joint Maritime Commission

Subcommittee of the Joint Maritime Commission
(Geneva, 12–13 February 2009)

**Seafarers' Wages and Hours of Work and the
Manning of Ships Recommendation, 1996 (No. 187):
The updating of the basic wage of able seafarers**

Geneva, 2009



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ISBN 978-92-2-122763-2 (print)
ISBN 978-92-2-122764-9 (web pdf)

First published 2009

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Printed by the International Labour Office, Geneva, Switzerland

Introduction

1. The Joint Maritime Commission's Subcommittee on Wages of Seafarers met in Geneva from 12 to 13 February 2009 in accordance with a decision taken by the Governing Body of the International Labour Office taken at its 303rd Session (November 2008).

Composition of the Subcommittee

2. The Subcommittee was attended by six Shipowner representatives and five advisers and six Seafarer representatives and seven advisers. A list of participants is given in the attached appendix.
3. The spokespersons were:
Shipowners: Mr Erwin Meijnders (Shipowner member, Netherlands)
Seafarers: Mr Henrik Berlau (Seafarer member, Denmark)
4. The Secretary-General was Ms E. Tinoco, Chief, Sectoral Activities Branch, International Labour Office, and responsible for maritime activities.
5. The Subcommittee decided not to elect a Chairperson.

Opening and discussions

6. The Secretary-General welcomed the participants and recalled that the mandate of the Subcommittee was to discuss the updating of the basic wage figure referred to in the Seafarers' Wages, Hours of Work and the Manning of Ships Recommendation, 1996 (No. 187), and make the appropriate recommendation which would be submitted to the Governing Body of the ILO. She stressed the importance of the minimum wage to the shipping industry, especially in the changing economic climate.
7. A representative of the Office introduced the report SJMC/2009/1 and the supplements in documents SJMC/2009/2 and SJMC/2009/4(Rev.), which contained calculations on the purchasing power of the wages of seafarers based on the formula previously agreed to by the Joint Maritime Commission. Another representative of the Office explained the methodology used in the calculations and the effect of the current fluctuations in the economic climate on the median calculated figure.
8. Another representative of the Office made a presentation on the *Global Wage Report 2008/09* published by the ILO in November 2008. He described recent wage trends, in particular the relatively slow growth in average wages, the increase in wage inequality, and the decline in the share of wages in GDP. He then highlighted that an increasing number of countries have reactivated their minimum wage policies to ensure a decent wage floor for all workers, and provided some concrete examples of good practice in operating minimum wage policies.
9. The Shipowner spokesperson recalled the agreement of the Subcommittee in 2006 whose implementation ended with a last wage increment which brought the ILO minimum wage to US\$545 at the end of 2008. This meant that seafarers received an actual increase in January 2009. Some countries' collective bargaining agreements had been conducted and registered already in 2009 taking this into account. The minimum wage for an able seafarer

was part of the Maritime Labour Convention, 2006. It provided an international safety net for the protection of seafarers and was part of decent work for seafarers. The Shipowners support the principle and the process of the ILO minimum wage as a successful item within international social dialogue in shipping. Its maintenance must be secured. In a normal situation, representatives of Shipowners and Seafarers would agree to adjust this minimum basic wage based on the outcome of the formula. But, unfortunately, this is a time of economic uncertainty and a global crisis affecting all industries including the shipping industry. The credit crunch and the global economic crisis have taken a heavy toll on shipping. There has been a staggering shortage of credit for shipping, causing disastrous financial problems. Freight rates have fallen tremendously. For example, the Baltic Dry Index fell 95 per cent over the last few months. Ships have been laid up in large numbers and the value of ships, including new buildings and scrap prices, has plummeted. Recalling that the last increment meant that every able seafarer will get an increase in salary in 2009 of around 3 per cent compared with 2008, the Shipowners do not consider this as a wage stop or a freeze in 2009. The industry maintains the highest minimum wage level and a lively social dialogue which have benefited seafarers all around the world. Making an increase at this current time would not be for the industry's good. The Subcommittee could meet in February 2010 or earlier if conditions improved.

- 10.** The Seafarer spokesperson thanked the Governing Body for convening the meeting and the Office for preparing the calculations and papers for this meeting. He said that the Seafarers had been looking very much forward to this meeting. He continued by agreeing that the shipping sector was affected by the international crisis, but underlined that it was not only shipowners who were in trouble but that seafarers were as well. Seafarers on the ILO minimum wage were in deficit. The last increase of 31 December 2008 was the final increment of the 2006 agreement. This was done on request by the Shipowners while shipping was booming. Seafarers therefore had expectations from this meeting. Although seafarers on the ILO minimum wage often came from low-cost countries, they – because of the nature of the shipping industry – had to spend a substantial part of their wages in high-cost countries. The Shipowners had maintained that the minimum wage was a safety net, which was there even when things were bad. The Seafarers therefore supported the process and pointed to the successful track of the Subcommittee to constructively find a solution, and the Seafarers wished to maintain the process and honoured the formula by reaching an agreement to update the minimum wage accordingly. The Seafarers pointed out that, according to the maritime press, shipowners were right now offering huge wage increases and other benefits for officers. He emphasized that the industry should not expect that the lowest paid able seafarers, namely those on minimum wages, should finance this.
- 11.** The Secretary-General underlined the agreement of the two groups on the importance of the work of the Subcommittee. The setting of the minimum wage of able seafarers was referred to in the MLC, 2006, and it was useful for the industry. There was also agreement on the impact of the current economic crisis on the shipping industry. She urged the groups to continue discussion on the points where there were differences: whether the deficit in the level of the minimum wage should be bridged in 2009 and whether there should be a meeting either in February 2010 or earlier. She called for an agreement to be enshrined in a resolution in the usual way for submission to the Governing Body of the ILO.
- 12.** The Shipowners and Seafarers acknowledged that the differences were there but reiterated their previous positions. Although they persisted in continuing their negotiations, the two groups could not come to an agreement to update the minimum wage figure.

Final considerations and closing of meeting

- 13.** The Shipowner spokesperson expressed his group's disappointment that an agreement could not be reached. All the parties involved should take some responsibility for this

outcome. However, the circumstances were exceptional and the Shipowners' group was committed to social dialogue in the sector. Employee security was important and the minimum wage for the able seafarer was an important element of the protection of seafarers. The economic situation had taken its toll on the industry and the disappointment was shared by the whole of the Shipowners' group. The door remained open for continuous consultations and his group was prepared to return to discussions at the same period next year or earlier if the economic situation improved. The existing figure of US\$545 remained valid. He called on the Seafarers and the Shipowners to continue to assess the situation and continue consultations on this issue. The Office should request the Governing Body to reconvene the Subcommittee when the two groups have so agreed.

- 14.** The Seafarer spokesperson said that the Seafarers were disappointed on behalf of the seafarers they represented and whom shipowners employed. They came in good faith and have been astonished to find that the Shipowners brought no mandate to this meeting for updating the minimum wage. This was the first time that the Subcommittee failed to reach an agreement. The Seafarers saw no excuse or forgiveness for such an outcome. Minimum wages were expected to survive crises, turmoil and hard times, which were ongoing now. This meeting left behind a safety net for seafarers, with big holes. This meeting adopted no resolution to guide the ILO Governing Body on the future of the minimum wage. We had to leave it in the hands of the Shipowners when to meet again. Seafarers would have to exercise patience and suffer hardship knowing that history was on our side. The Seafarer spokesperson thanked the Shipowner spokesperson for his commitment to maintain the existing 2006 agreement as it stood until replaced in a new agreement by the Subcommittee in the future.
- 15.** Mr Tayo Fashoyin, Director of Social Dialogue, Labour Law and Labour Administration and Sectoral Activities, summed up the conclusions of the two groups. Both groups were committed to social dialogue and to the process of minimum wage setting for the able seafarers. Both sides spoke in good faith in an agreement to continue discussions. The onus was on the Shipowners to bring the Seafarers back to the discussion while the two group secretariats continue to maintain contact on the issue. The Office would make an oral report to the Governing Body at its forthcoming March 2009 session and the final report of the Subcommittee would be submitted to the November 2009 session. The Office remained committed to support social dialogue in the maritime sector. He closed the meeting by announcing that the number of ratifications of the MLC, 2006 had reached five member States with 44 per cent of the world fleet. The new ratifications came from Norway and Panama.
- 16.** This report was finalized in consultations with the secretaries of the Shipowners' and Seafarers' groups of the Joint Maritime Commission and circulated to all the members of the Subcommittee.

List of participants
Liste des participants
Lista de participantes

Titular members nominated by the Employers
Membres titulaires nommés par les employeurs
Miembros titulares nombrados por los empleadores

Mr Robert GOODALL, HR Marine – Industrial Relations, Bernhard Schulte Shipmanagement, Isle of Man

Mr George KOLTSIDOPOULOS, Legal Adviser, Union of Greek Shipowners, Piraeus

Mr Erwin MEIJNDERS, Member of the Board, Royal Association of Netherlands Shipowners, Rotterdam

Mr Guy SULPICE, Directeur, Armateurs de France, Paris

Mr Jorgen VATNE, Norwegian Shipowners' Association, Oslo

Mr Shunsuke YAMIWAKE, Marine Division, Japanese Shipowners' Association, Tokyo

Adviser/Conseiller technique/Consejeros técnicos

Mr Guido HOLLAAR, Managing Director, Royal Association of Netherlands' Shipowners, Rotterdam

Mr William MCKNIGHT, Japanese Shipowners' Association, London

Ms Edith MIDELFART, Attorney at law, Norwegian Shipowners' Association, Oslo

Ms Natalie SHAW, Secretary, International Shipping Federation, London

Mr Gregory TRIANTAFILLOU, Vice-Chairman of IMEC, Piraeus

Titular member nominated by the Workers
Membres titulaires nommés par les travailleurs
Miembros titulares nombrados por los trabajadores

Mr Severino ALMEIDA, President, CONTTMAF, Rio de Janeiro

Mr Henrik BERLAU, Secretary, 3F, Copenhagen

Mr Conrado OCA, Seamen's Union of the Philippines (AMOSUP), Seamen's Center, Manila

Mr Remo DI FIORE, Federazione Italiana Trasporti – CISL, Rome

Mr John HALAS, Pan-Hellenic Seamen's Federation (PNO), Piraeus

Mr Yoji FUJISAWA, All-Japan Seamen's Union (KAIIN), Tokyo

Adviser/Conseiller technique/Consejeros técnicos

Mr Stephen COTTON, International Transport Workers' Federation (ITF), London

Mr Mark DICKINSON, Assistant General Secretary, Nautilus UK, London

Mr Hylke HYLKEMA, Vice-President/Treasurer, Nautilus NL, Rotterdam

Mr Johnny OCA, Seamen's Union of the Philippines (AMOSUP), Seamen's Center, Manila

Ms Marina SEROVA, Foreign Relations Department, Seafarers' Union of Russia

Mr Agis TSELENTIS, Head of International Department, Pan-Hellenic Seamen's Federation, Piraeus

Mr Jon WHITLOW, Secretary of the Seafarers' group to the Joint Maritime Commission, International Transport Workers' Federation (ITF), London