

TIME TO TALK THE TALK

MILLIONS – EVEN billions — of dollars. Each day. What could possibly cost that much? Well, seaport strikes and labor disputes, to start.

Although port labor strikes are anything but a recent phenomenon, the recent pace of strikes is quickening in response to escalating economic changes worldwide. A simple Internet browser search on “port strike” will yield such results as “Seaport strike costing U.S. economy \$1B a day”; “Chile is losing more than \$200M a day due to port worker strike”; “Port Hedland (Australia) facing \$100M a day strike threat.” Labor strikes recently have hit ports in India, the U.S., Cyprus, Brazil, Egypt, Argentina, Hong Kong, Portugal and Australia.

Why is this compelling? Because few things touch every national economy more pervasively than seaports. Seaports are the international hubs for global commerce. Indeed, activity in ports has a material influence on the free flow of goods, and therefore the greater economy, throughout the supply chain. And seaports’ importance to the global economy will only increase in the future, experts agree.

Studies and reports from authoritative sources such as the Organisation for Economic Co-operation and Development, the JOC, the European Commission and others confirm that seaport cargo volumes will rise significantly over the next 20 years.

Anticipating growth in seaport activity, public-private partnerships, governments and the private sector are investing in infrastructure to handle the additional workload. The Panama Canal expansion project is the most notable example, but large-scale port expansion, dredging and infrastructure undertakings are increasingly common. Carriers continue to order larger ships, with some capable of carrying more than 18,000 20-foot-equivalent container units.

Yet with all of this busy preparation, one critical aspect of port success is being ignored at our peril:

the relationship between seaport labor and its management. To meet the demands arising from the anticipated growth, labor-management relations must adapt to the changing needs of seaports. If they don’t, the port strike headlines of today will continue to proliferate in the future, with corresponding increases in human cost and financial loss.

So, while all the building and dredging is in process, business, labor and government leaders should wake up to the moral and financial imperative that they should work together to address the pressing and unmet need for social dialogue in the port sector.

Although our global economy continues to modernize with 21st century capacity, industrial relations in most of the world’s ports are mired in adversarial frameworks and process of the 19th and 20th centuries.

Ports must adjust not only their infrastructures but also their ability to provide services in a labor environment that keeps pace with competitive pressures. Increasingly, ports compete against each other, because shippers have multiple options of where to unload their cargo. As a result, labor unrest at a specific port, while causing significant local damage, might not lead to the kind of economic pressure it once did.

Ports that maintain a reputation for unstable labor issues become less desirable in the shipping economy, particularly where alternative ports are readily available. Bilateral, regional and multilateral trade agreements diminish the significance of political borders, which once served as the sole criterion of which port a shipper must use.

Social dialogue, the process of consensus building among workers, employers and government, and the resulting improvements in labor-management relations, is recognized widely as a key component of port competitiveness by providing the stakeholders with effective tools to develop a stable, reliable workforce.

But social dialogue is neither intuitive nor a naturally occurring exercise.

Therefore, without sustained, targeted efforts to teach and foster effective social dialogue, the future of stable labor relations remains in question. Success in this area is currently hit or miss. New policy spaces for social dialogue in the port sector have opened, but have yet to be filled. Successful models of improved efficiency, dispute prevention and resolution remain largely unexplored.

Emerging and important efforts are underway to improve labor relations in seaports. The University of Texas at Dallas, for example, is undertaking groundbreaking research and meaningfully engaged in study and practice of social dialogue in the port sector. UT Dallas is creating effective training materials, innovative training methods and platforms for social dialogue outreach into the port sector. In addition, the European Commission, following research and analysis, last year took the unprecedented step of creating sector-specific legislation in this area.

No government, business, union or nongovernmental organization can fiat meaningful change in seaport industrial relations, but the coming increases in port business and their associated market pressures demand change nonetheless. Prepared or not, ports in the future will face a more dynamic competitive environment. Enhanced social dialogue in the port sector is something every stakeholder — unions, employer organizations and governments — can agree upon. **joc**

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