INTERNATIONAL LABOUR ORGANIZATION

Sectoral Activities Programme

Subcommittee on Wages of Seafarers of the Joint Maritime Commission

Final report

Geneva, 26–27 April 2011

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Introduction

1. The Joint Maritime Commission's Subcommittee on Wages of Seafarers met in Geneva from 26 to 27 April 2011 in accordance with a decision taken by the Governing Body of the International Labour Office taken at its 309th Session (November 2010).

Composition of the Subcommittee

2. The Subcommittee was attended by Shipowners (six representatives and 14 advisers), Seafarers (six representatives and five advisers). A list of participants is given in Appendix II.

3. The Vice-Chairpersons and spokespersons were:

Shipowners: Mr Arthur Bowring (Shipowner member, Hong Kong)

Seafarers: Mr Henrik Berlau (Seafarer member, Denmark)

4. The Secretary-General was Ms A. Van Leur, Director, Sectoral Activities Department, International Labour Office.

5. The Subcommittee did not elect a Chairperson.

Opening and general 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. The ILO-recommended minimum basic wage remained relevant to the industry as a benchmark, both in times of boom and economic crisis, and also as a stabilizing factor. It was noted that in 2009, the Subcommittee was unable to agree on a new wage figure; however both the Shipowners' and Seafarers' groups kept to their commitment to keep discussions going and returned to this Subcommittee.

7. A representative of the Office introduced the report SWJMC/2011 and supplement SWJCM/2011/2 which contained calculations on the evolution of the purchasing power of the minimum wage of seafarers based on movements in the value of the US dollar and changes in the cost of living from 2006. These calculations were provided as a guide and did not represent recommendations from the Office. The methodology used in the calculation had not changed since 1991.

8. The Shipowner spokesperson stressed that it was important to maintain the structure of the Joint Maritime Commission, as it was a unique bipartite forum which the Shipowners felt had great value for the maritime sector. The Shipowners had held advance discussions with the Seafarers and, most recently, their negotiating team had met a month ago with the Seafarers' negotiating team to discuss this issue. He then introduced the Shipowner negotiating team and stressed that the minimum wage was of great interest to all the different sectors of the shipping industry, as reflected by the number of Shipowners' advisers present. He concluded that he was looking forward to constructive discussions leading to an agreement to be reflected in a resolution. He thanked the Office for convening the meeting.

9. The Seafarer spokesperson recalled that the outcome of the last committee was a disappointment. He reminded the meeting that the Shipowner at the last meeting of the Subcommittee said that in a normal situation, representatives of shipowners and seafarers would agree to adjust the minimum basic wage based on the outcome of the formula. He noted that the situation now was different from 2008. He recalled that the Shipowners had said that the minimum basic wage was a part of decent work for seafarers and must therefore be secured. Progress had been made to overcome past issues; however seafarers were now faced with new problems, such as increased expenses and higher food prices. The Seafarers' group would have liked an agreement in 2009. The Subcommittee should take into consideration that there had been no change in the minimum wage figure for the past five years. The group felt that at present the steady level of the US dollar should assist in setting a realistic wage figure for the next two years. Thanking the Office for convening the meeting, the Seafarer spokesperson said that the minimum wage figure was important for the image of the industry, especially in attracting new seafarers and retaining competent seafarers. The disadvantages experienced by seafarers were further highlighted, and it was stressed that it was important to set a minimum wage that would compensate for some of these disadvantages.

10. The secretary of the Seafarers' group shared statistics about the current food crisis from the Asian Development Bank and the World Bank indicating that currently there were 44 to 46 million persons in poverty. The FAO food price index had shown a 37 per cent increase since March 2010. Countries most affected by the food and energy crisis were India, Russia, China and the Philippines. Due to these circumstances seafarers were feeling economically vulnerable as well as having to deal with the escalating problem of piracy. It was essential that the shipping community demonstrated that seafarers were valued and respected.

11. The Shipowners and Seafarers held both private group meetings and joint negotiations before returning to plenary.

12. The Shipowner spokesperson stated that his group did not believe that the formula should be the only factor taken into consideration when setting the minimum wage. The Shipowners were of the view that the economic crisis of 2008, which continued to affect the world economy, and the subsequent volatility in the US dollar exchange rate, had a substantial and continuing effect on the outcome of the formula. However, the Shipowners did not want to discard the formula as they could not, at this time, propose an alternative. In their opinion, and as clearly stated in the successive resolutions of the Subcommittee, the main aim of the minimum wage was to provide an international safety net for the protection of seafarers. As the ILO itself recommended, the minimum wage should be set at a level that governments would be likely to use to protect the most vulnerable. If it was set too high compared to general wage levels, it was very possible that it would not be used. The Shipowners felt that, as the formula was clearly not reliable at the present time, their experience and knowledge was more relevant in deciding what level the minimum wage figure should be. Many within the group felt that the present level was appropriate and should be maintained, and thus they were willing to negotiate from that level.

13. The Seafarer spokesperson was disappointed that there was repetitive discussion regarding the formula, but, most importantly, was willing to test negotiating from the existing figure as mentioned by the Shipowners.

14. Following further joint negotiations, the group came to an agreement for several revisions of the wage figure as follows: one increase to US$555 on 1 January 2012, a second increase to US$568 on 1 January 2013, and a third increase to US$585 on 31 December 2013.

Resolution concerning the ILO minimum basic wage for the able seafarer

15. A draft resolution was prepared by a small informal group, consisting of participants from both groups, based on the joint negotiations.

16. The Subcommittee reviewed the draft resolution which incorporated the agreement reached and adopted it, with some amendments. The final text is to be found in Appendix I of this report.

Final considerations

17. The Shipowner spokesperson thanked the Seafarers for their honesty. He noted that the negotiations had been difficult but that progress had been made. The agreement reached was to increase the wage figure to US$555 on 1 January 2012, a second increase to US$568 on 1 January 2013, and a third increase to US$585 on 31 December 2013, which would also last for the entirety of 2014, as the next meeting would be held in the first half of 2014 to agree an increase, if any, that would take effect from 1 January 2015.

18. The Seafarer spokesperson noted that his group had also found the negotiations difficult. He felt that the Shipowners had taken their understanding of the purpose of the minimum wage to the extreme, which made it very difficult for the Seafarers to protect their interest for the next long period. Having failed to reach an agreement at the previous meeting they viewed this as a minimum agreement. He reminded the meeting that the Shipowners had agreed that the increase of 31 December 2012 should not be made a part of the outcome of the meeting in 2014. He concluded that there should be a fresh start when they next meet in 2014.

19. The Secretary-General of the meeting expressed her understanding that the negotiations were difficult but congratulated the two groups on the results achieved, which demonstrated that social dialogue had prevailed again. This showed that the two groups had confidence in this process which was very important for the Office to report to the Governing Body.

20. The final text of the resolution, as adopted, is contained in Appendix I. Following consultations with the secretaries of the Shipowners' and Seafarers' groups of the Commission, the report, with its annexed resolution, was adopted.

Appendix I

Resolution concerning the ILO minimum basic wage for the able seafarer

The Subcommittee on Wages of Seafarers of the Joint Maritime Commission,

Having met in Geneva from 26 to 27 April 2011,

Having considered the report prepared by the International Labour Office on the updating of the minimum basic wage for able seafarers,

Having noted that the Subcommittee on Wages of Seafarers at its meeting on 24 to 25 February 2006 agreed the minimum basic wage figure of US$545 as of 31 December 2008,

Recalling the Seafarers’ Wages, Hours of Work and the Manning of Ships Recommendation 1996 (No. 187), referred to below as the Recommendation, and Guideline B2.2 of the Maritime Labour Convention, 2006:

1. Agrees that the economic situation of the maritime industry in major flag States and labour supply States provides an indication of the necessity for updating the minimum basic wage figure.
2. Recalls that the main aim of the minimum basic pay or wage figure for the able seafarer is to provide an international safety net for the protection of, and to contribute to, decent work for seafarers.
3. Recalls the relevant provisions of the code of the Maritime Labour Convention, 2006, i.e. Guideline B2.2.4 and recalling the resolution concerning the ILO minimum wage for able seamen, adopted at the 26th Session of the Joint Maritime Commission (October 1991).
4. Notes that the Recommendation states that the number of normal hours per week covered by the minimum basic wage should not exceed 48 hours per week.
5. Notes that the agreed sum achieved at previous meetings has not always matched the figure indicated by the formula since the process took into account other factors.
6. Recalls that the Subcommittee, at its previous meeting in 2009, could not agree on a revised wage figure.
7. Notes that the current mechanism, including the formula, needs to be maintained until such time as an alternative is agreed.
8. Reaffirms support for the role of the Joint Maritime Commission and its Subcommittee on Wages of Seafarers and believes that its role and importance as the agenda-setting mechanism for the maritime industry will increase.
9. Decides, regarding paragraph 10 of the Recommendation, to update the current ILO minimum basic wage for an able seafarer of US$545 to US$555 as of 1 January 2012; US$568 as of 1 January 2013; and US$585 as of 31 December 2013.
10. Agrees that the amount of US$585 as of 1 July 2011 should be used as the basis for recalculation purposes.
11. Recalls that the formula produced a figure of US$710 as of 1 March 2011. This figure should be considered when determining any future increase.
12. Acknowledges that the agreed minimum wage figure in no way prejudices collective bargaining or the adoption of higher levels in other international wage-setting mechanisms.
13. Invites the Governing Body to convene a meeting of the Subcommittee in the first half of 2014 and every two years thereafter and, where appropriate, for the Subcommittee to report directly to the Governing Body.

Appendix II

List of participants

Titular Shipowner representatives

Mr Arthur BOWRING (Hong Kong)

Mr George KOLTSIDOPOULOS (Greece)

Mr Erwin MEIJNDERS (Netherlands)

Mr Tim SPRINGETT (United Kingdom)

Mr Jorgen VATNE (Norway)

Mr Schuichiro YOSHIDA (Japan)

Advisers

Ms Natalie SHAW (United Kingdom)

Mr Tim CLARK (United Kingdom)

Mr Giles HEIMANN (United Kingdom)

Mr Guido HOLLAAR (Netherlands)

Mr Peter HINCHLIFFE (United Kingdom)

Ms Edith MIDELFART (Norway)

Mr Fabrizio CIRNIGLIARO (Italy)

Mr Maurizio CAMPAGNOLI (Italy)

Ms Vera PACINI (Italy)

Mr Daniel TAN (Singapore)

Mr Greg TRIANTAFILLOU (United Kingdom)

Ms Mari KIMSAAS (Norway)

Mr Gerardo A. BORROMEO (Philippines)

Mr Lars ANDERSSON (Sweden)

Titular Seafarer representatives

Mr Henrik BERLAU (Denmark)

Mr Remo DI FIORE (Italy)

Mr John HALAS (Greece)

Mr Soon Huat KAM (Singapore)

Mr Yoshihiro SHIMMI (United Kingdom)

Mr Jesus P. SALE (Philippines)

Advisers

Mr Jon WHITLOW (United Kingdom)

Mr Mark DICKINSON (United Kingdom)

Mr Agapios TSELENTIS (Greece)

Mr Hylke HYLKEMA (Netherlands)

Mr Vadim IVANOV (Russian Federation)