STOPPING THE RACE TO THE BOTTOM

HOW TO STOP RATE- AND CORNER-CUTTING IN THE TUG AND TOWAGE SECTOR

TUG AND TOWAGE POSITION PAPER
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Last year, Troy Pearson and Charley Cragg died while towing a barge for Rio Tinto in rough, icy waters. They were pressured to work despite unsafe weather for the size of tug they were operating. Their tragic story is only one of many.

Tug and towage workers are a critical link in global supply chains, providing an essential service within ports, canals and coastal areas. They assist larger vessels in manoeuvring in confined waters and to berth safely. Without tugs, pilot and towage vessels, ships cannot dock safely or navigate through key waterways.

During the Covid-19 pandemic, tug and towage workers have seen their conditions of employment rapidly deteriorate. They should have been recognised for keeping the world’s supply chains moving,

**Without this sector, and its workers, global trade would stop.**

The tug and towage sector is now likely to be the next frontier of the supply chain crisis that has grabbed media headlines over the course of the Covid-19 pandemic. Cartel-like behaviour by major shipping lines above, and unregulated cut-price competition below, are combining to drive unsafe and unsustainable standards of operation across the sector.

The ITF has seen this decline around the world. As the global union federation representing tug and towage workers, we have received evidence of attacks on wages, conditions and safety standards in Australia, New Zealand, Bahrain, Belgium, Panama and Morocco.

People are being asked to work longer hours for less pay. They are not being paid overtime. Workplace accidents are becoming more frequent. Unsafe manning levels are becoming alarmingly more common, as are violations of legal minimums for rest time. Workers’ stress and fatigue levels are increasing. And tragically, like Troy and Charley, lives have been lost unnecessarily.

The critical question is: why is this happening? ITF investigative research, interviews with workers and industry insiders, reveals that the race to the bottom in the sector is being driven by consolidation, market dominance and cartel-like behaviour between major shipping lines (and their tug and towage subsidiaries) who are using their new-found leverage to squeeze tug service suppliers and in an effort to reduce costs.

Today’s consolidated, more profitable shipping lines have created consolidated, less profitable towage companies. As fewer and fewer tug operators are able to survive the pressure of lower rates, companies have left the market or merged with larger towage firms who have the resources to keep them afloat. Europe, for
example, has gone from 10 major players in towage to just three in the span of less than a decade.

These alliances are driving down tug and towage rates to unsafe and unsustainable levels. Shipping companies have enormous leverage over tug operators, allowing them to effectively dictate the rates. The implied threat is that the alliance will take business elsewhere unless contract bids are further trimmed.

The ever-worsening bidding environment created by the alliances’ market dominance has resulted in poorer working conditions as tug operators have sought new ways to reduce labour costs and exploit labour laws in response. Companies have torn up their long-held collective bargaining agreements and there is rising casualisation in the sector. Many workers have been forced into independent contractor status.

Many operators have also reduced investment in fleet upgrades and maintenance, and reduced manning levels, creating significant risks for workers’ safety, the environment, maritime infrastructure and other vessels.

This is occurring against a backdrop of record container volumes and skyrocketing container prices being charged by the shipping companies. They are not fairly sharing this newfound wealth with workers across the maritime supply chain who made it possible. This year, for example, Svitzer’s owner, AP Moller-Maersk posted a $24 billion profit, yet we are seeing tug and towage workers going backwards when it comes to their pay, conditions and safety at work.

The container shipping alliances were supposed to bring greater productivity to the entire maritime transport industry. But OECD research shows that the experiment in market concentration has failed to deliver its intended efficiency. It is only the shipping companies who have benefited from their alliances - especially during the pandemic.

Tug workers are sounding the siren on the crisis in this sector as they are pushed to breaking point. The risks are high, to human life, to the environment and to the functioning of our global supply chains.

When the Ever Given delayed $9.6 billion of goods each day during its unfortunate blockage of the Suez Canal, it was the hard work and perseverance of tug and salvage workers that eventually saw the waterway reopen. Imagine the cost if we push tug workers past breaking point. Governments and industry need to pay attention to the enormous risk that this race to the bottom poses for global trade.

It’s time for all those in the maritime industry and its major clients – from the shipping lines, to investors through to CEOs of the consumer goods giants – to pay attention to the urgent call for change being made by tug workers and their unions. Whether companies take human rights due diligence, ESG, corporate responsibility, or purely a risk management approach: this crisis cannot be ignored.

We urgently call on the shipping container lines, their clients, tug and towage operators, and the regulators to sit down with the ITF and our affiliates and collectively agree to rates and conditions of employment that are fair, safe and financially sustainable for all parties.

Stephen Cotton
ITF General Secretary
Tug and towage workers around the world are at the sharp end of a downward push on their pay and conditions, and a steady erosion of safe working practices.

We know the potential consequences of this race to the bottom from the tragedy of the *Ingenika* tug vessel, when two tugboat workers lost their lives in February 2021.

A carefully regulated industry which invests in its workforce makes sound economic sense. We witnessed how valuable tugboat workers are were when they rescued the *Ever Given* in the Suez Canal. Their work saved billions of dollars to the world economy which would have been lost with just one more week’s delay.

In the maritime supply chain, we must also remember the hundreds of thousands of inland navigation workers. Many of these workers suffer from under-recognition and poor working conditions like, for example, workers engaged in the trades and services in the Bay of Bengal.

We hope the launch of our campaign will bring this undervalued group – tug and towage workers – to the world’s attention.

In Europe, the river cruise industry has been decimated by the pandemic, and workers on these vessels want a return to employment but paid at a fair wage in line with acceptable European standards.

The reality is that our problems are local, but the solutions we need are global. The good news is this: tug workers realise the challenge we are up against. And we are getting organised.

As chair of the ITF Inland Navigation Section I reflect on how much needs to be done in our global industry. The ITF is determined to work towards a better future so that these vital workers receive the recognition and status they deserve.

**Yury Sukhorukov**  
ITF Inland Navigation Section Chair
THE ITF FOUR PILLARS OF A SAFE AND SECURE TUG SECTOR

**REGULATION**
Clear, publicly available regulations that are effective in achieving the highest safety outcomes and prevent companies from cutting corners.

**ENFORCEMENT**
Thorough Port State Control, port authority and inland waterway policing of existing regulations, including immediate follow-up when tug workers and their unions raise safety concerns.

**ACCOUNTABILITY**
Scrutiny of the supply chain – including contractors, subsidiaries or otherwise – to ensure fair rates and require tug operators to adhere to safe and fair conditions of employment.

**REPRESENTATION**
Worker representation at all levels of the tug supply chain, including explicit support for collective bargaining and freedom of association for tug workers to form, join and participate in independent trade unions.

**Regulation must:**
- Cover all tug and towage sizes.
- Set minimum safe crewing levels.
- Stipulate maximum hours of work and minimum hours of rest.
- Set safe tug-to-ship tonnage ratios.
- Determine safety of equipment and equipment levels.
- Comply with and/or set any relevant environmental requirements.
- Confirm freedom of association and collective bargaining.
- Ensure compliance.
- Be regularly reviewed, in consultation with tug workers and our unions.
- Provide proper training and education for tug workers.

**Enforcement must:**
- Be sufficiently funded.
- Result in a fair penalty.
- Exercise inspections by trained and qualified personnel on a regular basis.
- Defend the employment, status and interests of workers who refuse to crew vessels in unsafe weather or industrial conditions (such as insufficient crew levels).

**Accountability must:**
- Ensure that shipping companies are setting fair rates for tug services.
- Ensure that all workers in their supply chain have the right to collective bargaining and freedom of association.
- Abstain from contracts which trigger operating below cost, especially below real labour costs.
- Urge management to provide full transparency of tariffs and discounts.
- Avoid promoting unfair competition.
- Demand that suppliers and shipping companies investigate contracts to avoid dealings with operators that violate workplace standards.
- Ensure contracted operators adhere to national and international regulation.

**Representation must:**
- Ensure that salaries and working conditions of tug workers are established through negotiations with trade union(s) or their representatives.
- Cover all firms in the maritime supply chain, preferably with a cross-border global union body such as the ITF or ETF.
- Include operators, clients, lead firms, and consultation with government and enforcement bodies.
- Affirm the human rights of workers to collectively bargain.
- Allow freedom for trade union representatives to visit tug and towage vessels.
Despite 90% of all goods being transported by sea, the critical role of tug and towage workers remains almost invisible to the public. The International Chamber of Shipping (ICS) values goods carried by maritime shipping, including containers, bulkers, and tankers, at $14 trillion per year.

The new classes of enormous container vessels with their tens of thousands of ‘boxes’ cannot berth to load or unload cargo without efficient, reliable tug services. Nor can tankers or bulk carriers safely enter and exit ports to play their part in world trade, denying our supply chains the fuel, food and raw materials that are key to driving the world’s health and economic recovery from the Covid-19 pandemic.

Tug workers conduct salvage operations and guide vessels through major waterways such as the Panama and Suez Canals, North America’s Great Lakes and the mighty river systems of Brazil, Argentina and Russia.

SIMPLY PUT: WITHOUT TUGS, NOTHING MOVES.

The problem
Around 100,000 tugboat workers on thousands of tugs are unsung heroes—but increasingly their lives are under threat. As a global federation of towage and tugboat workers’ unions, the ITF has, in the last five years, heard from dozens of our national-level affiliates with growing concerns about these key workers. Unsustainable working hours, lack of rest, unsafe crewing, fundamental rights being undermined. The worsening working lives of tug and towage workers reflect the rising pressure in this industry.

Driven by rate-cutting for tug and towage contracts by the big shipping companies and port authorities, this race to the bottom is now becoming dangerous. Corners are being cut. Workers are dying.

Multinational shipping companies have seen record profits throughout the pandemic. The consolidation of container lines has increased their leverage to push reduced rates for tugboat services without thinking of the consequences.

In 2018, the OECD’s International Transport Forum found that: “The dominance of alliances and mega-ships in major ports has similar effects as for terminal operators: the need for more capital investments, more peaks and troughs, pressure on rates and declining returns on investment.”

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The alliances’ power to set prices drives down industry rates and the budgets available to operators, leading to cutbacks that force crews to do the same amount of work (or more) with smaller budgets, fewer people, and at greater risk.

Because most tug operators are not publicly-listed companies, or are not headquartered in jurisdictions which require the disclosure of corporate finances publicly, the financial performance of tug operators is difficult to quantify.

This lack of financial transparency extends to the shipping lines. Corporate non-disclosure practices in rate setting, contract bidding, and contract awarding allow shipping companies to keep the prices they pay for these services secret from the public, concerned businesses, unions, and workers’ groups.

Companies could be setting rates below the cost of safe tug operations. We know from experience that the pressure on tugboat workers’ wages and conditions is being driven by the race to the bottom on rates for operators.

The lack of transparency and the nature of the shipping industry allows the alliances to use their enormous market power to effectively dictate rates without much repercussion from the wider community.

Consolidation in shipping has led to consolidation in towage: fewer and fewer reputable tug operators are able to survive the pressure of lower rates and in-port competition. In Europe, for example, the number of major players has dwindled from 10 to just three in less than a decade, and two of those are owned by companies which run major shipping lines.

The result is less investment in tugs, worse working conditions, lower wages and poor safety for towage workers.

The ITF and our global union family call on the world’s biggest container shipping and cargo owner companies (brands), as well as governments, to each take their share of responsibility for stopping this deadly race to the bottom.

“THE TOWAGE SECTOR IN EUROPE MIGHT HAVE WITNESSED PRACTICES OF PREDATORY PRICING. TOWAGE SERVICES HAVE BEEN OFFERED AT AROUND 5% OF THE ESTIMATED COST IN A PORTUGUESE PORT, ACCORDING TO A TOWAGE COMPANY. SIMILAR PRACTICES HAVE BEEN OBSERVED IN DENMARK AND SWEDEN.”

INTERNATIONAL TRANSPORT FORUM, 2018
Unprecedented focus on our fragile supply chains: Ever Given in the Suez

In March 2021, the Ever Given became wedged in the sandy banks of the Suez Canal, the Egyptian-controlled waterway through which 12% of global trade passes. The 400-metre-long (1,300 ft) container ship blocked the canal for more than a week, preventing or delaying an estimated US$ 9.6 billion in trade.

For tens of thousands of consumers and businesses directly affected by the incident, and the billions looking on, the Ever Given highlighted the precarious nature of our global supply chains.

The Ever Given also reminded us that shipping is still vital in our lives, even in the age of Zoom and commercial air travel. We still ship 90% of everything that moves, and each ship requires people at sea and onshore to make it viable.

The relentless efforts of local and international tug, towage and salvage operators were broadcast to a waiting world when, on March 29, the Ever Given, was finally freed – with tugboats and their happy crews front and centre of every shot.

But despite this great publicity and a technical fascination by the media with tug operators’ work, ITF-affiliated unions remain concerned since this hasn’t yet translated into the regulatory and cultural change we need to address the warnings raised by tug workers. We worry that it is only a matter of time before a comparable situation to the Suez Canal obstruction of 2021 is repeated on a larger, more calamitous scale. We fear the worst if the same thing were to happen at the Panama Canal.

“THE SORRY SAGA UNDERLINES THE FRAGILITY OF WORLD TRADE. IT TOOK JUST ONE GUST OF WIND TO BRING THE WHOLE THING TO ITS KNEES.”

ALEX CHRISTIAN, WIRED
Worsening health and safety is a major consequence of the race to the bottom and poorly designed or poorly enforced regulation. Tug and towage workers are seeing the impact every day. They are witnessing their employers cutting corners, resulting in working conditions deteriorating, increased anxiety, and growing risk of accident and injury at work, often due to increased fatigue.

The problem is being felt everywhere. Workers from places as far apart as Aotearoa/New Zealand and Panama report a lack of regulation around safe crewing levels and safe hours of work and rest. A fatigued workforce often means an increased likelihood of serious and deadly accidents.

These health and safety incidents could harm not only the tug workers themselves, but all those who operate in busy port and maritime-industrial environments, such as seafarers, dockworkers and other waterway users such as commercial and recreational fishers.

In Aotearoa/New Zealand, crewing levels can be as few as two people onboard. In practice, that means that there are not enough crew on board to pilot the vessel and perform a rescue if another crew member falls overboard or becomes ill.

In addition to fatigue, the risk of accidents and injuries is increasing through a gradual, but persistent, squeeze on important capital and safety budgets. While a client might think that their act of saving ‘just a few dollars here’ or ‘a few euros there’ in contracts with tug operators has little impact, the aggregate outcome is an industry competing through sizeable cutbacks on maintenance, deferred investment in reliable equipment, delayed renewal of fleets so they are fit for purpose, and inadequate training for crew. The aggregate outcome is less reliable tug services, with corners being cut, and lives being lost.

“Fatigue is one of the key safety risks facing seafarers, and watchkeepers in particular. Failure to manage fatigue can lead to loss of life, damage to property and damage to the environment.”

Australian Transport Safety Bureau, 2011
Svitzer makes a bad situation worse

Svitzer’s management in Australia is an example to operators battling unfair competition of what not to do to address their problems. Instead of sitting down and talking with unions about how the company’s workers and management could together find a way to stabilise a dysfunctional market, Svitzer has instead sought to recover its profitability either by exploiting existing loopholes in Australia’s weak labour laws, or by pushing for changes to the *Fair Work Act* enabling it to walk away from collective bargaining.

**How did the situation get here?**

In 2007, AP Moller-Maersk’s towage unit SvitzerWijsmuller (Svitzer) bought Australia’s Adsteam Marine Ltd - a firm with sizable operations locally, and in the United Kingdom.

Svitzer’s acquisition meant the company gained control of two-thirds of the towage market in the UK. In Australia, Svitzer’s purchase came with a fleet of vessels, a government emergency response contract, and most importantly: Svitzer acquired a network of ‘exclusive towage licences’ with many of Australia’s various port authorities, leased and privatised port operations, and commodity export-focused terminals.

Despite its Australian business still accounting for a full quarter of Svitzer’s global employment by 2022, the firm’s operations and market share in the country have been under increasing pressure. At the same time, the company’s Australian management has become progressively more hostile towards the three unions that represent its one thousand workers in the country. It has made a series of very public, uncomfortable deviations from parent company AP Moller-Maersk’s global values.

Svitzer’s Australian management has publicly stated that its attempts to remove provisions in the collective bargaining agreement it has with its workforce are a result of growing competitive pressure on the company. Svitzer has lost some exclusive-operator licence contracts that it held in 2007 with port authorities over price, but also gained several important long-term contracts recently, primarily with the government and liquified natural gas sectors.

As licences change hands between operators, tug workers often lose out. When Svitzer lost its Port
of Gladstone contract to Dutch-based SMIT in 2011, many former Svitzer employees lost their entitlements as a result - even if they were hired by SMIT. Sadly, many of Svitzer’s more recent hires additionally lost time balances they had accrued towards gaining access to long service leave entitlements - effectively starting from zero.

Competition has also come to the sector as some ports have exposed tug operators to shipping clients directly. Some port authorities have shifted from granting exclusive licences towards a system of open competition in a single harbour or terminal area, with a number of on-water competitors bidding for business from shipping companies or their alliances.

While Svitzer publishes its towage rates publicly, the size and scale of discounts offered to the major shipping lines remain a tightly kept secret. Internationally, these discounts can be up to 50% of the advertised rates. This lack of transparency makes it hard for other port users to know the value of any cross-subsidisation they may be paying for in their own rates, or for workers and their unions to get an accurate picture of the company’s fiscal position.

The non-exclusive licence model has been criticised by operators and some unions as unsustainable, discouraging investment, and most often a poor use of capital given that many players in one harbour likely means that tugs sit idle. There simply is not the volume of berthing traffic.

Instead, operators enter and depart the on-water market, often depending on their access to low-cost borrowing, which generates a climate of constant anxiety amongst the affected workers split across all the operators. This model is an example of regulating to guarantee a race to the bottom, particularly when applied to smaller ports like those that dot Australia’s coastline.

Clawing back from tug workers

Just how Svitzer’s competition are edging them out in this deregulated climate, in both exclusive licences and non-exclusive licence settings, Svitzer says is down to its rivals’ ability to save on labour costs.

Engage Marine is one such rival. The Svitzer competitor was set up by its former Australia CEO in 2016. It has operations in its own right in three other locations and a joint venture with global operator SMIT Lamnalco in three ports, including Australia’s busiest container terminal Botany.

In August 2021, Svitzer lost another site to Engage when CSL handed the company the subcontract for towage at mining giant Arrium’s Port of Whyalla in South Australia. There, Engage Marine has continued its approach of refusing to deal with Australia’s maritime unions. It has shifted tug workers to an arrangement living onboard the vessel, with tugs at crewing levels below those in the Svitzer CBA.

Rather than objecting to falling employment and safety standards in the industry, Svitzer has said it wants to follow suit. Referring to its long-standing CBA, the company argued in its submission to the Federal Government’s inquiry into port efficiency and maritime supply chains in 2022 that:

“By general industry standards these agreements tend to be prescriptive and restrict the efficient deployment of labour. The content of the agreements is the result of historical disputes and practices which are increasingly inapplicable to current operator needs. However, modifying historical inefficiencies is practically very difficult, if not impossible. Indeed union claims are commonly directed to further restrict change.”

SVITZER AUSTRALIA

Svitzer has applied to Australia’s Fair Work Commission to terminate its CBA with maritime unions the Maritime Union of Australia (MUA), Australian Institute of Marine and Power Engineers (AIMPE) and Australian Maritime Officers’ Unions (AMOU). If successful in its termination bid, the company would push its entire Australian workforce back on to the bare minimum pay and conditions legally allowed for the industry. Critically, terminating the CBA removes Svitzer’s requirement to adhere to the safety standards contained within it.

Svitzer says its actions are part of efforts to keep up with cut-price competitors who are driving the Australian tug market’s own race to the bottom. That may be the case - but Svitzer has certainly made a bad situation worse. In the process, the company has undermined its parent company’s global values and professed commitment to upholding freedom of association and the right to collectively bargain.

Record profits announced by Svitzer’s parent company in March 2022, AP Moller-Maersk, risk not being shared fairly with the workers who delivered the company its historic results. Svitzer also has active disputes in the Netherlands and the UK over the company’s attempts to undermine the rights, and pay and conditions of tug workers.
Visible enforcement needed

Historically, Canadian authorities chose not to conduct routine inspections of smaller vessels to enforce maritime safety standards. After unions pressured the agency, Transport Canada said it would begin to inspect vessels of all sizes, including smaller tugs. But concerns remain over the agency's slow implementation timeline.

Unions also question Transport Canada's ability to deliver the frequent, thorough inspections needed with existing resources. Inspectors lack their own boats. Insufficient overtime budgets mean after-hours and weekend inspections do not take place.

Canada's tug unions have been relentless in calling for meaningful action from Transport Canada, tug operators and clients. Progress is being made. Now more Canadians are joining to sound the siren with the hope of sparing any other mariners' families the human cost of this race to the bottom.
Both workers’ lives and the environment are at risk without proper regulation and enforcement of workplace standards. Governments and other authorities must take responsibility for ensuring all workers have a safe and secure workplace free from exploitation by employers and, ultimately, by clients within a supply chain.

Regulations must be effective in guaranteeing freedom of association, the right of all workers to collectively bargain, and in ensuring legally negotiated contracts are honoured. Regulations and their penalties should encourage operators to comply with, not avoid, the law. Employers who undermine collective bargaining and binding workplace agreements should be penalised. Regulations should set out effective deterrents that recognise the large and growing power of operators and their parent (or affiliated) companies. Many tug operators are now multinational enterprises with access to sizeable resources.

Those operators, global or local, who openly flout or attempt to circumvent regulations, particularly on safety matters, should have their licences to operate revoked. Negligent employers and clients of tug and towage services should face fines or criminal charges to match their wrong doing against tug workers’ rights and safety. Until such time as our harbours and waterways are safe for tug and towage workers, governments should consider corporate manslaughter laws that would place criminal liability on to operators and clients.

The squeeze on the tugboat industry is putting downward pressure on operators, which encourages cost-cutting that puts workers at risk. However, governments and authorities are also failing to enforce industry standards and regulations. Governments must act to roll back these trends by preventing unfair competition and properly enforcing existing regulations and collective bargaining agreements (CBA). Doing so is necessary to improve health and safety in the tug industry.

Regulators can also prevent the race to the bottom by stopping anti-competitive practices by the large shipping lines. Over four-fifths of the world’s container shipping market is concentrated in the hands of three major alliances composed of ten shipping lines. A 2018 International Transport Forum Report “The Impact of Alliances in Container Lines” concluded that “the impact of the containerised transport system taken as a whole seems to be predominately negative”.

For the tug and towage industry, these companies have been able to drive rates down to unsustainable levels. However, regulators can step in to stop the spiral. In the United States, the Federal Maritime Commission Authorization Act of 2017 makes it illegal for ocean carriers to jointly negotiate towage rates and services in US ports. This has restored some balance in negotiations between tug companies and shipping lines, enabling more sustainable rates that protect workers and port communities.

Further, solutions like setting a price floor for tug services should be considered. Regulators can establish a fair pricing system that will allow tug firms to sufficiently cover the cost of safety, training and operations for their workers. Statutory regulation in the form of price floors presents a mechanism for improved working conditions that shipping companies will not be able to circumvent with their market power.

Decent work in tug and towage now firmly in ILO’s sight

The International Labour Organization (ILO) Governing Body has endorsed a resolution concerning decent work in the inland navigation sector, which includes tug and towage workers. Activity was meant to begin during the biennium of 2022/23, but due to the pandemic the timing of this meeting is now uncertain.

When the meeting dates are set, workers and our trade unions must be at the forefront of designing international regulation to ensure worker-centred legislation and enforcement.
Tug workers in Panama work one of the world’s busiest waterways – a canal which is central to global trade. But these workers are experiencing the effects of their own ‘race to the bottom’ being driven by an increasingly hostile employer – the Panama Canal Authority (ACP). This government-owned enterprise has failed to address or even investigate numerous fatigue-induced safety incidents. Last December, an exhausted tug master collapsed and caused a collision with a liquefied natural gas (LNG) vessel transiting the new locks. He was injured and the vessel was damaged.

Rosters and rotations are unregulated and have become fatigue-inducing for crew, with ACP management signing off on some workers undertaking week-long shifts of 14 hours or more a day. Although the IMO Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) requires a minimum of ten hours of rest in any 24-hour period for international services, tug and towage workers are not covered by this important safeguard.

Shortages of personnel and equipment have long been the rule and this continues with the current administration. Mandatory overtime and inadequate rest periods worsen the problem.

In addition to the likely contributing factors of fatigue and stress (two crew members died from stress-induced heart conditions in 2021 alone. Two others suffered non-fatal strokes), the age and operational deficiencies of the tugboats are a growing issue. In recent years, there have been several near-miss accidents and collisions in the canal waterway system. Unions report a lack of maintenance, flawed vessel designs and almost half of the existing fleet is not suitable for operations in the new locks.

ACP is behaving like a private-sector tug operator intent on squeezing the maximum out of tug and towage workers, with little regard for their health, safety or wellbeing. ACP should learn from the Ever Given and end its hostile attitude to some of its workforce in favour of mature industrial relations. Everyone benefits by bringing workers and management together to safeguard and secure our supply chains.

The solutions are clear. ACP must establish an independent entity to oversee the safety of Panama Canal operations, and to investigate all occupational accidents, diseases and maritime accidents, following IMO protocols and best medical practices. ACP must sit down with the ITF and our affiliated unions, and work together on building mature, constructive industrial relations. ACP must take seriously the rights of all its employees to freedom of association and to collectively bargain through their chosen unions.

ACP can be a leader in raising standards in this industry, for the whole world’s benefit. It’s time the Authority stopped engaging in its own, unhelpful, race to the bottom. There is a better way.
It is not enough that legislation and regulations are written clearly and to a high standard. These rules must be fully and effectively enforced. Without enforcement, safeguards for workers are not worth the paper they’re written on.

Poor enforcement can occur where governmental or port authority inspectors do not have training or resources to deliver an effective enforcement service. In British Colombia, tug and towage crew report concerns that Transport Canada’s marine safety inspectors are under-resourced without the equipment, or even the boats, necessary to perform proper safety inspections in this high-risk industry. Some tug workers and their unions have little faith in the regulator’s ability to enforce Canada’s minimal, existing set of rules properly—especially regarding undersized tugs working in remote areas.

Inspections must be thorough. For example, agencies should take the opportunity to ensure that a vessel is safe and seaworthy. Workers need to know that enforcement agencies keep detailed, up-to-date and publicly accessible records of the outcomes of in-person inspections. Workers and our unions should be proactively informed of outcomes of enforcement, judicial and industry-led disciplinary actions against operators or their clients. Responsiveness, transparency and timeliness of communication, are key.

Enforcement agencies must work to protect both people and the planet. The ITF and our affiliated unions stand with port and coastal communities in their fight to lift environmental standards which safeguard our precious marine ecosystems for future generations. We support decarbonisation and see great potential for tugs to be part of the global drive to fossil free shipping.

Unions stand ready to work with companies and governments to ensure the sector plays its part in halting the march of catastrophic climate change. To this end, the tug and towage sector must be considered as part of Environmental, Social, Governance (ESG) goals and sustainable transport transition planning by operators, their parent companies, and clients.

ITF calls for governments to identify the loopholes in legislation, that these be investigated and closed, and for strong regulations to be implemented and enforced globally, as a matter of urgency.

MedTug, a subsidiary of the largest shipping company in the world, Mediterranean Shipping Company (MSC), has started to offer tug services around Europe. Although MedTug is a new entrant, it is operating under the existing license of Antwerp Towage—a tug company which has been grandfathered into European legislation, thereby avoiding European regulations until 1 July 2025.

Had MedTug registered for its own new license when it began its services in Belgium, the company would have been forced to comply with regulations immediately.

ITF and its affiliates have had, and continue to have, a good and longstanding relationship with MedTug’s parent company MSC both regarding their merchant fleet and cruise ships. It is therefore disappointing that MedTug is operating under Antwerp Towage’s license in Belgium, circumventing social and tax legislation, undermining national labour laws, and competing below the real cost of providing the service. This despite the union informing MedTug’s local management before it started its services that Belgian National Collective Agreement, Belgian law and the European regulation must be followed.

Recognising the severe impact these practices have on workers, and demanding that MedTug comply with port standards and end unfair competition, the ITF’s affiliated union BTB has acted to legally challenge these predatory practices with Belgian authorities. Also, legal action has been initiated by another towage company Boluda against Antwerp Towage and the port authority for unfair competition. An investigation has been launched into MedTug by the department for the supervision of social legislation.

Simply put: MedTug’s workers should not have to wait years for equal wage and working conditions and the safe and secure workplace enjoyed by other tug and towage workers in Belgium. The ITF and the BTB calls on MedTug to implement the Belgium National Collective Agreement.
Tug and towage workers are a critical part of the maritime supply chain. Operators, as well as their clients, the shipping companies and ultimately cargo owners (or lead firms), must each take an interest, and a share of responsibility, in the welfare of tug workers.

For global shipping companies, it is time to reflect on the substantial earnings and profits they have made for their shareholders through the pandemic. The shipping giants are expanding their operations across the entire supply chain, making investments from road transport to warehousing, and from aviation to tug, towage and other port services. Taken together over the last five-to-ten years, these investments represent a major market reorganisation that places the shipping companies and their parent conglomerates in the important position of gatekeeper for end-to-end services for shipping companies’ clients. With this expansion comes a responsibility for shipping companies to ensure their workers are guaranteed high working standards, no matter their position in the supply chain.

Additionally, cargo owners and shipping companies must review their supply chains to ensure transport service providers are treating workers fairly and properly. The ITF’s best practice is for firms to contract only with suppliers who respect and support the right of their staff to form and join independent trade unions, and to have a voice on the issues of importance for the day-to-day lives of tug and towage workers and their colleagues. These include health and safety and the sector’s responsibility for tackling catastrophic climate change. Ongoing, valid collective bargaining agreements (CBAs) are the fundamental safeguard for these workers’ rights to prevent exploitation, abuse and harm.

It is the responsibility of cargo owners and the world’s shipping giants to ensure that human rights due diligence is conducted throughout their global supply chains.

Sharing risk and cost across the container transport supply chain fairly

A supply chain accountability approach is also about scrutiny of the entire supply chain – including contractors, subsidiaries or otherwise – to ensure fair rates and require tug operators to adhere to safe and fair conditions of employment. Responsible operators must be given a fair chance by the big players in the maritime industry. Insisting on fair rates is the way that shipping companies and cargo owners can best ensure that their supply chains are secure, and that their end-consumers won’t be disappointed by delays or disasters caused by a deadly race to the bottom in this sector.

High standards and proper training are in the interests of tug service clients. Accidents can trigger losses of tens of thousands of dollars, or more. Most of the time, these accidents are completely preventable, provided there is a sustainable, financially healthy port services and towage sector, well-designed legislation, and effective enforcement.

Multinationals are required to affirm tug workers’ human and labour rights

Shipping companies and multinational lead firms have obligations to uphold freedom of association for workers employed directly or by suppliers within their supply chains under the following international instruments:

- OECD Guidelines for Multinational Enterprises (1976, updated 2011)
ABOUT THE ITF

The International Transport Workers’ Federation (ITF) is a democratic, affiliate-led federation of transport workers’ unions recognised as the world’s leading transport authority. We fight passionately to improve working lives; connecting trade unions and workers’ networks from 147 countries to secure rights, equality and justice for their members. We are the voice of the almost-20 million women and men who move the world.

ABOUT THE ETF

The European Transport Workers’ Federation (ETF) is a pan-European trade union organisation which embraces transport trade unions from the European Union, the European Economic Area and Central and Eastern European countries. The ETF represents more than 5 million transport workers from more than 200 transport unions and 40 European countries. These workers are found in all parts of the transport industry, on land, sea and in the air.