

**POSITION PAPER**

# **OPPORTUNITIES FOR SEAFARERS AND NATIONAL MARITIME POLICIES**

**NAVIGATING BEYOND THE  
CHAOS OF THE PANDEMIC**

**MARCH 2023**



# 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.**

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# INTRODUCTION

**Seafarers have always been the quintessential world travellers facing the perils of the seas for centuries. But modern-day seafarers face troubled waters far beyond wind and waves. Their voyages are disrupted by wars, political strife, and most recently and dramatically, by the COVID-19 pandemic.**

Adding to these troubles is the myriad of diverse national regulations and restrictions which, during times of turmoil, affect seafarers' rights in the ports they call. This threat to the well-being of seafarers became painfully evident during the early months of the pandemic.

More than one million seafarers guide vessels through the world's oceans, seas, and inland waterways every day. Many work on commercial ships which call at hundreds of ports around the world. During the pandemic, these men and women were often restricted from basics such as shore leave and regular crew changes. Some seafarers spent as much as 18 months at sea, often with ill seafarers on board, without stepping foot on land. This created obvious physical and mental health issues for these workers, and when prolonged, such as it was through the pandemic, threatened the efficiency and safety of the entire global maritime trading system.

Over the last three years, international organizations, led by the International Transport Workers' Federation ("ITF"), have worked diligently to respond to the needs of the world's seafarers during this difficult time. As issues related to crew changes, travel, shore leave, access to healthcare and vaccination, have all plagued the industry since the onset of the pandemic, seafarers and their unions have responded and ensured that the world's commerce continued to move.

While the industry made attempts to adapt to the unprecedented challenges presented by the pandemic, the negative impacts of the difficult conditions endured by seafarers are still being felt. With congested ports and overstretched supply chains at their limits and thousands of overworked seafarers facing retirement or now considering a life ashore, more must be done. Solutions must be found and implemented nationally, and internationally, to secure the long-term viability of the global maritime transport services industry.

Though the pandemic has exposed weaknesses within the international shipping industry and rightly drawn additional attention to the often-overlooked perils of the **Flags of Convenience (FOC)**<sup>1</sup> system that most international ships operate within, the

1. Flags of Convenience as defined by ITF: A flag of convenience ship is **one that flies the flag of a country other than the country of ownership**. For workers onboard, this can mean: very low wages, poor on-board conditions, inadequate food and clean drinking water.

domestic shipping segment of the industry, using national flag vessels and citizen seafarers, is emerging from the pandemic as an example of success and optimism for seafarers and national maritime industries. Countries are seeing that strengthening national fleets and domestic water transport services, including cabotage,<sup>2</sup> has strong economic and strategic benefits that will put them in a better position to deal with future crises.

Governments around the world are considering solutions to address ongoing supply chain woes and are implementing new measures for post-pandemic recovery and future crisis response. The ITF believes that the lessons learned from the pandemic have laid the foundations for a system that can support and address seafarers' and industry needs for the future while securing the long-term viability of the industry and striking a balance between international and domestic shipping needs.

Governments must seize this collective opportunity to realize meaningful policy changes, or strengthen existing regulations, in an effort to not only recover from this pandemic but build back better in a way that will be beneficial for both workers and industry alike. The pandemic has demonstrated that not only are seafarer's essential workers, but so too are the national maritime policies that give a country the ability to maintain supply chain fluidity and allow its maritime workforce to continue moving goods and passengers,

even in times of crisis. Engrained in the many policy objectives of cabotage regulations, is their ability to help ensure supply chains remain resilient and adaptable against adversity and unpredictability. This is largely why cabotage has existed for centuries and remains relevant today.

One constant that the ITF discovered during the pandemic is that countries that have strong national maritime policies aimed at maintaining or growing their national-flag fleets and operated by their own citizens, fared better during the pandemic than those who relied on foreign-flag ships and non-national seafarers for their domestic and international commerce. These policies provide opportunities for governments to ensure that they have the capacity and workforce necessary to adequately respond to the next crisis and maintain vital supply chains, no matter the situation at hand. While some of the solutions proposed to ease the problems experienced by seafarers and the industry through the pandemic may be homegrown, most of the benefits are global and can assist in securing long-term stability in both domestic and international shipping sectors.

The ITF strongly urges readers to consider the findings and examples contained in this report and reflect on the recommendations and opportunities as workers and their organizations continue to work collectively to ensure a just and safe future for seafarers and the maritime transport industry that they serve.

2. Cabotage as defined by ITF: Cabotage is the principle of **reserving a nation's domestic maritime commerce for its own citizens**. Typically, cabotage applies to transport of cargo and passengers but is often also applied to such marine industrial applications as off-shore drilling and wind farms, exploitation of seabed mineral resources, dredging, fisheries and marine construction in a nation's territorial waters. It also includes the feeder services linked to the liner trades.

# BUILDING BACK SUPPLY CHAINS

As countries seek to address issues in domestic and international trade that have led to supply chains reaching critical levels, the most obvious solution may be one that starts at home and includes cabotage. While there is no denying that international trade and connectivity to global shipping services remains paramount to support national economies, it must be noted that strengthening supply chain fluidity will require countries to look inwards to ensure that they have the infrastructure and fleet capacity to meet future challenges in the shipping sector without risking dependence on non-national carriers or an international workforce to make that happen. Strategic autonomy over supply chains will be a key feature for countries to successfully weather future storms.

The pandemic wreaked havoc on global supply chains as factories in manufacturing countries closed down, which in turn depleted inventories on a large number of consumable goods in countries around the world. Staggered and inconsistent re-openings around the world then led to a surge in demand in certain regions, drastically altering normal delivery schedules and rates. Of course, the situation was then aggravated by a limited number of container shipping cartels controlling the market and capitalizing on

surging rates, while amassing record-setting profits in the process.

While businesses continue to be impacted by this market dynamic, governments are now being left to address these and other issues around ongoing port congestion, labour shortages, and infrastructure needs to sustain domestic and international trade in major ports. As shipping is largely controlled by the ebbs and flows of the supply and demand economy, the pandemic demonstrated the impact of what can happen when that market is distorted – which was nothing short of chaos.

In the container shipping segment, international carriers continue to provide containers in major coastwise ports and inland markets around the globe and carry-on with business-as-usual, but for many governments, there has been little accomplished by way of planning for how to deal with infrastructure issues aggravated by the pandemic. Solutions to congestion, container backlogs, and trade slowdowns requires government intervention; however, it is important to point out that in countries that have comprehensive national maritime policies and strong national-flag fleets, these issues have been significantly less burdensome.



**“When America faced one of its worst supply chain disruptions ever for containerized cargoes, there remained one bright spot: the performance of the U.S. domestic maritime industry. American carriers continued to provide reliable, regular service to the ports that they serve, without the huge spikes in freight rates and service challenges that international markets experienced. The ability to continue this service during a crisis is due in large part to the Jones Act. Domestic trade routes supported by U.S.-flag vessels and American crews dedicated to ensuring efficient and timely delivery of goods, provided the country with insulation against supply chain challenges in the ever-unstable international shipping industry and continues to do so to this day.”**

**David Heindel – President, SIU-Seafarers International Union of North America; Chair, ITF Seafarers’ Section**

In many countries, domestically-owned and operated fleets have been able to supplement supply chain capacity and move cargoes via national-flag vessels. This capacity allows the industry to use vessels to move cargoes to smaller ports located further inland or has supplemented the capacity to move goods inland by rail and road, to reach their final destinations. This has significantly lessened the extent of pressure on major ports and infrastructure and is made largely possible through cabotage regimes in these countries.

Where international shipping was significantly disrupted by the pandemic and the limited ability of international seafarers to travel internationally or disembark from their vessels for scheduled crew changes, domestic shipping was largely spared from the harshest of these limitations as governments designated their own seafarers as key or essential workers, permitting them to travel and join vessels within their jurisdiction and prioritizing access to vaccination alongside other frontline workers ensuring domestic supply chains remained open and functioning.

## LESSONS LEARNED

- Governments were generally slow to react to the crisis and late to acknowledge that seafarers, and other maritime sector workers, are critical for maintaining supply chain efficiency; delivering essential cargoes such as medical products and protective equipment, fuel supplies and food products.
- Sole dependence on foreign carriers to maintain essential and regular commerce via container, bulk, tanker, or other vessels is not a sound transportation policy to support domestic needs. This includes the transportation of passengers.
- Market disruptions to normal trade caused by the pandemic were problematic in supply chains not equipped to respond to sudden fluctuations in demand. This was particularly evident where lack of container availability negatively impacted supply chains.
- Inadequate or disjointed response from governments to mitigate the impact of the pandemic had negative impacts on seafarers' health and safety, predominantly in the international shipping sector.

## CALLS TO ACTION

- Governments should draft maritime transportation policies that include development of domestic fleets and domestic mariner capacity to maintain fluidity and strategic autonomy for supply chains.
- Governments should enact regulations that promote the development of a national fleet of vessels that can support national supply chain needs with domestic ownership and/or shipbuilding requirements.

- Governments should enact regulations that control the use of foreign-flag vessels in domestic transportation of goods and passengers (cabotage) for the purpose of ensuring a competitive market operating under national regulations with long-term stability.
- Governments must ensure that growth areas in sustainable industries, such as offshore wind, prioritize the use of national flag vessels and national workers and that contracts on such projects are prioritized to national companies.
- Governments should examine industrial policy and incentive programs to facilitate domestic shipping policy through tax incentives that encourage vessel registry under national flags and favourable policies to strengthen employment of citizen seafarers.
- Governments should ensure international carriers are abiding by competition regulations. Where permitted, the conditions under which non-national carriers may engage in domestic trade must be tightly regulated.
- Governments should enact regulations that reserve employment on board national-flag vessels for national citizens and permanent residents of that country for the purpose of building a capable and well-trained domestic sea-going workforce.
- Governments must provide seafarers and other maritime sector workers, regardless of nationality, with "key/essential worker" designation permitting them to travel, work and access healthcare needs in parallel with other frontline workers when such a designation is required to properly fulfill their duties in foreign and domestic locations.



# FREE TRADE AGREEMENTS & NEGOTIATIONS

While seafarers occupy a critical role of ensuring the world's commerce continues to reach its destination on board vessels where they are employed, this international trade is largely facilitated through free trade negotiations and agreements covering goods and services trade and outlining terms and conditions upon which these activities are permitted. Negotiations on maritime transport services are included in some agreements and absent in others. In recent years, certain organizations and shipowners' associations have advocated for the liberalization of so called "protectionist measures" with regards to maritime transport services negotiations, including cabotage, while ignoring the obvious benefits that reserving a nation's domestic transport sector for national carriers and workers has on a country's national security and economic wellbeing.

National reservations on domestic transportation within a country, or cabotage, are commonplace in free trade agreements ("FTAs"). In fact, a recent study of global cabotage laws found that cabotage exists in

over 91 nations and along over 80% of the world's coastlines, including the majority of states that are members of the IMO Council, representing some of the largest economies in the world.<sup>3</sup> Recent efforts to engage the World Trade Organization ("WTO") on the issue of cabotage, including feeder services for international cargo, have largely failed due to the fact that the majority of countries engaged at this level reserve this activity to nationally-flagged vessels and national seafarers.

Despite assertions to the contrary, cabotage regulations act in complement to a nation's overall maritime trade strategy and can contribute to a country's ability to transport goods in both domestic and international trade on national flag vessels. Without domestic capacity to transport goods or passengers, countries would be disadvantaged in international, regional or bilateral maritime services trade negotiations and find their domestic shipping markets vulnerable to the fleets, often FOCs, of their trading partners. This would include their international feeder services.

3. Fitzpatrick, Deirdre et al (2018). Seafarers' Rights International, Report "Cabotage Laws of the World". P.53



**“The Seafarers International Union and U.S.-flag carriers have worked together for many years to educate our trade negotiators on the positive contribution our domestic fleet and cabotage play in the United States national security and economic strength. The United States led a group of like-minded countries who worked together to assure that maritime transport services, including cabotage, was excluded from the original General Agreement on Trade and Services (GATS) negotiation in the 1990s. Those countries have continued to stop subsequent effort to bring maritime services into international, regional, and bilateral trade agreements. Ongoing lobbying of government and a watchful eye on trade negotiations are critical to building and maintaining strong domestic and international fleets and well-trained citizen seafarers to crew them.”**

**Don O’Hare – U.S. Trade Consultant, ITF**

## LESSONS LEARNED

- Reservations protecting maritime cabotage are commonplace in free trade negotiations because of their significant strategic and economic value and form part of most major trading nations' FTA negotiating strategy
- Efforts to persuade the WTO to reopen negotiations on maritime transport services have been stymied for decades, as they were with the original GATS negotiations and there is little momentum or willingness to engage on this issue which serves national interests and is viewed as not appropriate for inclusion in discussions on trade in international transport services.
- Due to variances in cabotage regimes in the maritime sector, negotiations on maritime transport services must be limited in scope in order to avoid any unintended consequences. Cabotage regimes can cover a wide array of measures including but not limited to varying ownership, crewing nationality, shipbuilding, vessel activity and port services. These negotiations may have consequences whereby certain aspects of national cabotage, including feeder services and offshore supply services, are eroded, negatively impacting those nations' domestic shipowners and workforce.
- Liberalizing cabotage through FTA negotiations would leave a nation entirely dependent on foreign carriers to move goods between their domestic markets. This would significantly impede their capacity for self-regulation and make them subject to the highly volatile global shipping markets including rates and terms of service.

## CALLS TO ACTION

- Governments must ensure that negotiations which include measures related to maritime transport services are limited to truly international transportation services and do not erode or encroach on any measures related to cabotage, including feeder services which are typically reserved for national operators and seafarers. It is also important that any provisions on international maritime transport services do not restrict a country from enacting measures to promote and develop their international-flag fleet.
- Governments must maintain reservations related to nationality or residency requirements for employment on national flag vessels and resist others' efforts to liberalize this through negotiations on temporary entry or immigration in FTA negotiations.
- Governments must ensure that robust consultation occurs with unions, civil society, and other workers' representatives at the onset and throughout negotiations and maintain dialogue with governments on contentious issues.

# NATIONAL SECURITY

National security and strong national maritime policies go hand in hand. To maintain security through a time of crisis or conflict, a nation must have at its disposal a strategic fleet of vessels and well-trained seafarers capable of crewing those vessels. In many nations, domestically owned fleets and/or “strategic fleets” occupy a critical role in the maintenance and support of crucial transportation requirements during national emergencies, conflict, natural disasters, and in times of crisis as we have seen during the pandemic.

Transporting both goods and passengers, vessels with well-trained crew members on board offer critical transportation capacity that can assist to ensure supply chains remain intact and safe and people can be moved no matter the situation at hand. Without this strategic capacity, a coastal country’s national security is simply inadequate and puts individuals and industries within that nation at unnecessary risk.

National security extends beyond the concept of conflict or emergency response. It includes a nation’s ability to transport products such as fuel, food, and medical supplies in order to sustain its populace without reliance on foreign flags of convenience or on non-national carriers and seafarers for transportation needs. National fleets, which may be referred to as strategic fleets in some countries, may operate in both domestic and international trade and occupy the critical role of ensuring essential cargoes can be imported for domestic consumption, safeguarding sovereignty over supply chains.



**“The Maritime Union of Australia (MUA) in conjunction with other maritime unions and Australian shipowners was successful in convincing the Australian Labor Party (ALP) to adopt a strategic fleet policy. Labor won the 2022 national election with a mandate to establish a strategic fleet of around 12 (initially) Australian registered and Australian crewed ships. The Labor Government established a Strategic Fleet Taskforce which includes MUA National Secretary Paddy Crumlin and is due to issue a Final Report to the Government in June 2023 on how a strategic fleet will be established and operate. Strategic fleet ships will operate commercially, though Government will be able to requisition those ships in times of national need, be that for national security or defence purposes, responding to a climate related event or other supply chain disruption such as a pandemic. The MUA regards the strategic fleet as a critical building block to revitalise Australian shipping and to restore a better national cabotage regime.”**

**Jamie Newlyn – Assistant National Secretary, MUA – Maritime Union of Australia**

## LESSONS LEARNED

- Insufficient national maritime capacity to support domestic needs can have severe repercussions on national security and sovereignty, not just in terms of responding to a crisis but also in ensuring that critical goods such as fuel and medical supplies can be transported and made available as needed.
- National fleet capacity reduces the need to rely on foreign-flag ships to support critical national industries including manufacturing, energy, agriculture and construction.
- Cabotage regulations that include national security considerations help to bolster response capacity and ensure qualified labour can support operations.
- National defense capabilities are augmented by including civilian mariners and commercial tonnage as part of sealift capacity and/or as a critical support for a nation's armed forces or military operations.

## CALLS TO ACTION

- Governments should consider national security needs and consider how shortcomings or gaps can be addressed through domestic maritime policies such as cabotage.
- Governments must ensure that sufficient domestic tonnage and labour is available and capable of responding to natural disasters, conflict, or other crisis situations.
- Governments must ensure that critical cargoes such as fuel, food and medical supplies can be transported via national-flag and citizen operated vessels, with particular consideration for remote communities or other areas serviced exclusively by waterborne transportation routes.
- Governments must ensure that there is sufficient domestic shipping capability to ensure critical national industries such as manufacturing, energy, agriculture and construction can operate without dependence on non-national carriers.
- Governments must ensure that sufficient capacity exists to transport passengers via the marine mode on an urgent/immediate basis in response to a situation where other modes of transport are unavailable or unable to assist in a time-critical situation.

# PORT AND FLAG STATES

At the onset of the pandemic there was chaos in the maritime industry. There was little planning in place and no relevant protocols to deal with this unprecedented and unpredicted event. The global nature of shipping meant that seafarers at all ports were left to deal with the situation. Once the initial shock had settled, some nations became leaders in the treatment and assistance afforded to seafarers working both domestically and internationally. The strong performance from certain flag states<sup>4</sup> demonstrates the need for more robust oversight from strong maritime administrations and enforceable regulations to protect the health and safety of vessel crews carrying world trade.

Port States<sup>5</sup> that responded well in this crisis were countries that have strong maritime policies and both flag-state oversight and port state control regimes. They responded for workers because they knew the value of the maritime industry to their domestic wellbeing. Domestic oversight in these instances led to significantly better outcomes for workers, with seafarers provided key or essential worker status that permit them access to necessary crew changes, travel, medical care, and access to vaccination against the virus. Port states that took a firm stance towards upholding the provisions of the ILO Maritime Labour Convention (“MLC 2006”) protecting seafarers’ right to repatriation, shore leave and medical care, were often the same states that afforded more commendable treatment of their own domestic seafarers.

Conversely, countries without strong national maritime policies, often displayed disregard for the workers responsible for sustaining their trade. This poor treatment of seafarers often permeated the industry and was at least partly to blame for hampering global supply chains over the course of the last few years.

The ITF has for decades advocated that the FOC system is largely at the core when it comes to the mistreatment of seafarers. The pandemic unfortunately exposed the weaknesses inherent of this system to the detriment of seafarers themselves. Under this veiled system, seafarers are far too often subject to cases of wage theft, abandonment, and the abuse of other human and labour rights. The ITF’s FOC Campaign has for 75 years sought to support and assist the world’s international maritime workforce and claw back against the use of flags of convenience through its global affiliates and maritime inspectorate. Juxtaposed against these instances aboard FOC vessels are the higher labour standards and improved working conditions for seafarers that exist in countries with domestic maritime policies and national fleets. Supported by their national unions, and operating under the scrutiny of national maritime administrations, seafarers and ships operating under national flags are subject to significantly higher standards for health and safety and improved working and wage conditions for all. These improved conditions help lift conditions for international seafarers and set higher standards for safety in global shipping where there would otherwise exist a race-to-the-bottom as was made further evident through the pandemic.

4. Definition of Flag State: The jurisdiction under whose laws the vessel is registered or licensed and is deemed the nationality of the vessel.

5. Definition of Port State: A nation that allows Port State Control (PSC) at its ports.



**“While our seafarers working in domestic trade were still significantly impacted by the pandemic, the negative aspects were felt on a much smaller scale, particularly with regards to length of time aboard ships and their ability to access medical care and vaccinations in comparison with international seafarers. The government of Canada was relatively quick to designate both domestic and international seafarers as key workers and that was critical for ensuring our supply chains remained operational and all seafarers received early access to vaccination against the virus. Throughout the crisis, our domestic fleets moved critical cargo such as fuel and bulk cargoes, as well as containerized goods, including medical supplies, that would have otherwise sat idle. Our domestic capacity to move goods was also crucial for supporting remote communities and maintaining vital trade links entirely dependent on marine shipping, including Canada’s Arctic sealift.”**

**Chris Given – Secretary-Treasurer, SIU – Seafarers International Union of Canada; Chair, ITF Cabotage Task Force**



## LESSONS LEARNED

- Existing regulations to protect international seafarers proved to be insufficient or unenforceable, resulting in some port and flag state countries choosing to ignore long-standing protocols and international conventions in favour of cost-cutting and contract extensions to the detriment of the global mariner workforce.
- Port States that actively assisted seafarers throughout the pandemic were most often those that also had a robust maritime industry.
- Health and safety issues impacting seafarers often became secondary to ensuring supply chain fluidity, with significant negative impacts on seafarers' levels of fatigue, health, and safety, including mental health.
- Many FOCs, predominantly those that do not traditionally supply labour, performed poorly through the pandemic particularly with regards to the treatment of workers on board vessels flying their flag but who are exclusively non-nationals of that country.
- A lack of enforceability and vague language in international conventions resulted in poor treatment and abuse of workers' rights in the shipping sector, putting at risk seafarers' health and safety and concurrently putting the safe operation of vessels at risk.
- Issues like wage theft and abandonment continue to negatively impact seafarers in global trade and many of these issues were further aggravated during the pandemic. In 2021 alone, the ITF inspectorate recovered over \$37 million dollars USD in unpaid wages to seafarers engaged in international trade and dealt with a record number of abandonment cases, predominantly tied to vessels registered in an FOC.

## CALLS TO ACTION

- Governments must ensure that they afford seafarers treatment that is at minimum in line with international conventions such as the MLC 2006, and derogations from such regulations should only occur for as short a period of time as possible.
- Governments must ensure that international conventions regulating the global shipping industry are enacted into domestic legislation and are properly enforced on all vessels calling at that country's ports through Port State Control.
- Governments should ensure that non-national seafarers who are calling at ports within their country are able to access shore leave for the purpose of crew change and repatriation, obtaining medical care or other necessary provisions and for recreational or other purposes that support seafarers' mental health and well-being.
- Labour, governments, and industry must engage in meaningful tripartite work, such as through the joint ILO/IMO Special Tripartite Committee and seek to improve international conventions, such as the MLC 2006, in order to better protect the health and safety of seafarers for future crisis and ensure that Conventions are enforceable.
- Governments must ensure that international standards as established by the ILO, IMO, and other relevant agencies are strictly adhered to and seek to improve upon minimum international standards through domestic legislation.
- Development of national maritime strategy by government should include provisions to ensure businesses under their jurisdiction that engage with maritime shipping are operating in line with international norms and standards such as the UN Guiding Principles on Business and Human Rights and require companies to examine their supply chains using the Human Rights Due Diligence toolkit and address shortcomings.

# TRAINING AND EMPLOYMENT

More than 90% of the world's trade in goods is carried on ships. Without seafarers to crew these ships safely and efficiently, global trade would grind to a halt. Considerable planning and financing go towards purchasing and maintaining the vessels that transport these goods, as well as passengers, around the world. It is investment in maritime workers that may be most needed to sustain the industry's long-term future.

In countries with strong domestic shipping policies, there typically exist thousands of direct seafaring jobs, supplemented by hundreds of thousands of spin-off or indirect jobs in related fields and industries. These jobs are often found in education and training, government, shipbuilding, bunkering and fuel technologies, ship handling and stevedoring, tourism, and other forms of local community jobs. The benefits are well-documented and contribute significantly to domestic GDP through tax revenues, investment, and indirect and direct spending.

As a global labour shortage in the marine industry continues to grow at an alarming rate, national maritime policies can play an important role in training and educating workers that will be needed to maintain both the domestic and international shipping sectors.

The need for national education programs to build maritime workforce capacity in the industry has become even more important as it has recently been identified that hundreds of thousands of seafarers will require new training to be able to safely operate vessels operating with new fuels and technologies. In addition, modern vessels operate with highly technical electronic, automated, and digital systems requiring mariners to have additional knowledge in fields such as information technology and computer sciences to keep pace with the changing nature of this work.

In coordination with maritime industry academies and union training schools, access to a domestic maritime industry also permits cadets to find berths on board vessels engaged in domestic trade while remaining relatively close to home. With strong national maritime unions, national seafarers typically benefit from strong agreements with decent working and wage conditions. These superior working conditions can also assist with recruitment and retention of future seafarers, including underrepresented groups like women and young seafarers, at a time when improved representation is badly needed in the industry.



**“India is already a key source of skilled maritime professionals, but our leadership position globally is only possible due to a strong foundation nationally. Cabotage is that foundation. Cabotage means there is a future for our seafarers – on the high seas, and closer to home. It gives assurance in training, and in work. Cabotage is both our proud legacy, and our bright future.”**

**Milind Kandalgaonkar – General Secretary-cum-Treasurer,  
NUSI – National Union of Seafarers of India**

National maritime shipping policies can also address training and education needs as they relate to the promotion of sustainable shipping practices and global efforts to reduce harmful emissions in supply chains. Acting in compliment to efforts to reach their Paris Agreement targets, governments can develop national maritime policies that include strategies to train and educate ships’ crews to safely handle and operate with new fuels and related technologies.

Labour organizations around the world continue to advocate for a just transition for workers to ensure a sustainable future in the world of transport. Many of the just transition principles to support, train, and educate

workers for the jobs of the future will be implemented at the national level. National governments will be responsible for ensuring that funding is made available to offset re-training and upskilling costs, for creating and providing education and training opportunities, and for ensuring robust health and safety legislation is in place to support workers through this transition. National workers will be the beneficiaries of these government investments in sustainable work and retaining those skilled workers to occupy positions within national fleets should form part of any national maritime policy development alongside promotion of emissions reductions through new fuels and new technologies on board ships.

**“Enforcing and maintaining cabotage safeguards is in our strategic interests. Cabotage provides jobs and brings added economic value while also protecting national security and our marine environment.”**

**Johnny Hansen – Former President, NSU-Norwegian Seafarers’ Union;  
Vice – Chair, ITF Cabotage Task Force; Chair, ITF Fisheries Section**



## LESSONS LEARNED

- National shipping services create thousands of jobs for citizens and permanent residents in countries around the world.
- Mariners in these countries benefit from higher wages and better working conditions than their counterparts engaged in international shipping.
- As labour organizations and industry are largely responsible for training and career development for seafarers, it is preferable to retain well-trained and certified national seafarers who, without access to domestic employment opportunities, would need to search for work abroad.
- Domestic shipping services generate significant economic value through direct and indirect employment.
- Workforce development at the national level is beneficial for both domestic and international shipping. Training standards are harmonized through international conventions and most skills and certifications are transferable between international and domestic services.
- The significant work underway to reduce harmful emissions in supply chains requires investment in re-skilling and education. Workers in the maritime transport services will need to adapt and may occupy new or changing roles requiring access to training and funding.

## CALLS TO ACTION

- Governments should require that all vessels engaged in cabotage are crewed by national citizens or permanent residents. Where there is insufficient supply of national seafarers, government should immediately develop career pathways for seafarers through recruitment and training programs to strengthen workforce capacity.
- The use of non-national crews must be restricted and only permitted if or when labour market testing shows that there are no available and/or suitably qualified national seafarers. These dispensations to permit foreign workers must be limited in duration to permit national seafarers the ability to obtain work when they become available or properly qualified.
- Training programs should be developed by governments in cooperation with national unions and shipowners' associations. Training expenses should be offset by skills funding, employment insurance, and other cost-offsetting programs made available to workers, such as through grants. These entities should work together to develop labour recruitment and retention plans that promote a career at sea for underrepresented groups in the industry such as women and young workers.
- Government should ensure labour regulations permit workers adequate, job-protected time off for the purpose of obtaining training and work with national shipowners to ensure mariners are able to obtain sea time for the purpose of meeting STCW or other national requirements for marine certifications.
- Governments should implement a comprehensive sustainable shipping component to national maritime policies that takes into account the need to reduce harmful emissions in the sector and promotes work on board national flagged fleets, while regulating for a just transition for workers.

# RECENT REFORMS IN NATIONAL MARITIME POLICIES FROM AROUND THE WORLD

Since the onset of the pandemic, some countries have begun to take steps to reform national policies related to maritime transport services in an effort to prepare to handle future crises and address inefficiencies in their own supply chains. Many of the examples highlighted below include implementation of the numerous calls to action from this report.

**Brazil** – In 2020, the Brazilian federal government created a program to develop cabotage transport called “*BR do Mar*”. The program became law in January 2022. It has several objectives including expanding the scope and improving the quality of cabotage transport, expanding the availability of a fleet for coastal shipping, and encouraging the training and qualification of national seafarers.

**South Africa** – In 2022, South Africa introduced draft legislation providing for cabotage for the first time and for a “strategic national fleet”, stating that reliance on foreign interests for essential imports and exports may not shield the country from supply chain disruption in times of natural disaster or international conflict. The legislation will establish a national shipping carrier as a strategic pillar in the revival of the maritime transport industry as a means of building back supply chains after the pandemic.

**Norway** – In late 2022, the Minister of Fisheries and Ocean Policy tabled a Bill that will require all ship operators to provide all seafarers with Norwegian pay and working conditions on all vessels operating in Norwegian waters and on the Norwegian shelf, including the offshore fleet. This Bill would also capture foreign vessels engaged in Norwegian cabotage and passenger vessels calling at Norwegian ports.

**Australia** – In October 2022, the government of Australia created a task force to guide the establishment and operation of Australia’s maritime *Strategic Fleet*, which will strengthen the country’s economic sovereignty and improve national security. To achieve this, the *Strategic Fleet* will be made up of Australian-flag and crewed vessels. It is expected that the task force will complete its work and provide its final recommendations to the government in the near future.

**USA** – In March 2021, the Biden administration made an announcement to develop offshore wind projects, strengthen the domestic supply chain and create good-paying, union jobs. Issuing an executive order, the administration recognized that a thriving offshore wind industry will create thousands of new jobs and economic opportunity up and down the Atlantic coast, in the Gulf of Mexico and in Pacific waters. The

announcement has since spurred a series of spin-off activities including the construction of Jones-Act compliant vessels for use in the numerous offshore projects and creation of thousands of jobs, including jobs on board U.S.-flag vessels for U.S. mariners.

**Canada** – In 2020, the government of Canada extended the application of the “maritime sector special measures policy” under the *Temporary Foreign Worker Program* to Canadian-flag vessel operators. The policy requires employers seeking to use foreign workers on Canadian vessels engaged in coasting trade (cabotage) to, amongst other requirements before seeking a work permit to employ a foreign national, first make all jobs available on board the vessel to Canadian and permanent resident workers, directly contact the Canadian maritime labour unions to verify whether or not they have any qualified candidates and if not, receive a letter of concurrence issued by the unions. As part of the employment conditions for any foreign worker hired on board a Canadian-flag ship, the foreign seafarer must either be paid the prevailing wage rate for that position in Canada or receive the wages and benefits of the collective bargaining agreement in place, if one is applicable to that workplace. The policy great disincentives shipowners’ attempting to undercut the Canadian labour market by using foreign workers in cabotage trades.

**UK** – In 2022, the government of the United Kingdom introduced the Seafarers’ Wages Bill which aims to ensure that seafarers who are engaged in work in UK waters are paid at least an equivalent to the UK national minimum wage. The requirement would apply regardless of the ship’s flag or seafarers’ nationality. One of the main objectives of the Bill is to make a career in seafaring more appealing to UK nationals in an effort to address ongoing labour shortages and to address the declining number of UK nationals employed in UK maritime trades as shipowners have for many years used cheaper foreign labour to undercut the UK labour market.



Photo: Eddie Bergancia

**Panama** – In December 2021, the government of Panama passed a new cabotage law. Some of the highlights of the law include: 90% of the workforce engaged in cabotage are to be Panamanian nationals; with limited exceptions operating licenses for cabotage will be granted only to Panamanian nationals or companies of which 75% of shareholder are Panamanian. The law seeks to establish control of the cabotage market to benefit Panamanian citizens and bring stability to the national workforce. The law includes new provisions on protection of the marine environment to address wrecked and abandoned vessels and future considerations for bunkering of new fuels.

**New Zealand** – In 2022, the government in New Zealand announced a commitment of \$30 million in funding for coastal shipping through the National Land Transport Programme (NLTP) to improve domestic shipping services, reduce emissions, improve efficiency, and upgrade maritime infrastructure. The government also selected a group of preferred suppliers who will co-invest to enhance coastal shipping services and bring new coastal shipping vessels into service removing around 35 million kilometres of truck travel off New Zealand’s roadways every year and creating new employment opportunities for mariners. The plan is part of ongoing work by the government to mitigate supply chain problems caused by the pandemic.

# FINAL WORD

As outlined throughout this report, strong national maritime policies help to develop national fleets and citizen workforce capacity while supporting key objectives of national security, safety of ships and life at sea, fair competition, economic security, and sustainable transportation practices.

## **COUNTRIES WHICH MAINTAIN AND STRENGTHEN THESE POLICIES HAVE:**

- Effective cabotage laws and services to assure adequate national-flag tonnage to serve their own domestic trade and international feeder markets.
- Effective promotional programs to support their maritime fleet in regular international operations and in times of conflict, turmoil, or trade fluctuations.
- Effective training program and facilities to assure the availability of a sufficient and qualified maritime workforce.

## **COUNTRIES SHOULD AVOID:**

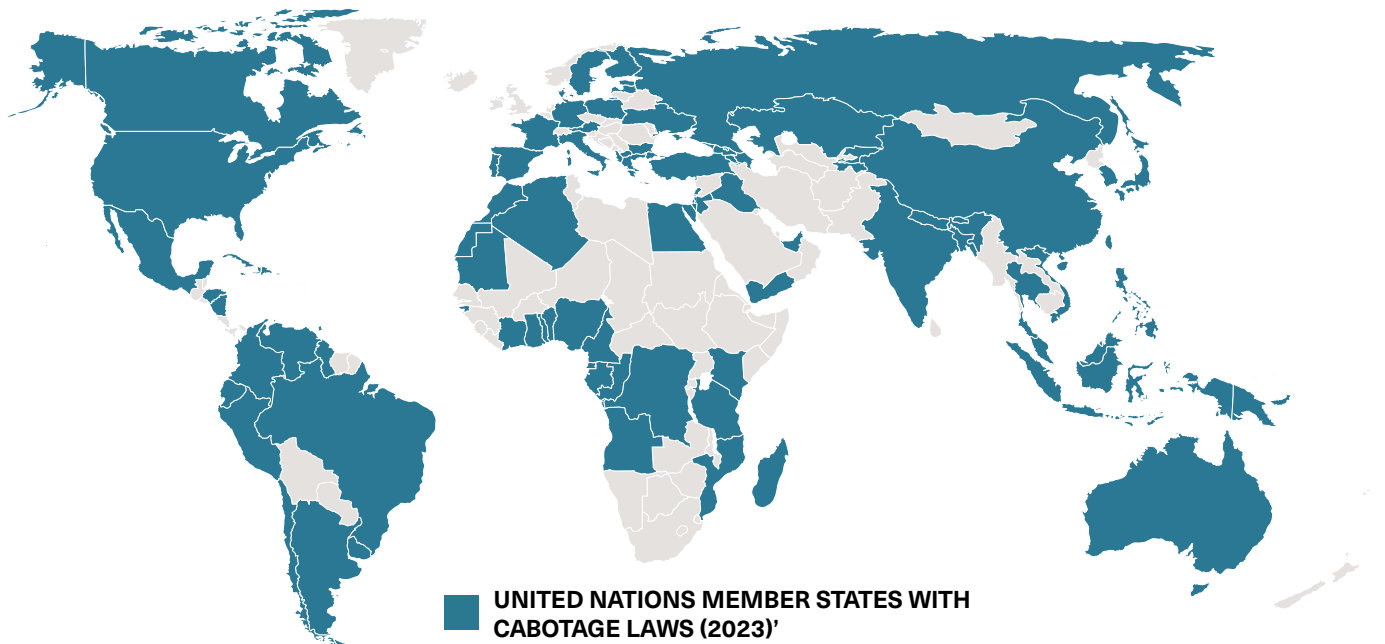
- Reliance on Flags of Convenience or non-national carriers for their domestic or international waterborne trade.
- Entering into free trade agreements which restrict their ability to promote their national-flag fleet and permit access by foreign vessels into their cabotage and feeder markets.



# GROWING INTEREST IN THE NATIONAL INTEREST

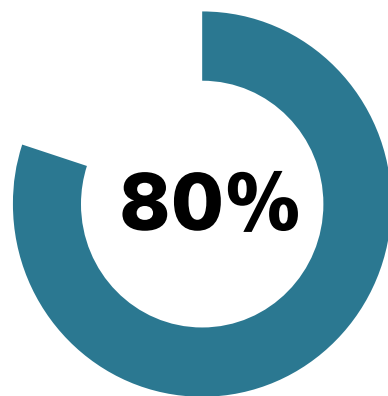


**CABOTAGE IS WIDESPREAD: NEARLY TWO-THIRDS  
OF UN MEMBER STATES HAVE SOME FORM OF THIS  
NATIONAL MARITIME POLICY**



# 91

**UN MEMBER STATES  
HAVE CABOTAGE LAWS**



**80% OF WORLD'S COASTLINES  
HAVE CABOTAGE LAWS**

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49-60 Borough Road  
London SE11DR  
+44 (0)20 7403 2733