

## **To Build the Hub Port of Northeast Asia : KFPTWU, KPLA And MOMAF Agreed on Peace Declaration**

Choi Bong-hong, chairman of the Korean Federation of Port and Transport Worker? Unions (KFPTWU); Kwak Young-wook, chairman of the Korea Port Logistics Association; and Chang Seung-woo, minister of Maritime Affairs and Fisheries, representing the labor, management and government in the port sector of Korea held a signing ceremony to "Declare Peace" in the sector at the MOMAF conference room on April 7, 2004, where a joint statement was announced on the settlement of peace in ports.

Amidst extremely keen competitions, the labor, management and government authorities in the port sector of Korea shared acknowledgement that the development of the port and logistic industry is the key to making Korea the economic hub of Northeast Asia. Their joint statement aimed for the peaceful settlement of the labor and management relationship in the port industry.

Given the recent economic hardships caused by sluggish domestic demand and lowered investment, the parties agreed to make the labor-management relationship more stable to productively contribute to the boost of the national economy.

The three parties made it clear that they intend to exert strenuous efforts and closely cooperate with one another in strengthening international competitiveness, increasing the quality of labor and ensuring a reasonable and stable supply of labor. They will dedicate themselves to establishing peace and stability in the port and logistics industry and creating an amicable atmosphere between labor and management based on mutual respect and trust.

The agreement was made on five specific goals including the cooperation on strengthening port competitiveness and the increase on the quality of labor through ongoing training. These goals are to ensure the amicable tripartite relationship by providing the highest quality port services as well as increasing the quality of labor.

The five specific goals are as follows: (1) Fully cooperate to enhance competitiveness of the ports by providing the best services; (2) Make a strenuous effort to increase quality of labor by ensuring employment stability, welfare and retraining of port workers; (3) Raise the national credit standing with the cooperative labor and management relationship and actively engage in joint port sales activities; (4) Pay regard to the established agreements and closely cooperate in modernizing the ports; and (5) Conclude wage negotiations for 2004 before the end of May based on the increase rate in stevedorage of 4.5%.

Given the present circumstances of the Korean economy and port industry, the declaration is expected to carry considerable significance and have very positive ripple effect. Recently, the Korean ports have faced hardships both at home and abroad.

Last year, there were two rounds of truckers' walkout which was followed by the damage caused by the typhoon Maemi. These seriously threatened to undermine the capabilities of the Korean ports in such a way to lower the credit standing of the country.

In addition, rapid growth of the ports and the chase by the encircling ports at full speed pose serious challenges to the status of the Korean ports. Last year, ports in Shanghai and Shenzhen were ranked third and fourth place in the world respectively in terms of container throughput, pushing away Busan on the basis of their country's high economic growth rate of 9.1%. Japan also exerted effort to make its ports efficient while reducing cost by connecting Kobe and Osaka as a single port, aiming to develop it as a hub port.

The close collaboration demonstrated by the three parties in the process of recovering from the typhoon damage in September resulted in the exchange of the Agreement on the Composition of the Labor and Management Council for Providing the Port of Busan with Labor Supply in December last year. A series of such endeavors has finally borne fruit in the form of the declaration of peace in the ports.

In the declaration, they agreed on the broad principle that the port and logistics industry is a major contributor to stimulating the suffering Korean economy.

By establishing a stable labor and management relationship, the three parties had a common understanding that the port and logistics sector is the key to building the economic hub of Northeast Asia.

The peace declaration would affect not merely the port operation but the Korean logistics and the entire national economy. Ports in Korea play a crucial role in the nation's logistics flow, accounting for approximately 99.7% of the import and export. For this reason, strikes at ports could directly hit trade and the economy of the country. Blockade at ports to import or export for just a single day is estimated to be over US\$830 million of trade loss.

The declaration on this occasion is anticipated to keep enterprises more actively engaged in economic activities and contribute extensively to the recovery of the depressed national economy by dissipating their uneasy feelings about the logistics in Korea.

With regards to the ongoing endeavor to attract enterprises into a port district, the declaration would provide a momentum for foreign enterprises and investors to put more trust and increase investment in the Korean ports.

In the future, the three parties plan to propagate the peace declaration. This means that foreign shipping companies will have joint port sales activities in order to bring

such substantial effect, attracting them to use Korean ports regularly.

## **The Agreement on Five Specific Goals**

**Desiring to ensure peace and stability in the port sector and ensure a friendly labor-management relationship, KFPTWU, KPLA and MOMAF have reached an agreement as follows. - Ed.**

1. We will collaborate to the utmost to play a central role in building a major logistics hub for Northeast Asia by promoting the competitive advantage of our ports as well as providing high-quality port services, increasing convenience for port users and enhancing the productivity of the port and logistics industry.
2. We will make strenuous efforts to ensure stable employment and promote the welfare of port workers as well as increase the quality of labor through ongoing training.
3. We will concentrate our efforts to help raise the credit standing of our country abroad by ensuring peaceful settlements of the labor-management issues of our port industry while being actively involved in the tripartite port sales activities.
4. We will play regard to the established agreements among the three parties and closely cooperate in modernizing our ports in order to respond productively to changes in the port environment, considering the situation of each port.
5. The wage agreement between the labor and management in the port sector for 2004 shall be completed before the end of May in accordance with the increased rate in port stevedorage of 4.5%, which took effect March 17, 2004.