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First Hemispheric Seminar on Ports
Legislation
“Facing Global Trends in Ports Legislation”

Montevideo, Uruguay
November 24-25th, 2014





Trends in Port Labour Regulations and Tools to Increase Competitiveness

Historical Perspective

- Ports have historically been highly labour intensive and operated largely through organised labour.
- Over the last three decades, with the impact of economic globalisation and the introduction of new technologies, the dynamics of port operations changed dramatically.
- This modernisation took the form of privatisation in various forms.

Trends in Port Labour Regulations and Tools to Increase Competitiveness

- Responsibilities inclusive of:
 - ✓ a regulatory role;
 - ✓ complete divestment of the public sector company and its assets;
 - ✓ developing systems of integration into the general transport system through “trading companies” to operate with or without Government involvement.

Van Niekerk, H *Ports Restructuring Policy and Regulations*

Ninth Inter-American Port and Harbour Conference



TRENDS



- In the past two decades the countries in the Region – Caribbean and Latin America – have been through major reforms to improve the competitiveness and efficiency of port operations.
- These reforms manifested themselves in an “increase in productivity in the sector, but this was accompanied by job losses. This trend also increased income through higher productivity rates, and offered greater security of employment to workers who remained in the system”
- According to Van Niekerk;
“most governments recognise the need for competition to improve productivity through market forces, but ... the need for regulation is unquestionable. However, to ensure that the goals of privatisation are met, the ownership and structure of the regulator should be formulated with great circumspection”



TOOLS TO INCREASE COMPETITIVENESS

The trend in this area has been to adopt appropriate and modern technologies for cargo handling and logistics, and development of electronic processing of documentation as provided for in the facilitation of trade agreements.

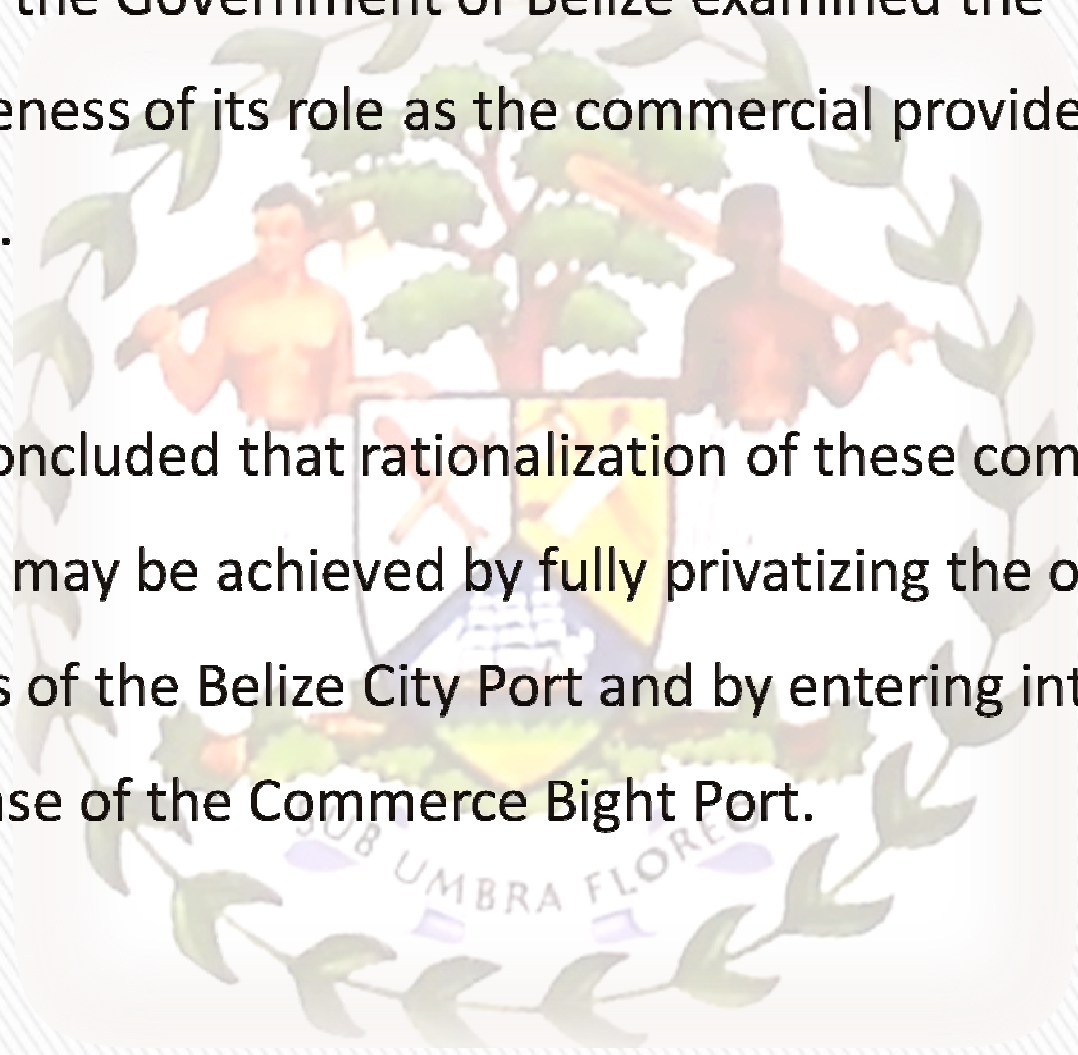


BELIZE



In 2002, the Government of Belize examined the effectiveness of its role as the commercial provider of port services.


Belize concluded that rationalization of these commercial services may be achieved by fully privatizing the operational business of the Belize City Port and by entering into a long-term lease of the Commerce Bight Port.



The Belize City Port was intended to achieve a number of major objectives, principal among which are:

1. The introduction into the company of a strategic industrial investor whose role will be to provide enhanced access to capital, strategic advice, access to sophisticated technology and training, expansion and modernization of the port facilities in Belize City and Commerce Bight.
2. Improvement in the Belize City and Commerce Bight Port economic efficiency in both operating performance and the sourcing of capital to finance extensive improvements and modernization of the existing facilities.
3. Improvement in port sector services to shippers and consumers to better meet their individual needs preferences.

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4. Creating regionally competitive port services which will broaden employee opportunities and increase cargo handling volumes and ship calls.
 5. Participation of the private sector, and, importantly, Belizean citizens in the financial and technical accountability of the port sector.
 6. Recognition of the continuous progress of globalization of shipping and trade resulting in Belize's more active role in the integration of international port logistics and, in this respect, assurance of Belize's contribution to recent advancement of information technology such as EDI and e-commerce.



The Government's decision to privatize the operational and management function of the Belize City Port confirmed its direction towards a wider reform and private participation in the port sector of Belize.

Countries in Latin America and the Caribbean, with poor performance by public (Government) ports and strong growth in trade, turned to private participation in ports in the early 1990's.

A global survey of its members conducted by the International Association of Ports and Harbours (IAPH) revealed that a number of port experienced significant structural changes during the last few years due to privatization.

The background of the slide features a coastal scene. On the left, a red and white lighthouse stands on a small pier. In the center and right, there are several buildings, including a prominent multi-story glass-fronted structure. The foreground is filled with the blue water of a harbor or bay. The text is overlaid on this image in a bold, dark font.

Belize Government sought, through privatization approach to its largest port facility in Belize to launch Belize in the world port community as an environmentally friendly port poised to implement new approaches, in compliance with international maritime and port agreements, that will improve handling efficiency and expand facilities to accommodate bigger ships and cargo flows brought about by globalization of the world economy.

What Actually Happened??

1. *Expected investments did not materialise*

- In Belize, the investments were not implemented. The private investor did not invest in the development and modernisation of the port.
- The regulator did not intervene in a timely manner to ensure that the Port of Belize, which controls the majority of the national throughput, would meet the needs of a sector that is globally competitive.
- As a result, the restrictions on the size of vessel, the single berthing facility, the fairly old equipment that can only off-load certain size vessels, and the continued need for cruise tourism tenders (rather than along-side docking for cruise ships), are as they were twelve years ago with privatisation.
- Paradoxically, the failure to modernise has had an adverse effect on job creation. It was expected that a more modern port would become regionally competitive, and expand the need for services in Belize. Since our inroads into the regional trade have not seen any significant improvement, this had diminished the opportunities for labour.

2. Labour Relations



- The port continued to be weighed down by antiquated labour agreements which were not addressed in the privatisation process.
- The current operator of the port has stressed that the single most detrimental factor to the efficiency of the port is the requirement to hire excessive labour in the organised work gangs.
- There have not been any reforms in the Labour regulations which would ease this burden. On the contrary, the labour regulations have become more favourable to organised labour, and the cost of redundancy has doubled through labour reform regulations in 2011.



3. Competitiveness

In conclusion, the objective of handling efficiency and expansion of facilities to accommodate bigger ships and cargo flows brought about by globalization of the world economy were not achieved. It remains a work in progress, which has seen marked improvement in the last eighteen months.

THANK YOU

