The Evolution of Dock Workers’ Union in Busan Port

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President
Busan Port & Transport Workers’ Union
I. BPTU In the Past
   - BPTU’s Growth with the Opening of the Busan Port

II. BPTU Today
   - BPTU: Major Driving-force for the Development of Busan Port

III. BPTU In the Future
   - Paving the Way for the Future Growth of Busan Port by Enhancing Tripartite Collaboration
I. BPTU In the Past
Growth with the Opening of Busan Port

- Emergence of Dock Workers with the Opening of Busan Port in 1876
  - Number of workers grew as trade volume expanded
  - Rapid growth triggered the change of the nation's economic system from "agriculture-first" to capitalism
Dock Labor Movement (Independence Movement) During the Period 1910-1945

- After the Mar. 1st Movement in 1919, labor movement led by the Korean elite emerged as another version of the independence movement
- Approx. 5,000 people employed as cargo workers at Busan Port in the 1920s

<table>
<thead>
<tr>
<th>Trade Volume in Busan Port in 1921 (KRW 1 in 1921 = KRW 6,500 today)</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KRW 64,069,897</td>
<td>KRW 50,560,779</td>
</tr>
</tbody>
</table>

Wage Index in 1931

(Unit: KRW)

- Dock Labor: 1.35
- General Labor: 0.67
- Carpenter: 1.65
- Stonemason: 1.79
Growth of Dock Labor Union after 1945 Independence

- Establishment of ‘Busan Longshoreman Union’ under ‘The Great Korean Independent Labour League’ in 1947
- Vigorous activities undertaken in an effort to promote social and economic status of workers and improve their welfare

Handling of Military Supplies During the Korean War from 1950-53

- With armistice negotiations starting in 1952, the port witnessed a nosedive in inflow of military supplies

Pivotal role of Dock Labor Union in Korea’s export-driven economic growth since 1960s

- Legislation of exclusive right of the union to supply dock labor in ‘Employment Security Law’ (enacted in 1961)
- Establishment of the Busan Port and Transport Workers’ Union (BPTU) under Federation of Korea Port and Transport Workers’ Union in 1981
Today, 7,460 union members are working in various sectors across Busan Port, ranging from CY, bonded warehouses, cold storage, agricultural and marine products, to railway transport. BPTU currently operates 27 branches.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Employer</th>
<th>No. of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port-Related</td>
<td>Busan Port Logistics Association</td>
<td>42</td>
</tr>
<tr>
<td>Container Terminals</td>
<td>Busan North Port: Three including Hutchison Korea Terminals</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Busan New Port: Five including Pusan Newport Co., Ltd.</td>
<td></td>
</tr>
<tr>
<td>Cargo Handling</td>
<td>Three including Intergis</td>
<td>4</td>
</tr>
<tr>
<td>CY</td>
<td>Busan Customs Logistics Association</td>
<td>17</td>
</tr>
<tr>
<td>Lashing</td>
<td>Busan Marine Industry Association</td>
<td>30</td>
</tr>
<tr>
<td>Bonded Warehouses</td>
<td>Busan, Yangsan, and Busan New Port North Container Distripark</td>
<td>58</td>
</tr>
<tr>
<td>Cold Storage</td>
<td>Products of coastal and distant water fisheries, imported marine products</td>
<td>70</td>
</tr>
<tr>
<td>Fishery Market</td>
<td>Busan Cooperative Fish Market, Commission Merchant (Fish Market, Dadaepo)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Busan Federation of Fisheries Cooperatives (Jagalchi, Dadaepo, Nampodong)</td>
<td></td>
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<td>Large-size Purse Seine Federation of Fisheries Cooperatives,</td>
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<tr>
<td></td>
<td>Busan International Fish Market</td>
<td></td>
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<tr>
<td>Agricultural Market</td>
<td>Busan Eomgung Agricultural Wholesale Market</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>(Busan Fruit, Hangdo Fruit, Nat’l Agricultural Cooperative Federation (NACF))</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Joint Market, Cabbage and Radish Wholesale, Flower Joint Market of NACF</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>234</td>
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Recent Milestones

- Busan New Port opened on Jan. 19th, 2006
- Right to hire own dock workers authorized to five private terminal operators on Jul. 1st, 2007
- Busan North Port Redevelopment Project started on May 16th, 2009
Major Driving-force Behind Busan Port Development: Tripartite Collaboration in Busan Port

**Govt.**
- Development of Port Facilities
- Port Sales

**Union**
- Dock Labor
  - Stability
  - Productivity
  - Flexibility

**Corp.**
- Port Operation
  - Rationalization
  - Efficiencies
  - Marketing

**Collaboration**
Circumstances Currently Surrounding Busan Port

- Fiercer Competition Among Ports
- Alliances of Shipping Carriers
- Imbalance in Growth Between North and New Port
- Tariff Competition

Volume Transit from North to New Port

Crisis

Efforts to Overcome Crisis

Union
- Restructuring
- Growing tension over relationship between union and management

Corp.
- Deficit Operation
- Turn-in Berth
- Default on combined terminal lease rate
BPTU’s Efforts to Overcome Crisis

Current dock labor supply system in Busan Port is an outcome of a long evolution since the port was first opened.

- Can efficiently cope with fluctuations of cargo volume
- Helps distribute risk across all players
- Encourages stable labor supply and enhances job security

Considering its nature as a public entity, the port is very vulnerable to labor dispute. Over the last 138 years, exclusive rights to labor supply and a “closed shop” policy have enabled the union to peacefully deal with problems concerning wage and working conditions so as to maintain stable union-management relations.
BPTU played a critical role in preventing port operating rates from plunging below 60% when a transport strike took place twice in 2003. It also made enormous efforts to recover damage of Busan Port far faster than expected when hit by the severe typhoon Maemi in 2003.

BPTU has facilitated continuous growth of Busan Port by keeping its “Non-Strike” policy for the 67 years since its foundation in 1947.

Port industry has witnessed remarkable progress in rapidly changing circumstances but NOT in union-management relations, which still seem to remain in outdated framework.
BPTU is well aware of need for changes in union-management relations.

In order to develop such initiatives, it aims:

- to establish a far closer relationship between union and management
- to actively deal with dynamic port environment by adopting groundbreaking changes
- to pave the way for future growth
The declaration is highly meaningful in that it represents a strong effort to maintain port industry peace. It promotes close collaboration between union and management amid rising concerns over industrial conflict in handling daunting issues such as fierce competition between North and New Port, continuous decline in tariffs, and integration of North Port terminals.

“Tripartite Declaration for Maintaining Peace of Port Industry” concluded on Jan. 16th, 2014, led by the BPTU, between parties including Busan Port Logistics Association, Busan Regional Maritime Affairs & Port Administration, Busan Port Authority and the BPTU.
Both the South Korean government and the public welcomed the declaration as it was a positive outcome for the port industry - one of the nation’s major infrastructure facilities - in the wake of severe rail strike, which caused huge inconvenience to society.

Since then, the BPTU have discussed with the Busan Regional Maritime Affairs & Port Administration on how to come up with a new dock labor supply system, and conducted joint research with the Busan Port Authority in Feb. 2014 on strategies for development of the port industry through tripartite collaboration.
Future Growth of BPTU Based On:

Committee on Supply Demand Management of Busan Port Dock Labor

First-of-its-Kind System in South Korea

Busan Port → Union → Corp. → Govt. → BPTU

- Busan Port Logistics Association
- Busan Marine Industry Association
- Busan Regional Maritime Affairs and Port Administration
- Busan Port Authority
What Has Been Done

- Discussion started in 2011 on organization of Committee on Supply Demand Management of Busan Port Dock Labor ("the Committee")
- Regulations concerning organization and function of "the Committee" confirmed in 2013 between the Busan Regional Maritime Affairs Port Administration and the BPTU
- Agreement reached on conducting working-level consultations in Apr. 2014 in an effort to elaborate on rules and management plans

In order to improve the quality of lashing services – a common source of foreign shipping liner complaints – the BPTU plans:
- to stipulate lashing in the Committee’s regulations which describe dock labor and employers
- to raise the bar on qualifications of dock workers
- to develop an efficient workshop layout
What is Left To Do

By Reforming Dock Labor Supply System:

- Provide “the Committee” with independent authority to examine qualification of applicants so as to make recruitment procedure fairer and more transparent

- Supply highly-skilled dock labor

- Estimate number of workers sufficient to handle cargo at a multifunctional, modernized, automated, and high-tech port

- Establish a stable labor supply demand management system
Expected Effects

- Establishment of firm tripartite collaboration system

<table>
<thead>
<tr>
<th>Management</th>
<th>Union</th>
<th>Govt.</th>
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<tbody>
<tr>
<td>- Improving Port Productivity</td>
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<tr>
<td>- Labor Flexibility</td>
<td>- Job Security for Dock Workers</td>
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<td></td>
<td>- Labor Market Stabilization</td>
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<td></td>
<td>- Stability of Ports</td>
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“Win-Win” for all

Maximized Satisfaction of Busan Port Users

Enhanced Value-added Activities in Busan Port

Strengthened Global Competitiveness of Busan Port
Thank You for your Attention