

# Sea Malta liquidated after failed privatisation bid

Published on: 20 December 2005 | Author: Debono, Manwel; Tabone, Charles

Privatisation of the national shipping line Sea Malta fell through in November 2005, despite 16 months of intense negotiations, because the General Workers' Union failed to meet a deadline set by the prospective buyer for agreeing new working conditions for seafarers. This resulted in the Maltese government liquidating the shipping line in December.

Sea Malta Company Ltd, an enterprise with majority state ownership, operated transport services to and from Malta within the Mediterranean Sea. The company, which employed around 144 workers, served the national economy by providing sea transport services for the local manufacturing and retail enterprises. In line with its privatisation policy, government decided to divest itself of ownership of the enterprise (MT0507101N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/gwu-warns-against-job-losses-arising-from-sea-maltas-privatisation](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/gwu-warns-against-job-losses-arising-from-sea-maltas-privatisation))).

After a year and a half of negotiations, on 21 October 2005 the Maltese government signed an agreement with a prospective buyer, Atlantica SpA (part of the Grimaldi Group), for the transfer of its 69% shareholding in Sea Malta to the Italian company. However, the agreement was subject to Atlantica SpA reaching another agreement with the General Workers' Union (GWU (<http://www.gwu.org.mt/>)) about the working conditions of Sea Malta employees.

## Dispute over work schedules

On 4 November, the government, GWU and the prospective buyer reached an agreement regarding the duration of seafarers' tour of duty. The agreement reportedly provided that workers would be allowed to keep the current working schedule, consisting of 15 days on/15 days off, until the end of 2005. By that date, GWU and the Italian company were to agree on alternative tours of duty so that on 1 January 2006, workers would start working on a four months on/two months off system, a two months on/one month off system, or any other mutually agreed system.

However, in mid-November, GWU stated that negotiations over the tour of duty should recommence, since 28 out of the 46 seafarers had expressed their disagreement over the terms of conditions agreed. Thus, GWU proposed a shift of 21 days on/19 days off. GWU also undertook to iron out any potential problems with foreign unions that might arise if Maltese workers were to enjoy unique working conditions by adopting this work schedule. However, this proposal was deemed unacceptable by Atlantica SpA, which argued that it would jeopardise the competitiveness of the company and the efficiency of the service. The government and the Grimaldi Group set 30 November as the deadline to strike a deal.

As the GWU failed to provide a definite answer by the imposed deadline, the prospective buyer informed the Maltese government that it was withdrawing its offer to buy Sea Malta. The Grimaldi Group argued that it could not accept buying Sea Malta with its 'many unsustainable working practices'. Moreover, Grimaldi declared that the main problem in the negotiations was that there were too many conflicting interests among Sea Malta employees, and that it was unclear throughout the negotiations what GWU wanted and what the employees wanted.

## Liquidation

The government thus decided to liquidate Sea Malta on 12 December. The minister in charge assured representatives of local industry that their interests would be safeguarded from the repercussions of the liquidation. In his reaction to this decision, the opposition leader declared that if the present Nationalist Party government closes down Sea Malta, the Malta Labour Party will create a new Sea Malta once it is back in office.

In the meantime, the Grimaldi Group has revealed that it will invest over EUR 20 million in setting up a new shipping company in Malta, twice the amount that would have been invested in Sea Malta. The Grimaldi Group has also stated that it will adopt the same strategies it would have utilised if the Sea Malta takeover had been accomplished. GWU has stated that while it welcomes this investment, the company must provide an opportunity to those redundant Sea Malta workers that are willing to work. While making a pledge that it will follow Maltese legislation and its contractual obligations, the Grimaldi Group has stated that GWU has no right to interfere with the recruitment policy of the new company.

The government has blamed the GWU for the unsuccessful outcome of the Grimaldi takeover and the fate of the workers who have lost their jobs, and accused it of attempting to scare away foreign investment.

Employers' associations have expressed their disagreement with the way GWU handled the situation. The Malta Federation of Industry (FOI), for instance, states that GWU's actions have resulted in a loss of jobs. Employers had been observing the development of the Sea Malta privatisation process very closely, as Maltese industry depends heavily on the services of sea transport. Employers' associations had managed to obtain guarantees from Atlantica SpA that the existing services would continue to be provided by the Italian company.

## Commentary

The source of the complexity of this issue, which gave rise to protracted discussions that ended in a deadlock, was a group of 28 seafarers among Sea Malta employees who did not want to accept the new work schedule proposed by the Grimaldi Group. They put pressure on GWU to strike a better deal for them. However, the Grimaldi Group was unwilling to make any alteration to its proposed work schedule for seafarers. In the meantime, the other workers, especially the shore workers, fearing that a disagreement would result in losing their job, distanced themselves from this minority group.

The trade union seemed unable to reconcile the conflicting views of these two factions of workers. Scathing comments in the press about the stance taken by GWU did not help matters. GWU, except for the party in opposition, did not have any allies. The way the saga ended was very bitter for the union. The company was liquidated and most of its employees resigned from membership of GWU. The workers contend that GWU acted against the will of the majority. The hard-line attitude taken by all sides in this dispute left no room for compromise to reach an amicable settlement. (Manwel Debono and Charles Tabone, Malta Workers' Participation Development Centre)