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## **Container Shipping Policy and Models of Multi-Level Governance**

### **Abstract**

The international container shipping industry is characterised by global markets for its products, infrastructure, financial framework and labour supply. Globalisation produces both benefits and problems – the latter particularly issues stemming from the increased use of Open Registries and the consequent changes in labour demand, quality standards and policy influence that this brings. Globalisation brings multi-level governance and policy jurisdictional issues to the fore increasing tensions between national, supra-national and international authorities where conflicts in ambition and vision may differ considerably. This paper explores these tensions using the Fordist range of models and in particular assesses whether Post-Fordism structures can be used to analyse the changes taking place in jurisdiction, governance and shipping.

**Key Words:** Container shipping, Multi-Level Governance, Policy, Post-Fordism

### **1. Introduction**

The nature of both international and national maritime policies has changed significantly in the past 20 years as a consequence of a number of fundamental adjustments to economic and political pressures and circumstances worldwide. The degree of nationalism and state control within the container shipping sector has been questioned and commonly substituted by demands for an increased involvement of the private sector and the application of widespread deregulation and reforms. This process of liberalisation has had a particular impact upon the maritime transport sector as container shipping retains a pre-eminent position in international trade which continues to exhibit substantial growth as globalisation of markets becomes ever more common.

In the not too distant past, governments were active in inhibiting freedom in the maritime market place by applying regulations, protectionism, subsidy and discri-

mination against foreign shipping interests. However, the clear trend is one towards extended liberalisation with competition on a “level playing field” a stated aim of many government and supra-national organisations such as the European Union and the OECD. Hence, the state is expected to refrain from intervention in the marketplace unless it is necessary to safeguard the provision of public goods which market forces, left to their own devices, would neglect.

The container shipping industry is one of the most mobile, capital intensive and risky of all businesses. Factors which contribute to this situation include:

The ship-owning community is spread throughout the world and thus is inherently mobile and has to operate under many different jurisdictions;

Ships by definition, are mobile and thus also exposed to all manner of jurisdictions;

They are also extremely expensive investments and as such represent a high risk;

Maritime services (including legal services, broking, freight forwarding, agencies etc) can be provided from almost any location, maritime or otherwise and to clients of any nation;

Container shipping companies vary considerably in size, characteristics, ownership, structure etc;

There is virtually no centralised control over the maritime marketplace.

As a consequence, container shipping is an industry characterised by multiple nationalities and multiple jurisdictions (Paixao and Marlow, 2001) reinforced by the trend towards multi-level governance (Bache and Flinders, 2004) exemplified by the shipping policy relationships that exist between the EU and its member states. These circumstances generate a physical, legal and capital mobility unrivalled in any other industrial sector and which in turn creates circumstances that shape attitudes and reactions towards shipping policy by the industry itself and the many governmental institutions that influence it (Aspinwall, 1995).

This globalised feature brings policy jurisdictional issues to the fore increasing tensions between national, supra-national and international authorities where conflicts in ambition and vision may differ considerably. This paper explores these tensions across the multi-level governance spectrum using the Fordist range of models and in particular assesses whether Post-Fordism structures can be used to analyse the changes taking place across jurisdictions and throughout container shipping policy-making.

## **2. The Context for Shipping Policy**

Over the last 30 years, a narrow, nationalist state view of the shipping sector has been largely replaced by a wider embracing view that the world economy is becoming more globalised and that as such all nations need to take a different perspective upon the sector. In return, the shipping industry has to adapt to accommodate such developments. These developments manifest themselves perhaps most significantly within

the European Union, in legislation that demands free movement of capital, goods, services, labour and knowledge. Sletmo (2001) has defined this trend in the words of Ohmae (1995) as a new “global prosperity”.

Policy for all industrial sectors – and in particular container shipping is no exception to this – has to become more responsive to the needs of a global commercial environment with a major driving force characterised by stronger economic ties that cross borders, rather than nationalistic objectives that serve state interests and the bureaucratic elites that exist.

However, despite this widespread recognition that container shipping has a central part to play in globalisation, states have on some occasions failed to adopt policies which match these trends. A number of nation-states of the EU are examples here with clear policies that attempt to sustain domestic fleets (through for example tax advantages), the USA has a strong national policy in favour of its domestic fleet epitomised by the continued application of the Jones Act, whilst countries such as South Korea, Poland and France have all attempted to protect their domestic shipbuilding industries with varying degrees of success. The effect of nationalistic shipping policies in limiting employment opportunities, artificially lowering safety and environmental standards and lowering quality, although clear, are still sustained by some parties.

Before we can go on to examine how globalisation and container shipping are inter-related, it is only proper to ask some questions. In particular, is container shipping not already fully globalised? The industry is characterised by a history of well-documented liberalisation of investment and employment through the rise of foreign shipyards and international crews and barriers to international markets are certainly low compared with many other sectors. Ship-owners have long taken opportunities to reflag their fleets to the register of choice in any state to take advantage of lower labour and taxation costs which might be available. Capital mobility that characterises the industry has been a significant factor in the establishment and continued operation of a global container shipping regime and consequently plays a part in the process of globalisation more generally (Aspinwall, 1995).

However, although container shipping has long been global in character, it now also has had to adapt to an increasingly global marketplace for the commodities it carries (Parker, 1999). In addition, shipping has a number of features which although not unique to the sector, together give it a uniqueness in global terms that is exceptional both within international logistics and in comparison with other commercial activities. Shipping capital investments consist of discrete and very expensive items - ships - which have no fixed land location. Ships make up a highly specific, yet increasingly standardised form of asset which by their nature encourages extended globalisation. This manifests itself more than anything else, in the exploitation of freedom for labour employment in the use of international crews. As a consequence, shipping not only operates in an increasingly global business environment, but also utilises that environment in its employment of global labour markets through the flexibility offered by the international market of ship registries. The European Union container shipping

sector and the policies of the EU towards the industry is an excellent example of where these globalisation trends can be seen operating today. Policies deriving from the Treaty of Rome principles of harmonisation and liberalisation have focussed on opening up markets and reducing state interference and this is nowhere more apparent than in the container shipping and ports sectors. In promoting free trade and internationalisation and inhibiting nationalistic trends, such EU policies have had to incorporate both the impact of globalisation on the shipping industry and the effects of the shipping industry on globalisation itself (Coleman, 2000; Van der Linden, 2001).

### 3. Fordism, Post-Fordism and Shipping

In this part of the paper we take a widely adopted policy model derived from the schools of Fordism and Post-Fordism, and illustrate how it can help to provide an understanding of the maritime sector, the development of maritime policies and the changes occurring between the contrasting jurisdictions – national state, supra-national (say EU) and international (say the United Nations International Maritime Organisation - IMO) – which characterise the multi-level governance environment that characterises policy-making in container shipping.

Post-Fordism models have their origins in Fordism which Jessop (1994) characterised by four themes:

Labour or production process. This stems from the ‘mass-production of complex, consumer durables based on moving assembly line techniques operated with semi-skilled labour of the mass worker’ (Jessop, 1994). The container shipping sector emerged from a traditional, fragmented background in the late nineteenth century to become increasingly more organised with a labour force of uniformly structured semi-skilled seafarers and vessels. The nature of the Fordist market for durable goods stimulated the growth of regular liner shipping services with features that the Fordist model helps to understand. The mass production characteristics of the industry and of its markets gave it ‘dynamism’.

Accumulation regime. Jessop (1994) described Fordism as a “virtuous circle of growth in relatively closed economies” whereby mass-production resulted in economies of scale creating rising incomes which in turn produced further demand and further scale economies. Labour costs reduced as standardisation and automation characterised the new Fordist model of production. Increased vessel and port facility size represented these Fordist features in the shipping sector, helped along by growing international trade with increasingly mass export and import markets.

Social mode of economic regulation. Fordism envisages the emergence of multi-divisional, decentralised organisations subject to increasing central control. This is reflected in the container shipping sector by the growth of large liner shipping conglomerates such as the newly (2006) merged Maersk/Sealand and P&O/Nedlloyd. In addition, further evidence came from the rise in overseas investment in shipping, with a distant but significant controlling hand at local level, and moves towards Open Registries (where ownership and control are separated with flag choice remote from

the national policy-making process). Monopoly pricing strategies are another feature of Fordist tendencies in container shipping whilst union recognition and state involvement in managing conflicts between capital and labour are others. State management of industrial relations, wage bargaining and conditions of employment are further Fordist characteristics. Although the growth of Open Registries has been criticised by national governments and through international organisations, nevertheless the greatest pressure has come from organised labour, notably the ITF (International Transport Workers Federation) which developed a fully organised campaign from 1945 reflecting Fordist structures (Aspinwall, 1995). At the same time, states became more involved in container shipping during this period, including tax incentives for inward investment, the promotion of national shipping industries and employment and the protection of domestic cargoes. States intervened in the container shipping market to reconcile conflicts between traditional capital and labour and thus sustain the virtuous circle of demand identified earlier.

Societalisation - the consumption of standardised, mass-produced consumer durables by 'nuclear households' was a characteristic of the Fordist model accompanied by the provision of standardised services by a bureaucraticised state. Shipping reflected these trends with increasing dominance by standardised commodities, vessels and equipment typified by containerisation. The sector became heavily regulated by national governments.

Fordist models have been rarely applied in the past to the maritime sector and more commonly to ports policy rather than shipping or logistics. Rodrigue, Slack and Comtois (1997) examined the relationship between spatial cycles and transport development whilst de Langen (1999, 2004) offered one of the first attempts at marrying port change with Fordist economic models. Meanwhile, Chlomoudis, Karalis and Pallis (2000; 2003) looked at ports policy from a Fordist perspective and more specific applications come from van de Loo and van de Velde (2003), examining the role of small island ports. The ports theme was continued by the work of Bonacich (2003) applying models from the Fordist school to an analysis of ports, labour relations and logistics.

Meanwhile Sanidas (2002) took the application of Fordist models even further in an analysis of the relationship between logistics, just in time, supply chain management and lean production methods in a study of industry in the USA and Japan.

#### **4. Post-Fordism**

The era of Post-Fordism represented a change from Fordism which has occurred since the 1960s whereby competitive advantage was seen as the new basis of global development and innovation was the central theme. Increasing attention was also to be paid to the historical roots of industry and the challenge of 'localising global tendencies in an aim to achieve a flexible and permanently innovative pattern of accumulation' (Jessop, 1994; Asheim, 2001).

The transition from Fordism to Post-Fordism involved a complicated and interrelated series of changes in labour processes and in the dynamics of macroeconomic growth, increasingly characterised by longer-term policies and objectives. It is widely agreed that the Post-Fordist economy is one where the following trends co-exist (Jessop, 1994; Allen, 1996):

Labour or production process. Flexibility is a key characteristic of the modern production process and a new development as it was missing from the Fordist model. In the latter, economies of scale, state interference and centralised management control resulted in a limited range of products and services albeit at much lower cost than before and thus available to a much bigger market. Post-Fordism is characterised by modern electronic technology and communications and an increasingly flexible workforce. Traditional employment practices are abandoned for new flexibly defined arrangements, along with extensive and expensive investment. The solely materials-intensive nature of Fordism is replaced by much more sophisticated products and matching production processes. This flexibility in production processes and resultant products overcomes disenchantment stemming from mass-production, the resulting limited choices and the increasing desire for individuality that growing wealth generates. Meanwhile, alongside “job de-skilling, advanced technology is seen as creating new opportunities for ‘en-skilling and re-skilling’” (Jessop, 1994). Post-Fordist structures promote the emergence of a multi-skilled labour force, operating in a less hierarchical work environment (Allen, 1996). A global shift has been notable in the labour skills employed in the container shipping sector stimulated by technical and organisational innovations. The result is that there has been substantially increased demand for highly skilled on-board and land based personnel who are capable of operating and managing the new technologies that have been introduced. At the same time there is clear evidence that following the employment of non-European crews, there will be less demand for European based ratings in the future but that those employed will be better skilled so that they can operate the new equipment that is available (BIMCO, 2000; Dirks, 2001; Alderton and Winchester, 2002). At the same time the changes that are occurring in the skills required of seafarers – in particular greater competence in computer operation and greater inter-departmental flexibility – will lead to an inevitable breakdown of the split between officer and rating roles and responsibilities. The variety of goods being shipped has increased dramatically as a consequence of increased production variability with consequent increases in demand for flexibility in handling techniques and most significantly, supply chain management. The container shipping industry and the hardware it employs have had to become increasingly flexible to suit the markets they serve, with consequent changes in vessels, port equipment, employee characteristics and management tools. Meanwhile, the increase in the number and range of ship registries selected by ship-owners, the development of alternative insurance markets, financial packages and vessels, the extended use of crew nationalities and many other examples of flexibility in the sector, combined with the attributes of economies of scale achieved through mass production of vessels, joint ventures in shipping companies and the development of ‘super ports’

with supra-national hinterlands, represent moves by the shipping industry away from Fordist models and into new Post-Fordist territory.

Accumulation regime. Within the Post-Fordist model, it is envisaged that there will be a permanently innovative form of accumulation. Post-Fordism is characterised by continuously increasing flexibility, adapting to market demands facilitating further accumulation. A Post-Fordist model of a virtuous circle develops based upon Jessop's (1994) view of 'economies of scope' with diversified production (characterised by a wider range of available products) accompanied by process innovation (represented by a wider range of approaches to production). This increasingly, flexibly skilled workforce receives rising incomes, there is continued increasing demand for more varied goods and services and the technological sophistication that characterises the global economy generates increased profits which in turn feeds back into more innovation, diversification and flexibility. Whilst the Fordist model envisaged that the prosperity that came from economies of scale and technical concentration would be spread widely through communities, Post-Fordism is more likely to increase prosperity differentiation with those individuals acquiring skills and flexibility benefiting at the expense of those not. This pattern of accumulation is already occurring in the container shipping sector. Open Registries and the increased globalisation of the container shipping industry have facilitated wealth accumulation by the developed world at the expense of the less developed. The biggest liner shipping companies are all based in the Far East, Western Europe or North America, and the less-developed world increasingly lags behind, having to rely upon these "developed world" shipping services to serve their markets. New variations both in vessels and employee skills are demanded to meet the ever-changing requirements of the market place and the continuously changing characteristics of the products transported. Flexibility in supply chain management is now the most significant driving force in logistics as markets become increasingly sophisticated.

Social mode of economic regulation. One of the consequences of the clear increase in need for innovation and flexibility in the labour force is that there will emerge a marked differentiation between those more skilled and better paid and those less skilled and comparatively poorly paid. At the same time organisations have to adapt to this new form of labour structure and also to changes in markets which will occur more rapidly. One consequence is that service quality has to improve if companies are to survive rather than the ability to produce high quantity at low cost. Customers become more demanding and sophisticated with services tailored to their needs rather than accepting simply what they are offered and these trends will continue to grow along with technological improvements and innovations. Meanwhile, the state tends to leave the market place to drive developments and to influence those companies which will succeed and those not. The progressive extension of privatisation along with the growth in deregulation, are the driving forces behind many of these changes. The innovation of new products develops as a result but only where there is the opportunity to do so and this is increasingly designed and controlled from the developed



world whilst operationalised in the less-developed world, using the advantages (to the former) of cheap labour. Thus the divide is exacerbated. In the container shipping sector this process is clearly going on. Privatisation and deregulation in shipping and ports has been extensive worldwide. Container shipping companies have become less traditionally structured and commonly vertically integrated into sectors to which historically they paid little interest - warehousing, trucking, freight forwarding, broking and the like. This is a reflection of the increased flexibility of the Post-Fordist era and the need to serve consumers more sensitively. Issues of quality - including safety, the environment and commercial considerations (delivery times and reliability, condition of goods, access to real-time information) - are now central to the shipping industry, particularly the liner and ferry sector.

**Societalisation.** The societal implications of Post-Fordism are very difficult to predict in particular because the specific pattern of consumption will remain unclear for some time and as a consequence its effects upon container shipping will remain unclear as well. The level of state interference in the marketplace is likely to continue to reduce although this change may just be a redefinition of state involvement and an increase in its subtlety. Moves from state ownership to extended private control are likely to continue but accompanied by increases in international and supra-national regulation through the IMO and the EU for example, directing member state national policies towards the container shipping industry and its commercial, administrative and fiscal environment. The 'nuclear family' has certainly moved on from its predictable focus and demands, to an apparently more flexible unit which the maritime sector now needs to serve, accommodating variation in demand combined with the potential benefits of economies of scale.

Surprisingly little attention has been paid to Post-Fordism and its significance for the maritime sector. However, the role of supply chain management in the development of the maritime sector was examined by Notteboom and Winkelmanns (2001) who identified the characteristics of modern logistics policy, suggesting three Post-Fordist trends centred around service outsourcing, in turn facilitating specialisation:

Outsourcing the production of components, characterised by a large number of specialist suppliers organised on a global scale, providing components for global corporations.

The rise of value added logistics requiring integration of the supply chain into a single process so that benefits of global distribution are fully realised and the flexibility inherent in local logistics suppliers are also sustained.

Outsourcing of transport, warehousing and distribution. Third party (fourth party, even fifth party) logistics is now common where logistical functions are increasingly outsourced to specialists. In the EU, the level of third party transportation is now commonly 50-60%; of warehousing, 20-30%.

As we have noted, container shipping reflects the globalised world economy and as such, Fordist models were useful in structuring our analysis of shipping policy as they had close links with globalisation processes. Post-Fordism as a derivative of Fordism, is characterised by the dynamic principle of competitive advantage. Here, the rapidity



and scale of capital flows in container shipping, coupled with its global physical activity, make it difficult for secure stable policy strategies to be achieved at the national level, and thus regulation shifts towards issues of quality (safety, environment, security, etc) and the rise in significance of international (IMO) and supra-national (EU) policies to regulate the sector (Asheim, 2001; Allen, 1996). Open Registries, emerging because of the globalised nature of the industry, commercially pressurise traditional national registries to the extent that EU policy-making has conceded the development of tonnage tax regimes in member states (essentially indirect subsidy of shipping activities by offering tax advantages used as an encouragement not to flag out), which in many ways are a violation of the principles of harmonisation and liberalisation in the Treaty of Rome (Selkou and Roe, 2002, 2004).

Post-Fordism is thus characterised by complex relationships between policy-making levels which vary by jurisdiction yet still accommodating the over-arching aims of each policy authority. In classic Post-Fordist style, tonnage tax offers an excellent example whereby many requirements of the increasingly demanding maritime/logistics market-place are met whilst advantages of international, supra-national and national collaboration are retained. Internal (nation-state) diversity is realised whilst experiencing the benefits of (international/supra-national) economies of scale; specific industrial needs are met within broader global perspectives.

The discussion of Fordist and Post-Fordist models and their application to the container shipping sector has focussed upon the changing processes within the industry and illustrated the nature of the relationships between the international, supra-national and national policy-making jurisdictions that exist in an era of increasing multi-level governance. The Fordist model was reflected in an initial domination of international policy-making in container shipping exemplified by the activities of the United Nations International Maritime Organisation (IMO) combining with national policy-making, where economies of scale, limited choice of economically priced goods available to mass markets, combined with the use of cheap labour from developing countries on Open Registry vessels, characterised the marketplace.

Supra-national governments including the EU meanwhile, have noted an increased role acting as intermediaries between policy-makers from national states and international jurisdictions, reflecting the development of variability and flexibility in multi-level governance. A prime example comes from the IMO policies for international container shipping safety which are normally taken by the EU and then re-interpreted for member states, in the process facilitating the creation of specific national interpretation and application whilst retaining overall international standards and consistency – although this smooth policy percolation was interrupted between 2003 and 2005 when the EU took the initiative in policy introduction for double-hulled tankers viewing progress by the international policy-making authority (the IMO) as too slow. Another excellent example that has emerged in recent years is tonnage tax in the EU, the use of which is an indication of a reduction in supra-national policy authority as local tax application is achieved more sensitively towards national needs (Selkou and Roe, 2002). Curio-

usly, the increase in national flexibility facilitates the core themes of the international safety policies of the IMO noted above, to be more effectively applied. Thus, an IMO policy to ensure safer container ship operation is enforced by EU policies accompanied by domestic interpretation through encouraging ship-owners to register their vessels with an EU flag, made nationally attractive through a member state designed tonnage tax which meets supra-national desires for a level playing field of competition. This classically flexible and adaptive Post-Fordist model meets the needs of all jurisdictions in that international rules are applied, supra-national aspirations are met, national member state needs are incorporated in flexible policies, and the commercial and safety ambitions of all parties are registered.

Does this leave any role for national container shipping policy-making in a Post-Fordist environment? One view certainly is that it may actually be enhanced rather than redundant. EU member states for example, find themselves with the power to adapt international and supra-national policies to their domestic needs thus resulting in container shipping policies which are more relevant and specific than ever before but with backing from superior jurisdictional authorities. This fits neatly with the international necessity of policy in container shipping, providing worldwide guidance and powers for a worldwide industry, combined with the politically national profile that container shipping continues to exhibit. Thus tonnage tax is empowered nationally, encouraged supra-nationally and meets international desires for safer, cleaner ships. At the same time, Fordist characteristics of policy-making in the container shipping sector seem to have survived the rise of Post-Fordism as states remain actively involved in the maritime sector through the use of Keynesian fiscal and monetary policies which aim to redistribute wealth and reinvestment in domestic economies. Here, national governments intervene in managing wage relation and labour market policies with the primary goal of achieving full employment - and this aim appears both in the Fordist and the Post-Fordist period of shipping policy (Jessop, 1994). More specifically and in the context of European Union container shipping policies, economic incentives given to ship-owners (such as the tonnage tax) have promoted national shipping industries with some variable but significant results. However, this continuation of an interventionist, Fordist tradition has been applied in a distinctly Post-Fordist manner, allowing interpretation by, and flexibility between, member states. This flexibility can be seen both from a national (for example the variations in tonnage tax adopted across the EU) and a supra-national perspective (for example the 1997 State Aid Guidelines for Shipping, a framework that directs shipping policies in member states in the EU).

Consequently it is clear that the move towards Post-Fordism suggests a transition beyond Fordism rather than a conversion from the older model. There has occurred a qualitative shift in the organisation of both production and consumption as well as what Allen (1996) terms a "break in the mode of regulation". In container shipping this is represented by a marked increase in flexibility of service provision along with a policy redirection towards promoting quality. This is illustrated by the partial elimination of cost advantages, enjoyed by unscrupulous container ship operators who where convenient, failed to comply with internationally and supra-nationally agreed safety and

pollution standards (Gwilliam, 1993; Knoop, 2002). The imposition of international regulations along with increasingly effective enforcement mechanisms such as Port State Control are the methods by which a new flexible Post-Fordist model has been implemented within the container shipping industry. In addition, there appears to be a conscious attempt on behalf of supra-national authorities (such as the EU) and national governments (member states) to discourage outward investment represented by the use of Open Registries, by legislating for high quality through such mechanisms as tonnage tax – a form of semi-protectionism against what are viewed as low quality competitors. Whatever the core purpose, this clear and systematic trend towards encouraging quality shipping goes beyond commercial objectives, aiming to create appropriate conditions to establish competitive and quality shipping performance. The way it is now being achieved through (for example) the introduction of tonnage taxation throughout the world, is undoubtedly a Post-Fordist interpretation of the policy-making framework for the sector.

This Post-Fordist movement is a direct consequence of the globalisation of container shipping markets and is an inevitable force that is likely to continue to influence and direct the policy-making scene, and particularly relationships between jurisdictions of policy levels for the foreseeable future. Of course, there will eventually emerge what Selkou and Roe (2004) term a “post Post-Fordist” era, the characteristics of which are at present too far away to be clearly identified. Meanwhile, the continued advance of Post-Fordism models in shipping and their significance for policy relationships between the international supra-national and national jurisdictions, derives from three forces which are central to the sector (Jessop, 1994):

The continuing rise of new technologies resulting from competitive pressures originating from newly industrialised countries. This has concentrated attention upon the need for flexibility in delivery and enhanced sensitivity to customer needs something which the Fordist model neglected.

Internationalisation. The process of globalisation has occurred rapidly and influenced the development of the shipping industry. Consequently nations can no longer act as though borders were closed and markets predominantly domestic. The Post-Fordist model accommodates this trend.

Fordism has experienced a paradigm shift. This is illustrated by the move from demand driven economics (producing economies of scale) to one characterised by supply driven quality of service, accommodating individual desires and needs.

Container shipping has a close relationship with each of these processes and as a consequence, policy-making for the sector is also closely related. The increased flexibility inherent within Post-Fordism and the parallel reduction in state involvement in the sector has influenced relationships between the international, supra-national and national jurisdictions of governance so that characteristics of flexibility are now central to shipping products and policies accompanied by appropriate advice and encouragement. Post-Fordism demands are facilitated by increased technology, a feature also of modern container shipping which has also taken on board the need to be flexible to the

supply side requirements of the market rather than the demand side and its features of economies of scale at the expense of customer needs. National container shipping policies adapted to local needs and markets, working within the framework of international and supra-national guidelines can achieve these Post-Fordist ambitions in a way that Fordist driven policies of the past could not. Container shipping policy at all levels of jurisdiction mirrors these model structures in accommodating increasing specialisation, flexibility in demand, developing technologies and rising quality of service.

The immediate response to the crisis in Fordism that developed was not the creation of a Post-Fordist structure in terms of policy-making and style. On the contrary, it resulted in intensification of existing Fordist characteristics represented by increased flagging out to Open Registries, and consequent significant changes in employment conditions accompanied by a pattern of cost rationalisation by container shipping companies and ship-owners. Post-Fordism represented a further stage away from Fordism of a qualitatively new direction. As such, Post-Fordism is a new era, where regulation (and thus policy-making) moves towards a new flexible regime targeting global competition which at the same time aims at least in part, to safeguard national interests.

## **5. Some Conclusions - Neo-Liberalism, Neo-Corporatism and Neo-Statism**

Three sub-models of Post-Fordism can be used to help clarify the relationship between policy-making, jurisdiction and the container shipping sector in an era of multi-level governance and to provide the basis for some tentative conclusions in an on-going debate.

Neo-liberalism is the earliest and most mature Post-Fordist approach which can be applied to container shipping policy and is characterised by market domination. This is typified by moves towards global port and container shipping company privatisation, deregulation of maritime markets and the adoption of commercial criteria to state shipping activities. The UK presents a good example of where the neo-liberalist model of Post-Fordism has been applied in that there is now no state-owned container shipping sector, minimal state interference in port ownership, management or policy, and also commercialisation of state agencies such as the MCA (Maritime and Coastguard Agency) and the MAIB (Maritime Accident Investigation Branch) whereby commercial costs are recovered through fees for ship inspections and registration.

The result of policies of a neo-liberalist character is that it inevitably encourages competition (in fact this is the prime aim) and in the container shipping sector this means from overseas. Gardner and Pettit (1999) amongst others, have suggested that this can be detrimental to the success of maritime clusters such as the City of London where national maritime market suppliers traditionally were needed to fuel the employment needs of such clusters. Hence the model is neither universally adopted nor necessarily welcome to the industry as a whole.

Neo-corporatism reflects moves towards a Post-Fordist society but the state retains

a role as back-up to private shipping rather than distancing itself substantially as is the case in neo-liberalism or becoming actively involved in both policy and operations as we shall see is the case with neo-statism. This normally manifests itself in voluntary industrial compliance with state guidelines and centres on the role of national container ship-owning representative bodies monitoring, supporting and promoting ship-owners and relevant ancillary bodies. Self-regulation is thus the guiding force with the state acting as a monitoring institution, developing policies to enhance and constrain the sector. The wider international and supra-national policies are put into effect by the industry whilst the state acts as an over-arching policy regulator.

Container shipping has a poor record of self-regulation as a consequence of its international market-place which encourages shipping companies to take the line of least resistance (lowest cost) and also because of domestic pressures both economic and political. Neo-corporatism therefore represents a half-way house between the other more extreme sub-models and despite its inadequacies, features as a structure for the container shipping sector in most countries commonly directed by the national ship-owners' association. It represents only a partial reflection of Post-Fordist trends but one where an element of flexibility in policy interpretation and application is possible.

Neo-statism. The third sub-model is normally associated with a reduction in state interest and interference in the container shipping market-place and in policy initiatives but rather curiously it is here that we can locate the development of tonnage taxation as a major policy strand at a time when Post-Fordism suggests a reduction in state involvement. However, closer inspection reveals that tonnage tax and the way that it has been applied, exemplified by developments in the EU, does retain many of the features of a Post-Fordist world as it incorporates the need for international policy controls along with facilitating the rise in supra-national influence at the same time as allowing national interpretation and flexibility in application of cross-jurisdictional rules. Consequently, EU shipping receives supra-national protection from international commercial competitors, maintains standards of quality which have been eroded elsewhere in the search for cost savings, sustains employment and fleet representation despite pressures to cut costs, and allows national variability to co-exist alongside international and supra-national demands for level playing fields. This neo-statist model encourages a positive role of the state in monitoring and policing quality and competition in shipping and the EU approach to ship taxation has facilitated this in a way that is acceptable to all levels of jurisdiction.

This approach is of course, not without criticism or deviation. Most established EU member states have introduced a tonnage tax, each with its own variant but regulated by the European Commission to ensure fair play and that the supra-national demands of the Treaty of Rome are met. Meanwhile in another strand of policy-making and implementation, the EU automatically operationalises all IMO regulations, but it allows member states to interpret the IMO requirements in their own specific ways. This facilitates the development of the EU container shipping sector whilst still sustaining quality standards incorporating flexibility into a Post-Fordist neo-statist model.

However, conflict between jurisdiction still occurs and individual member states have introduced policies that on occasion, deviate from the international and supra-national - these include the 2003 decisions by France to ban single-hulled tankers in advance of higher authorities or other member states. But even here, the French decision did not conflict with those of the EU and IMO - it was just in advance of them.

These three sub-models of Post-Fordism - neo-liberalism, neo-corporatism and neo-statism - although contrasting in their characteristics, can be found co-existing and Jessop (1994) cites the example of the EU as clear evidence of this. Taking container shipping policy as our example then Jessop's evidence is clearly apparent. The application of the Single Market approach to container shipping is inherently neo-liberalist in approach - including a single model for seafarer qualifications, the all-embracing cabotage rules, and open access to shipping markets for all member states - and is characterised by 'liberalisation, deregulation and internationalisation'. Meanwhile, neo-statism is evident in Commission policing of competitiveness in the liner shipping sector, in attempts to regulate competition within and between ports and in cross-governmental research strategies for the maritime sector. Neo-corporatism emerges in social policies that encourage worker mobility (seafarers and officers) facilitating flexible working practices in industry.

The variation in sub-model application towards policies in the container shipping sector can also be found between different member states as they interpret their Post-Fordist jurisdictional role in different ways. Thus for example, the mixed neo-liberalist, neo-corporatist and neo-statist Post-Fordist approach of the EU towards state-aids in shipping has been interpreted differently by member states resulting in national shipping policies that in the majority reflect only one or two of these model strategies. It is here that the example of tonnage tax is most appropriate. For example, in the UK we see a tonnage tax regime with neo-statist (detailed Treasury taxation regulations including training requirements), neo-liberalist (in that the tax is flag blind), and neo-corporatist (in that companies can choose whether to opt for the tonnage tax) characteristics. In other states (for example Greece) there is no choice but to enter the regime if vessels are to be Greek flagged, but there is no associated training requirement. Tonnage tax thus satisfies a multi-functional policy need. It facilitates the application of EU supra-national policies whilst encouraging the flexibility of member state interpretation of those policies to meet national needs. The demands of the Treaty of Rome are matched by the member state requirements to recognise political necessities which remain focussed nationally. The flexibility in this process is mirrored in the neo-liberalist, neo-corporatist and neo-statist trends and priorities that vary between member states in their shipping policies.

The Fordist range of models has been applied to the development of container shipping governance and the policy structure that has developed and the significance of the Post-Fordist view and a series of sub-models has emerged as characterising the sector. The surge in tonnage tax regimes in the EU (and progressively elsewhere) reflects an attempt by the range of multi-level governance jurisdictions to accommodate

the needs and desires of all players. This in turn has seen a Post-Fordist approach to policy-making tempered by a number of Fordist characteristics which help to make the policy thrust more palatable to nation states in the context of growing supra-national pre-eminence.

These models provide a suitable basis for future policy analysis in the maritime sector as the trends towards greater supra-nationalisation, combined with residual national demands, suggest more complex policy conflicts.

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## **Politika kontejnerskog prijevoza i modeli stupnjevanog upravljanja**

### **Sažetak**

Značajke međunarodnog kontejnerskog prijevoza su globalna tržišta zbog njegovih proizvoda, infrastrukture, financijskog okvira i izvora ljudskih resursa. Globalizacija donosi i koristi i poteškoće – ove potonje posebice proizlaze iz sve učestalijega korištenja Otvorenih upisnika i s time povezanim promjenama u potražnji radne snage, standardima kakvoće i utjecaja politike koje za time slijede. Globalizacija donosi pitanja stupnjevanog upravljanja i nadležnosti politike pred rastuće naprijed spomenute napetosti između nacionalnih, supranacionalnih i internacionalnih tijela gdje se sukobi ambicija i pogleda mogu značajno razlikovati. U ovom se radu istražuju te napetosti korištenjem fordističkog niza modela te se posebice ispituje mogu li se post-fordističke strukture koristiti za analizu promjena koje se događaju u sudstvu, upravljanju i brodarstvu.

**Ključne riječi:** Kontejnerski prijevoz, stupnjevano upravljanje, post-fordizam

## **Politica del settore contenitori e modelli di governo Plurimultiplo**

### **Sommario**

Il settore marittimo dei contenitori in ambito internazionale è contrassegnato dal mercato globale dei prodotti, delle infrastrutture, delle strutture finanziarie e prestazione di manodopera. La globalizzazione offre vantaggi ma allo stesso tempo crea problemi derivanti in particolare dall'apertura del mondo del lavoro e di regole sempre più libere di assunzione. Tutto ciò provoca grandi mutamenti riguardo la domanda di lavoro, la qualità degli standard e presta il fianco all'influenza della politica.

La globalizzazione implica un governo a livello multiplo ed una politica giurisdizionale atta a fronteggiare le crescenti tensioni tra autorità nazionali, sovranazionali ed internazionali, un terreno su cui a causa di divergenti ambizioni e vedute sorgono conflitti.

Il lavoro indaga su dette tensioni impiegando la scala dei modelli fordiani ed in particolare cerca di stabilire se le strutture postfordiane siano tuttora valide per l'analisi dei cambiamenti che avvengono in campo giuridico e della "governance" come pre nel settore dei trasporti marittimi.

**Parole chiave:** trasporto marittimo dei contenitori, governo a livello multiplo, politica postfordiana

