

# On the Red Sea coast - Ports of Sudan: Privatization and Workers

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**Note: the Red Sea State is one of the 18 wilayat or states of Sudan. Port Sudan is the capital of this State (ESSF).**

## Contents

- [Types of Employment at the \(...\)](#)
- [Conflict between the Cooperati](#)
- [Privatization Steps](#)
- [Ports of Sudan: Privatization](#)

Established in 1909, Port Sudan (the city is named after the port) is the largest and most vibrant seaport in Sudan. It also provides important access to the sea for neighboring land-locked countries like Ethiopia, Chad and South Sudan. It has seven sub-ports:

1. The northern port: It is the main port for general goods, oils, and molasses and livestock exports.
2. The southern port: for containers and grain.
3. The green port: for general merchandise and dry bulk goods (goods and crops that arrive at the port in in loose form in containers and are packed after arrival at the port).
4. Port of Al-Khair Damadama: for petroleum products.
5. Prince Othman Digna Port: for passengers and personal luggage.
6. Port for vehicles, livestock and general cargo.
7. Oseif port: for the export of iron ore and metals.

Work at these ports is the main source of income for many citizens of Red Sea State, especially after the closure of most factories in the state, including textile and tire factories. The failure of agriculture in rural areas due to insufficient rains and draught has further driven the port's status as the only place for employment and earning a living in the region. Despite the limited work opportunities available at the ports, the cooperative opportunity allocation methodology, known as the Kalat system, adopted by cooperative associations of workers, has mitigated the hardship faced by citizens in the Port Sudan area. The Kalat system is based on solidarity and sharing between loading and unloading workers (distributing available work to the largest number of workers from all Kalat. Under this system, a worker may work for only two days a week to avail his place to another worker. Beside the loading and unloading work opportunities, other temporary casual work opportunities have provided a source of income to many families.

## **Types of Employment at the Ports of Port Sudan**

Employment with the ports of Port Sudan can be divided into three categories: permanent employment, temporary employment, and loading and unloading employment, which is also known as "Kalat". Kalat is the plural form of the word "Kala" derived from an Indian language and meaning "group". It has been used to refer to groups of workers since the establishment of the ports of Port Sudan when the predominant workers were Indians and Yemenis.

### **Permanent Employment:**

According to statements from activists in Red Sea State, the number of permanent employees is estimated at 5,000. These include all workers and employees working at the Seaport Authority in permanent jobs (e.g. accountants, observers, drivers, cleaners, etc.)

### **Temporary Employment:**

The number of employees in this category is estimated to be about 2,000. Some of them have university degrees but are working as clerks, technicians, skilled workers and other jobs. This is one of the strangest types of temporary employment in Sudan, as some of the temporary workers have working in this way for up to 12 years without being promoted to full time permanent employment, despite the fact that the Seaport Authority is continuously recruiting permanent employees with better salaries. As such, it is normal for temporary employees to train new permanent recruits while being paid less. It should be noted that temporary workers receive less salary and fewer incentives than permanent workers do not receive pension, health insurance and other social benefits. .

### **Loading and Unloading Workers:**

According to activists and members of the cooperative societies, the number of workers in loading and unloading work is estimated to be more than 30,000, divided into the following three sub categories:

1. The loading and unloading workers who work inside ships are distributed over 124 Kalat, each consisting of 14 workers holding membership cards in the kala, issued by the cooperative societies that regulate the work of the Kalat. The membership card can be inherited, sold, and rented. No one can work in the ports without a membership card. The Kalat are divided according along tribal and ethnic groups lines, representing the groups around and within the city of Port Sudan. Members of all Kalat constitute about 80% of the workers in the ports and the Kalat are distributed as follows:

- a. Hamadab - 17 Kalat
- b. Kurbab - 15 Kalat
- c. Nurab - 15 Kalat
- d. Aliyab - 14 Kalat
- e. Fadelab - 5 Kalat
- f. Abdul Rahman - 7 Kalat
- g. Musayab - 11 Kalat
- h. Shoaibab - 2 Kalat
- i. Beni-Amer - 2 Kalat.

The rest of the Kalat are aligned with a range of other Beja groups, such as the Hadandwa. Loading and unloading workers who work inside vessels are represented by a cooperative society that was established in the sixties. It is responsible for concluding shipping and unloading contracts with companies and the Seaport Authority, and allocating work assignments to the Kalat. The head of

each Kalat then assigns work to members after checking their membership cards, whether carried by original owners or renters.

2. Loading and unloading workers who work outside ships: These Kalat are aligned with the majority of the Sudanese ethnicities living in or around Port Sudan. Previously these Kalat were known as Kalat alafa, meaning the workers around the corner, and they numbered 110. Recently, their number has more than doubled to reach 300 and they have become known as the Custom Clearance Kalat or the Unloading Kalat. The Cooperative Society for Loading and Unloading Workers outside the Ships, which was established in 1967, signs contracts on shipping and unloading with the Seaport Authority and receives the cost of shipping and unloading on behalf of workers. It pays the Kalat after deducting 10% of the total amount cover the cost of its service. Since the end of the eighties, most of these Kalat have been dominated by the Beni Amer group, and are divided into several specialized Kalat such as the trucks Kalat, and the tons Kalat (work here is defined by weight).

3. Loading and unloading workers working in customs halls: According to a member from the Association of Customs Hall Workers, the association has 350 workers from different ethnic groups in Sudan and their scope of work is limited to Suakin port. Their job is confined to carrying goods from the freight holding areas to customs halls and to their destinations around of Suakin port.

### **Conflict between the Cooperative Societies and the Loading and Unloading Companies Founded by the Governor of Red Sea State**

The cooperative societies of loading and unloading workers have operated since the sixties. Since their establishment, these societies have represented workers and negotiated on their behalf with the Seaport Authority, the ship owners and the Loading and Unloading Workers' Union and the assigned work to the Kalat. According to some activists in the Red Sea State, the cooperative societies are receiving the lion's share of the money collected for the loading and unloading work, but only allocate a small percentage to the workers of the Kalat. As such, the cooperative societies and the members of their management boards, which are dominated by opportunists, accumulate great wealth over time. The wealth of these associations and the members of their management boards were a tempting target for the Governor of Red Sea State who wanted to tap these significant financial resources. In 2017, he suggested setting up private companies to conduct loading and unloading in place of the cooperative societies.

Some activists and observers consider the governor's suggestion as essentially the first step to getting rid of the loading and unloading workers who are standing in the way of a smooth privatization of the ports, a plan that Sudanese Government has been entertaining for years. However, the Governor's decision was met with rejection from the management of cooperatives and some workers, which led him to lure some of them with money or other benefits. It was announced that these companies would provide workers with health insurance services, pensions and benefits after service. It was argued that the establishment of these companies was intended to better manage the work and not to achieve financial gains. The governor also added that the income of the workers would not be affected by the establishment of these companies, and suggested to the members of management boards of the cooperative societies that he was planning to establish up to four companies for loading and unloading, two of which could be owned by the cooperative societies while he would own the other two. The workers, the heads of the Kalat, and the leaders of the cooperative societies refused the offer when they realized that it is threatening their influence and income. The two camps remained at an impasse until April 2018, when the governor issued a resolution to dissolve the cooperative societies and task the companies that he had established with

the administration and management of loading and unloading work. The resolution sparked violent resistance from the cooperative societies, the workers and the heads of the Kalat, who argued that the dissolution of cooperative societies does not fall under the jurisdiction of the governor, but was a right of the management boards of these cooperative societies, unless modified by a judicial decision. A full strike was called by workers in April 2018 against the decision of the governor.

With a view to finding a way out of this crisis and allowing the governor to save face, the Workers Union in Red Sea State proposed that the governor recant his decision to dissolve the cooperative societies and instead establish one company for a trial period. The company would through the Kalat, specifically with the truck Kalat, under the supervision of the cooperative societies and the Workers' Union. However, the proposal was rejected by the governor, and tensions escalated. The governor, to gain support for his resolution, carried out visits to traditional administration leaders, who control the cooperative societies, but the situation remains tense.

## **Privatization Steps**

The Sudanese government started the process of privatization of Port Sudan Ports, without paying enough attention to the complex situation of workers at the port. When the government granted management rights of the container terminal at the Southern Port to I.C.T.S, a Philippine company, which managed the port for four years, they also launched a bidding process for the management of the same port. Seven international companies submitted bids, including I.C.T.S. DP World and other companies from Saudi Arabia, France and the Philippines also bid. The tender was closed in a timely way and the only step that was left was to study the offers and announce the winner. However, this step has still not been taken. Instead, in November 2017, the Minister of Transport, Makkawi Mohamed Awad, announced that Qatar had expressed interest in building the largest container port on the Red Sea coast. Recently, Sudanese and Qatari parties agreed to develop the Othman Digna (Suakin) port for passengers.

Workers in all categories mentioned above have realized that the process of privatization that the undertaken by the government is threatening their jobs. Many activists and observers believe that the workers will be the first victims of privatization plan, especially in the absence of any study of the situation of the workers and their future.

### **Implications of the Port Privatization on Workers:**

There are concerns that privatization will affect workers in the following ways:

1. The increase in temporary employment job insecurity by allowing companies to more easily cut positions. The Seaport Authority has started transferring permanent workers to ports that are scheduled to be privatized, and many are now at the northern port. It is anticipated that at a later stage most of the workers will be dismissed by their company employers under the pretext of surplus labor.
2. Most of the 30,000 loading and unloading workers will lose their employment, because the company will not honor the current Kalat system followed by workers and cooperative societies.
3. The introduction modern machinery and technology by management companies to replace manual labor because their goal is to achieve greatest profits.
4. The loss of many services and facilities provided and managed by the Seaport Authority to help workers, their families and the local community, such as hospitals, pharmacies and schools.

Companies would only abide by the terms of the contract with the workers and are unlikely to provide similar social services.

5. Privatization may threaten the security situation in the state because it will be difficult to control anger and protest of workers may lose their source of income and find few other options in a state that relies so much on the ports.

6. More than 2,000 other workers in companies and institutions that rely the income of port workers, such as the cooperative hospital group, cafeterias, restaurants, coffee shops, grocery stores, transport vehicles and others operating in and around the port would also be vulnerable if the workers on whom they rely for business lose their jobs or face salary cuts.

Many activists in Red Sea State believe that the container port, scheduled to be privatized, is already successful and has a strong and distinctive infrastructure. The port was established in 1981 and has a container enclosure 1785 meters long and 500 meters wide. It has six berths with a length of 1478 meters. It also has eight bridge cranes to transport containers to and from ships, and 23 rubber cranes to transport containers to and from trucks, in addition to a number of mobile cranes for the handling of empty containers. It also contains 23 tractors and 49 tractor trailers and silos with a capacity of 50,000 tons.

These activists and some experts added that Sudanese ports do not lack human resources, but only need to be organized and modernized in accordance with well thought out plans in the interests of workers, so as to keep pace with the modern international standards of ports. They recommend the following steps to address the concerns of workers at the facing the ports:

1. Sudanese sea ports do not lack technically qualified staff. Those who have been dismissed by the Seaport Authority are now working as advisers and senior officers with international port companies. As such, the challenges facing the ports is not the lack of qualified personnel, but the unsound policies and plans of the government of Sudan and the Seaport Authority to privatize the ports and recruit international experts to run the ports.

2. Current temporary employment in the port should be reviewed and classified by The Seaorts Authority. Those who are qualified should be absorbed into permanent positions, and those that cannot be absorbed should be trained so that they can find new jobs.

3. The 2017 draft Authority of Sea Ports Act, which is intended to turn the authority into a private enterprise to facilitate the privatization processes and the displacement of workers should be opposed by the Port's worker's association and supporting worker's associations. Paragraph (f) of Article (7) of the new draft law gives the Seaport Authority the right to enter into contracts with other companies. Article (9) of this law gives the Seaport Authority the right to restructure the entity, which could mean the dismissal of employees.

4. The Seaports Authority, in collaboration with port's cooperative organizations and labor organizations need to conduct thorough studies on the situation of the loading and unloading workers so that the port modernization takes the future of these workers into consideration. Here are some pointers that need to be considered:

A. With the help of the government, elderly workers should be identified and granted retirement with monthly pensions from the huge resources owned by the port's cooperative societies for the loading and unloading workers.

B. Young workers should be identified and classed according to their skills. They should be provided with training in modern machines (cranes, forklifts and other machines).

C. The State should, in cooperation with the cooperative societies, train and support the sons and daughters of loading and unloading workers and assist them in finding jobs outside the port including by providing them with microfinancing so that they can start their own small businesses.

D. The work of cooperative societies, which have for many years been exploiting these workers, collecting sums estimated to be in the billions should be reviewed by supporting labor organization. These societies have accumulated large sums of money from workers' contributions and built hospitals and other real estate, but the workers and their families are not benefitting from these assets. These associations have been dominated by managers who have not held general assembly meetings since 1989. Activists state that the greed of these associations, their injustice and exploitation of workers are represented, for example, by their usual practice of agreeing with shipping companies to unload a ship at a cost of 500,000 pounds, only giving the workers 10,000 pounds and dividing the rest among the managers.

E. The activities of the Social Security Fund, whose management consists of representatives of the companies operating in the ports, and a representative of the Kalat. The revenue of the fund is collected from deduction of 5% from the companies' earnings and 5% from the income of each Kala though the benefit for the employees from this fund is minimal.

F. The current loading and unloading workers' union (a body supported by the government) should be replaced with an entity more genuinely reflective of workers' needs and views, as it does not provide any concrete services to workers, but has continued to conspire with the management of the Seaport Authority in the privatization process. In addition, the union collects large sums of money from the workers' monthly subscription of one pound per worker, beside a daily percentage of the workers' earnings for every 5,000 tons of goods unloaded or shipped.

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## **Ports of Sudan: Privatization and Workers (Update)**

29/1/2019

On January 28, 2019, workers in the southern port of Port Sudan entered a labor strike to protest the privatization of the operations and management of the port. The Sudanese government granted the port management privileges to a Philippine company for a contract worth 410 million euros (\$ 468 million) as a premium, in addition to 2 million euros (\$ 2.28 million) ) Per month, according to local media. The workers protest against this privatization, because of the ambiguity of the terms of the contract signed between the Sudanese government and the Philippine company, the loss of many jobs as a result of this privatization as well as the previous failed experience of privatization of the port in the period between October 2013 to October 2017. At least \$ 4 million over the four-year period had been paid to the same company because of that failure.

Sudan Democracy First Group, publishes herewith its report on the impact of privatizing Portsudan Port's management on the workers, as well as the corruption and mismanagement that accompanied the previous experience.

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