

Note on the proceedings

Tripartite Meeting on the Social and Labour Impact
of Globalization in the Manufacture of Transport Equipment

Geneva, 8-12 May 2000

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Introduction

The Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment was held at the ILO in Geneva from 8 to 12 May, 2000.

The Office had prepared a report¹ to serve as a basis for the Meeting's deliberations. It addressed the following topics: the overall economic setting of the transport equipment sector within the manufacturing industry; the motor vehicle manufacturing sector; the parts/components (supply) industry; the other TEM industries (ship-building, locomotives, aircraft, bicycles and motorcycles); emerging social and labour issues and opportunities for improving dialogue between the social partners.

The Governing Body had designated Mr. E. Patel, Worker member of the Governing Body, to represent it and to chair the Meeting. The three Vice-Chairpersons elected by the Meeting were: Mr. H.-M. Melas (Austria) from the Government group;² Mr. A. Doshi (India) from the Employers' group; and Mr. A. Mercau (Venezuela) from the Workers' group.

The Meeting was attended by Government representatives from: Austria, Brazil, Canada, China, France, Japan, Republic of Korea, Spain, Thailand, United States, as well as 17 Employer and 17 Worker representatives.

Observers from the Arab Labour Organization and the United Nations Conference on Trade and Development attended the Meeting and representatives from the following international non-governmental organizations also attended as observers: the International Confederation of Free Trade Unions, the International Metal Workers' Federation, the International Organization of Employers, the World Confederation of Labour, the Organization of African Trade Union Unity and the International Federation of University Women.

The three groups elected their Officers as follows:

Government group:

Chairperson: Mr Zhang Junfeng (China)

Vice-Chairperson: Ms. T. Mill (Canada)

Secretary: Mr. L. Koransky (United States)

¹ ILO, Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment, Geneva, 2000: *The social and labour impact of globalization in the manufacture of transport equipment*, 191 pp.

² The representative of the Government of France informed the Meeting that France had abstained in selecting the representative of Austria as the Vice-Chairperson of the Government group.

Employers' group:

Chairperson: Mr. M. Lambert

Vice-Chairpersons: Mr. Y. Fueta

Mr. E. Garza

Mr. R. Jaccard

Mr. C. Legba

Secretary: Mr. J. Dejardin (International Organization of Employers (IOE))

Workers' group:

Chairperson: Mr. P. Kennedy

Vice-Chairpersons: Mr. A. Gillespie

Mr. R. Kuchelan

Secretary: Mr. P. Unterweger (International Metalworkers' Federation (IMF))

The Secretary-General of the Meeting was Mr. O. de Vries Reilingh, Director of the Sectoral Activities Department. The Deputy Secretary-General was Mr. N. Jennings of the same Department. The Executive Secretary was Mr. P. Bailey. The Experts were: Mr. J. Myers, Ms. L. Tegmo-Reddy and Mr. B. Subramaniam.

The Chairperson welcomed the participants on behalf of the Governing Body. He noted the importance of the transport equipment manufacturing industry, and especially of the automotive segment, for many economies. The various subsectors of the TEM industry were highly coveted by developed and developing countries because of their high employment- and income-generating potential, export-earning propensity, R&D spending and level of education and skill requirements. Nevertheless, motor vehicle production still remained highly concentrated in a handful of countries and companies, mainly located in the OECD.

The aircraft manufacturing industry was even more highly concentrated than motor vehicle production with only two manufacturers of large passenger planes and three makers of engines. Ship-building was another subsector of the industry which had witnessed massive job losses in the developed countries of Europe and North America which had meant important employment gains in countries of the Far East (Japan, the Republic of Korea and China). Even the manufacturers of locomotives were subject to the pressures of globalization and were consolidating their positions through mergers and acquisitions – often leading to retrenchments.

Indeed, many of the challenges the industry had to face – which had economic and social dimensions – were at the heart of the globalization debate. Global

competition was forcing employers, trade unions and governments to rethink industrial relations and the role social dialogue had to play.

The Chairperson also drew attention to two important Declarations of the ILO which were significant for the deliberations of the Meeting. The first was the Tripartite Declaration of Principles concerning Multinationals and Social Policy, adopted almost a quarter of a century ago, and the Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference in 1998.

Ms. K. Hagen, Executive Director (Social Dialogue) welcomed the participants on behalf of the Director-General. She recalled that by any measure – production, employment, wages, exports and value added – the transport equipment manufacturing industry was a large and important one. The rapid changes taking place as a result of globalization made effective social dialogue in this sector all the more imperative.

Globalization was radically altering the way cars, trucks, planes, trains and other equipment for moving people or goods were ordered, built, sold and scrapped. With improved and speedier transportation, freer trade, lower tariffs and new pricing structures, globalization had become the most profound development in transport equipment manufacturing since Henry Ford invented the assembly line. In the same way that Ford was the first to pay a flat \$5 a day, that company today was the first in this electronic age, under a collective agreement with the UAW, to provide all of its workers (for a nominal fee) with a PC and Internet access, at home.

In the new globalization paradigm of vehicle manufacturing, shop-floor employment in the manufacture of transport equipment was increasingly taking a back seat to outsourcing, marketing, information technology (IT) and leasing, as well as design, marketing, advertising and sales. All of this had implications on how work is organized and compensated.

One major finding of the report was the rise in employment in the automobile parts (components) industry, which was largely due to outsourcing. Such employment shifts were cause for concern among transport equipment manufacturing unions, traditionally the powerhouses of organized labour in many countries. The report noted that suppliers were engaging fewer unionized workers, often resulting in lower wages than in the factories where final assembly was done.

Like everywhere else, the Internet was also changing the way people ordered cars, how companies sold them, how parts (suppliers) were coordinated and how production was organized. It may also have an impact on organized labour.

Other segments of the transport equipment manufacturing industries also faced significant impacts from globalization. As a result of global competition, ship-building had suffered major declines in Europe and North America in recent years with Asian States (Japan, the Republic of Korea and China) becoming the big winners. There were now only two manufacturers of large civilian aircraft and just three that supplied them with engines. The makers of military aircraft had also become fewer and fewer. The pressures of globalization had also been felt in the

manufacture of locomotives, with four leading manufacturers emerging worldwide as a result of mergers and acquisitions.

Globalization was also having repercussions on ship-breaking (which had been the subject of two resolutions at previous sectoral meetings). The scrapping of ships left Europe a quarter of a century ago. Often, such work was done in Asian countries (notably India, Pakistan and Bangladesh) by migrants, in a total absence of any collective bargaining, industrial relations procedures or safety standards.

Major new forms of work organization such as teamwork, flexible working arrangements, time accounts, the four-day week, etc., had been pioneered in the automobile industry and had often been imitated in other sectors. However, many of these flexible arrangements were also negotiated under the menace of global competition and the threat that work and jobs would have to go elsewhere unless established work patterns became less rigid. Nevertheless, all of this underscored the need for social dialogue.

It was clear that fewer workers would be directly employed for assembly operations. Jobs would shift as increased attention was paid to R&D for the design of the vehicle, implying more scientific, information technology (IT) and engineering occupations. The Executive Director noted that the distinction between blue- and white-collar workers was increasingly blurred as a result of the introduction of new technologies and work requirements. She looked forward to the ensuing discussion on these subjects.

Ms. Hagen concluded by highlighting how the ILO had repositioned its mission around the concept of *Decent work*, which revolved around four strategic objectives, each of which was a key element in the achievement of decent work for all. These objectives are: the promotion of fundamental principles and rights at work, employment and enterprise development, social protection, and social dialogue.

She hoped that the Meeting would be a vehicle for social dialogue at the international level and would develop and adopt useful conclusions for action by the constituents and by the ILO itself as regards the transport equipment manufacturing industry.

Part 1

Consideration of the agenda item

Report of the discussion ¹

Introduction

1. The Meeting met to examine the item on the agenda. In accordance with the provisions of article 7 of the *Standing Orders for sectoral meetings*, the Officers presided in turn over the discussion.
2. The spokesperson for the Employers' group was Ms. Wakefield and the spokesperson for the Workers' group was Mr. Kennedy.
3. The Meeting held five sittings devoted to the discussion of its agenda item.

Composition of the Working Party

4. At its fifth plenary sitting, in accordance with the provisions of article 13, paragraph 2, of the *Standing Orders*, the Meeting set up a Working Party to draw up draft conclusions reflecting the views expressed in the course of the Meeting's discussion of the report. The Working Party, presided over by the Government Vice-Chairperson (Mr. Melas, Austria) was composed of the following members:

Government members:

Austria:	Mr. Melas
France:	Ms. Ory
Japan:	Mr. Uemura
Republic of Korea:	Mr. Yi
United States:	Mr. Koransky

Employer members:

Mr. Fueta
Mr. Geer
Mr. Legba
Ms. Ruseva
Ms. Wakefield

¹ Adopted unanimously.

Worker members:

Mr. Blum

Ms. Eller-Braatz

Mr. Kennedy

Mr. Nogara

Mr. Nxumalo

Presentation of the report and general discussion

Presentation of the report

5. The report prepared for the Meeting by the International Labour Office was introduced by the Executive Secretary. Globalization was a key issue for the transport equipment manufacturing (TEM) industries. There had been numerous mergers and acquisitions and strategic alliances in recent years. The rapid pace of developments in the automotive sector meant that even some of the latest information in the report had been overtaken by events. The report was organized according to the ISIC which enabled data to be provided on a uniform basis. The motor vehicle industry was the largest source of employment, the best paid and most unionized subsector. Despite the many companies making automobiles, production was highly concentrated. Japan, the United States and Germany were the major producers and ten countries accounted for 90 per cent of production. The report highlighted some important shifts in shares of production over the past four decades in an expanding market. The report also pointed to the increased role of suppliers. While employment in vehicle assembly had decreased over the last two decades, it had increased in the parts sector, where employment was now double that of assemblers. But salaries and the rates of unionization were lower. The report also covered shipbuilding and ship-breaking and the manufacture of locomotives, motorcycles, bicycles and aircraft. Some of these had also been affected by structural change and mergers and acquisitions, not necessarily to low-wage countries. The report referred to the emphasis on teamwork to improve competitiveness; the increased pace of work which sometimes led to stress; early retirements which led to skill shortages; and the importance of vocational training and retraining in the sector. A section on social dialogue noted, for example, the role of European Works Councils, employment pacts and employee ownership schemes. "Greenfield" sites were often not conducive to unionization but in the United States "neutrality agreements" provided a more level playing field. The report did not provide answers but identified key areas and provided information and analysis with a view to stimulating discussion.

General discussion

6. The Employer spokesperson complimented the Office on the excellent report which contained much data and was a good basis for discussion. Few industries had

transformed society to the same extent as the transport industry. Mobility of people and goods underpinned economic and social development. Challenges included the need to adjust to and anticipate changes at the local and global levels. The industry already had an excellent record of innovation, contributing to social values by improved environmental and safety performance in every sector. Transport equipment manufacture was a highly competitive, capital-intensive, high technology industry. There was a continuing focus on restructuring through mergers and alliances, building economies of scale and consolidating expertise. The transportation industry was an extremely strategic one with strong backward and forward linkages that affected economic growth. Many countries had looked to it to develop high-quality jobs. Trade agreements were opportunities and challenges for governments, employers and workers. They enabled companies to supply regional and global markets, stimulating growth and employment. The challenges of globalization were being met by employers developing strategies to adapt to change while minimizing problems for the workforce. Lifelong learning was essential as it enabled employees to acquire more and greater skills and be flexible to the competitive advantage of the enterprises and themselves. Some issues had not been treated fully and it was sometimes difficult to determine whether a particular issue was specific to the sector. There were significant differences in developed and developing countries. Mature markets in the former meant low growth and a predominance of MNEs, whereas in the latter growth was high with more of a dependence on SMEs, leading to different challenges and opportunities for employers and workers. Other key issues included the environment, tax policies including fuel pricing, affordability, how the growth of the transport sector led to local economic growth, and the impact of infrastructure on traffic growth. Just-in-time manufacturing had altered the balance of power in the industry and labour disputes quickly had a widespread impact. Governments were changing their strategies and opening local markets. Lower barriers to entry could leave existing operations struggling to cope with high fixed costs. Constructive dialogue at all levels was necessary to address the important issues faced. Some examples were mentioned in the report but there was no single solution. The Employers' group looked forward to discussing broad issues, such as innovations in alternative propulsion systems, information technologies which were having a major impact on sourcing, assembly and distribution. It was also important to focus on skills and how to add value in a flexible way.

7. The Worker spokesperson thanked the Office for the good report and for organizing the Meeting. The topic was very significant for the sector. Social dialogue – at the Meeting and beyond – was critical and fundamental to the future of the industry.
8. The representative of the Government of China said that the transport machinery industry was developing in his country with consequent social and economic impacts. The Meeting provided the opportunity to exchange opinions and learn from others. Notwithstanding the quality of the Office report, it should have presented more information on developing countries which were buying large quantities of transport equipment from the international market and there were social and labour concerns that needed to be addressed. He provided details of the post-reform TEM industry which had developed quickly but was still relatively small. On the basis of a self-reliance approach, the industry had been able to develop locomotives, aircraft and bicycle manufacturing. By the end of 1998 there

were 6,779 TEM enterprises with a labour force of 2.8 million (compared with 3.7 million in 1995), accounting for 3.4 per cent of employment in the manufacturing industries. Wages in TEM were slightly higher than average. Many enterprises had collective bargaining and collective agreements and labour laws and regulations guaranteed workers' rights. There had been consultations with workers' organizations to manage job losses. Social protection measures included re-employment arrangements, including retraining. Developed countries should assist developing ones, including through the transfer of knowledge and technology. The training and retraining of workers, while protecting their rights and interests, to adapt to new technical requirements was very important. Increased social dialogue was an important tool. The ILO should disseminate data to developing countries, obtain more information from them and provide assistance.

9. An observer, the General Secretary of the International Metalworkers' Federation, noted that the sector was linked to globalization in two ways. It was a key means of globalization as well as being one of the most globalized industries. Restructuring was not a recent phenomenon. It started decades ago in the western European shipbuilding industry, spreading to the aerospace and automobile industries. The current mergers, acquisitions and alliances were another phase of a process that commenced in the North American vehicle industry in the early 1980s. Globalization increased competitive pressures and was now driven by economic policies that stifled economic growth and development. Because workers in developing countries remained too poor to buy the goods they produced, these goods were exported, increasing pressure on pay and employment in mature markets. Intense competition and restructuring also occurred in emerging markets where recently established manufacturers were setting up in low-wage regions where workers were more vulnerable. Stimulatory and distributive initiatives that would lead to sustainable growth were essential. Globalization with a social dimension meant raising living standards in poor countries and full employment in the developed world. New transportation concepts, including investments in infrastructure, would lead to more jobs. All stakeholders should be involved in policy decisions. The key role of labour in mitigating the impact of restructuring had to be recognized. Trade unions provided an essential voice. As a constructive partner, they worked to maintain wages, guarantee investments to save jobs, negotiate severance benefits and early retirement schemes, and often succeeded in attaining job reduction through attrition rather than redundancy. Increased union representation could help reduce economic inequalities and guarantee that the benefits of globalization would be widespread. Arriving at negotiated decisions took longer than imposing unilateral ones but led to better results. The follow-up to the ILO Declaration on Fundamental Principles and Rights at Work should be especially vigilant in the global production networks where many workers worked for subcontractors or in export processing zones in conditions below the norms set by the ILO. The ILO must engage the Bretton Woods institutions and the World Trade Organization to implement the Declaration. While it was understood that the ILO must undergo change, it should not alter its fundamental tripartite character, promoting social dialogue between governments, employers and workers. Although representatives of other interests and organizations should be heard, they should not speak on the same basis as the ILO's institutional tripartite partners.

10. An observer (International Federation of University Women) commended the ILO for better gender emphasis in sectoral reports, but noted continuing under-

representation of women in decision-making bodies of the ILO. Manufacture of transport equipment was a sector with poor gender representation, but she noted women's role in spare-part manufacture in developing countries. Women's increasing role as decision-makers in consumer choices for transport equipment should be taken into account more in the design and all other aspects of transport equipment products. Women workers should also be involved to a greater degree in consultations at the workplace, taking account of their increasing importance in the workforce and as consumers. Women should be included more in all phases of transport equipment production and in social dialogue in the industry.

Point-by-point discussion

Long-term employment implications of consolidation in the TEM industries

11. The Worker spokesperson noted that globalization was already well under way in the 1980s in the automobile industry, and major consolidation had occurred in the aerospace industry in the United States. Merger and acquisition activity had been somewhat overstated in the report, because many of the recent moves were attempts to stall mergers and acquisitions by forming strategic alliances. The restructuring of the supply chain was having an adverse impact on jobs. A major wave of industrial concentration would reinforce oligopoly, harm consumers' interests, and cut jobs. All of these were a major problem – as witness the current strikes in the Republic of Korea. Restructuring must be negotiated – the Nissan case was an example whereby all the change process should happen through negotiations concerning displaced workers, and be essentially confined to attrition. Time and patient negotiation were crucial to a successful conclusion to restructuring. Over-optimistic predictions for the automotive industry had caused massive problems – China, India and other countries had experienced great difficulties. North America could adjust by cutting working hours – but there had been more factory closings in the United States industry than elsewhere. There had been an upturn in transport equipment manufacture in India, while there was stagnation in the industry in China. Other industries needed to be able to take up the slack, but ageing automotive workers were unlikely to be re-employed in IT jobs. The implication was clear – when TEM stagnated, new technology jobs might decline. New transportation schemes in Europe could have a significant effect on employment.
12. The Employer spokesperson observed that any transport equipment manufacturer had to focus on cost, demand, productivity and delivery. The market would seek efficiencies, especially through enhancing its cost structures, chasing new opportunities, and coping with overcapacity which at present was equivalent to 88 plants. Profit margins were poor, less than 5 per cent, which affected long-term viability. In the United Kingdom, for example, BMW's restructuring programme was overwhelmed by the effects of currency fluctuations, leading to huge losses. Research and development, for example on fuel cells, which was very expensive and high risk needed to be spread over large volumes of production. All of these cost factors were very important. With regard to demand, government policies were required to foster sales of new equipment (such as reducing taxation on new cars, avoiding excessively stringent regulations on vehicle safety or pollution) and to

enhance the transport infrastructure, which could boost demand and hence employment across the TEM sector. Such policies should be stable, especially in a context of fluctuations in the overall economy, in the demand for specific types and brands of goods, and so on. There were always going to be some fluctuations in employment due to regional economic performance and a company's success in the market. The question was how best to address the issues that arose. Hence the importance of reskilling and of social dialogue.

13. The representative of the Government of Austria noted that the effects of the consolidation process should not be generalized – for example, there had been no negative impact in Austria, which had a workforce of 40,000 at the current time, 3 per cent of total employment, a 16 per cent increase over ten years.
14. The representative of the Government of the United States wondered what would have happened if there had been no consolidations, mergers and acquisitions in recent years.
15. The representative of the Government of China felt that there had been too much emphasis on the industrialized countries. For China, globalization had led to the importing of transport equipment, which had reduced the workforce from over 3 million to 2.8 million over ten years. Some new employment had nevertheless been generated by multinationals locating in China.
16. A Worker member from France regretted that unions were becoming mere spectators in transport equipment firms, even those in Germany that used to be a model for industrial democracy. However, he argued that any projects carried out without worker participation were likely to run into serious problems. He therefore requested that the employers be more open towards social dialogue.
17. A Worker member from Spain referred to the European Union Directive concerning workers' participation in decision-making on employment-related matters, which had been paralysed by a Spanish Government veto. He stressed the importance of social dialogue in order to avoid conflict.
18. The representative of the Government of Spain responded by recalling the long-running efforts within the European Union to develop instruments that would regulate companies and society, including co-determination within companies. His Government supported the development of worker participation and the directives on European Works Councils were incorporated into Spanish law. The situation was still fluid and Spain was an active participant in revising proposals to meet the needs of the 15 Member States. There was no question of a Spanish veto. He was confident that the issue would move towards finalization in the near future.
19. A Worker member from Japan remarked that the automotive industry there had been hampered by financial, administrative and fiscal reforms, and had also had to adapt to new environmental standards. Mergers and acquisitions and globalization were having a strong impact on employment in his country. He attached great importance to the tripartite forum on these matters that the ILO's sectoral meetings offered.
20. A Worker member from the Republic of Korea noted that since the Korean Government had initiated policies to attract foreign investors, many multinational

companies had taken advantage of the opportunities. American, French and German companies presently held over 50 per cent of the TEM industry. Such MNEs tended not to recognize trade unions and there were many labour disputes. For example, some companies had threatened to withdraw their investment if workers joined a trade union, and similar threats faced workers in components suppliers too. Multinationals must be persuaded to respect representation rights in particular, and workers' rights in general. The ILO should keep a watchful eye on such matters.

21. A Worker member from South Africa argued that it was important to realize that social dialogue on the change process was only taking place in industrialized countries. In developing countries, discussions were replaced by faits accomplis. Overcapacity was exacerbated by employers starting up in different countries. Multinationals often brought in foreign experts and staff rather than employing local people, and sometimes restricted the transfer of skills – especially in certain specific areas. In South Africa downsizing took place by laying off workers, not by natural attrition.
22. The Employer spokesperson referred to the question posed by the representative of the Government of the United States about what would have happened if there had been no consolidations, mergers and acquisitions in recent years. There had been severe problems for Chrysler, Ford and General Motors in turn in the past 20 years or so, which had necessitated major restructuring and realignment in the industry. Strategic alliances are often motivated by efforts to share high costs of research and development. Many companies had invested in new, expanding regions to try to develop local skills, sales and markets. Where major changes were expected, it was essential to have social dialogue, structured in a way that was compatible with national customs and traditions.
23. The Worker spokesperson observed that workers had been affected by restructuring throughout history. Mergers and acquisitions were another element in this, and it was clear that existing contracts must be respected and transferred to the new enterprise. For example, the 21,000 redundancies in Nissan were being managed through dialogue relatively smoothly, but it was important to ensure that this happened throughout the company, not discriminating against workforces in certain countries.

The changing structure of the automotive industry and its effect on employment

24. The Employer spokesperson did not wish to speculate on new technology and the like. However, she felt that for high value added products a move towards direct sales was unlikely. Owners would want service and advice over their vehicle's life. Workers would require reskilling to adapt to successive new technologies, and there was a need to discuss skilling strategies. She wondered how the growth in the IT sector would affect the TEM industry.
25. The Worker spokesperson noted that when output and demand both grew, employment did not need to fall. Markets for transport equipment in developing countries could grow if their economies were not shackled by poverty and other problems in the international economic environment. There were many regions

where vehicle consumption was relatively low; with the right kinds of vehicles and higher incomes, new markets could open up. The value of workers' productivity and gains from productivity growth should be distributed more equitably. In many developing and emerging economies, wages were kept low and working hours long. Investing in new production systems offset the employment and demand-generating impact that investment could have. For example in Brazil vehicle output tripled between 1990 and 1998 while employment declined. Integrated concepts and policies should be devised that increased emphasis on vehicle emission control technologies and the provision of cleaner petroleum-based fuels; they could contribute to employment creation. Employment in traditional distribution channels would suffer as a result of Internet sales. Economic and social policy-makers had a responsibility to ensure that new employment opportunities were created and redundant workers were adequately trained. Planned workforce reductions had to be discussed with trade unions and appropriate mechanisms found. Maintenance and service work would continue and customer-configured cars and the availability of more options could make the production process more labour intensive and slow down workforce erosion. Current trends that pointed to lower employment could be due as much to the absence of sound economic policies as to technology advances or organizational innovation.

26. The representative of the Government of Austria said his country had experience in offsetting job losses through employment creation. The rapid development of IT would lead to new distribution structures. Job losses in traditional sectors were being offset by opportunities in new ones. It was likely that there would be some structural problems due to changes in skills required. He agreed on the importance of reskilling and retraining.
27. The representative of the Government of France emphasized that consumer behaviour would be the determining factor, influenced by increased access to the Internet. Globalization affected traditional roles and developing appropriate skills was essential in order to manage its impact.
28. The representative of the Government of the United States said that technology was a two-edged sword. Jobs could be lost, but others could be created. Semiconductors and other new components in cars could lead to new jobs. More complex cars with many accessories could lead to job increases.
29. A Worker member from Argentina said that the use of new technologies and work organization, such as teamwork and multiskilling, in his country had had a devastating effect on workers who had to acquire new qualifications. The new requirements would have to be negotiated at the enterprise and sectoral levels. A new production paradigm led to new types of enterprise which, through their different contracts and forms of negotiation, were segmenting the labour market. A recession had reduced demand, salaries and dynamism in the TEM industry, yet the service sector had grown. Economic borders had opened and globalization had resulted in stiff competition that enterprises had to meet. Outsourcing led to a number of companies creating new production zones and modifying their structures so that they were medium sized, stable and able to adapt to new opportunities. Fewer jobs were being created as companies reduced labour costs.

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30. A Worker member from Germany considered that the point for discussion included the issues of quantity and quality. Workers' and employers' associations in Germany were convinced that jobs declined as productivity gains exceeded market growth. But employment in the metals industries had increased for the past three years, driven by the automotive industry. However, as there would be job reductions in the long term, it was necessary to look at new areas of employment. There was a tripartite association for work that searched for new jobs where traditional jobs were declining. Although there would be a new field of services linked to automobile production, new jobs need not be created in the same sector. A challenge was to find new areas. The association had identified new employment fields such as financial services, recycling and research and development. There was a clear regional dimension and priority had to be given to creating new jobs near existing enterprises since workers in one area would not benefit from jobs created in another.
 31. An Employer member from the United Kingdom agreed. There had been a rapid decline in employment in the automotive industry and companies could not be expected to sustain continued financial losses. The issue was not to keep going at any cost but to examine how to take care of the persons affected by closure. In the United Kingdom there had been an approach to encourage retraining and to assist transition to other sectors. One had to be realistic; if mergers had not taken place, weaker partners would have disappeared. Multinationals needed to be socially responsible, providing improved on-the-job training and preparing workers for a future beyond the factory.
 32. The Worker spokesperson was not convinced that the dealer network would stay intact. Thirty per cent of a vehicle's cost occurred after manufacture and, in order to compete and bring costs down, dealer markets would be targeted. In any downsizing there must be dialogue between the parties concerned. Currency fluctuations, market cycles and restructuring initiatives all affected the TEM industry. He agreed with the last speaker concerning the need for socially responsible multinational enterprises. Good economic policies were also essential.

Likely social and employment consequences of outsourcing

33. The Worker spokesperson noted that outsourcing was now a way of life but its consequences were serious, including growing economic inequalities and weakened trade unions. Outsourcing usually reduced employment in organized bargaining units and increased it where trade unions were weak or absent, undermining both union strength and established collective bargaining systems. The threat of outsourcing was used by some employers to advance their agenda in labour negotiations and to weaken trade unionism. In developing countries domestic suppliers were pressured with threats of bringing in foreign suppliers; in the developed world pressures related to lower wages and working conditions. If, as employers stated, outsourcing was not to weaken bargaining or union representation, they should turn to "insourcing" when it was economically feasible, as well as negotiating the social impact of outsourcing with trade unions. One of the main reasons that workers earned less in the parts industry was that it was more difficult to organize them and legislation in many countries perpetuated this trend. The strict observance of the core labour Conventions and the Declaration was an

essential part of the solution. Trade unions' contributions to good economic performance had been widely demonstrated. Consequently, they sought cooperation in organizing workers in supplier enterprises, including the provision of "neutrality" agreements and the recognition of trade unions or other legal mechanisms to facilitate the representation of workers. Trade unions and civil society were increasingly turning to corporate codes of conduct. The International Metalworkers' Federation had prepared one that included the core labour Convention and additional provisions for fair wages and decent working conditions. Employers' practices of unilaterally establishing guidelines could not replace a negotiated code.

- 34.** The Employer spokesperson considered it was important to recognize that the TEM industries were both capital and labour intensive; outsourcing thus made sense to provide flexibility, reduce costs to respond to competitive pressures and to allow tiers of suppliers to focus expertise and capital on particular sub-systems. Where expertise existed, one could leverage capital resources, keep capital affordable and maintain jobs across the industry. Cost, quality and delivery were the keys. She stated that in some countries the wage gap between assembly and supply workers was not as large as stated in the Office report. Allowing expertise to develop in suppliers enabled economies of scale. This created a stronger parts sector and led to diversification which, in turn, allowed SMEs in developing countries to compete and grow in the supply chain. Voluntary codes of conduct covered a broad spectrum of activities including employment and supplier relations. Some companies considered that codes provided them with a competitive advantage, and having a clear statement on how they would do business should be seen positively.
- 35.** A Worker member from the United States noted that in his country there had been substantive restructuring through outsourcing. The United Auto Workers union had negotiated job and income security provisions for workers. Companies were required to hire new employees to replace natural attrition or when employment fell to an unacceptable level. To further protect against the impact of outsourcing, the unions' ability to preserve jobs had been strengthened recently. This involved advance notice, regular tracking meetings, employer provision of financial data and union involvement in outsourcing decisions and in product development.
- 36.** An Employer member from Germany questioned the data in the Office report which showed wage differences between assemblers and suppliers of 26 per cent. Differences in wages in the supply industry were 2-9 per cent, depending on skill levels. Moreover, wages in the sector were 15-20 per cent above those for the manufacturing industry as a whole. Outsourcing had consequences; there are now fewer but larger supply companies and there is usually more organized labour in larger companies, so today suppliers have on average a higher proportion of organized labour than in the past.
- 37.** A Worker member from India noted that outsourcing was intensive in developing countries. MNEs in the automobile industry started their assembly plants in developing countries, creating massive capacity in the hope of supplying emerging markets. They promised local suppliers that they would give them orders, insisting on international quality but at the lowest possible cost. When the local companies could not produce the quality product they were threatened with imports, the setting up of new factories, or acquisitions of local manufacturers. MNEs did not

wish to increase wages along with the increased levels of skills required. No worker in India could afford to buy the cars they produced. Where unions were stronger they were under pressures from MNEs to increase the workload. Job security had to be paid for with static or reduced wages, despite higher skills. A paltry amount was given for separation. Despite a 25 per cent increase in production, there were job losses and no increase in wages. Outsourced work might be paid at 70-80 per cent of assembly work in industrialized countries, but it was barely 10 per cent in the developing world. The ILO and employers should develop a code of conduct or practice to ensure that MNEs paid reasonable wages to workers.

38. A Worker member from the Republic of Korea spoke of problems related to outsourcing there. Workers' organizations had been weakened and regular employees had been replaced. Regular positions had become temporary ones. The Government should establish a policy so that temporary workers were considered as regular workers, which would particularly benefit small-scale industries. Temporary workers should also receive wages and working conditions equal to those of regular workers.
39. An Employer member from the United Kingdom noted that it was not just workers who were affected by downsizing. Many management layers had been abolished too. The same had occurred at suppliers. Where companies used to buy based solely on cost, quality was now paramount, which encouraged long-term relationships because of the investment required. Unless the cost base of the automotive sector was reduced there would be fewer companies remaining in business. Some companies had reviewed their position and brought activities back inside if it was found to be cheaper.
40. A Worker member from Japan said that outsourcing there had occurred because of price-cutting. In some cases, suppliers themselves also outsourced, leading to several tiers of suppliers. The primary supplier outsourced part of the business to one who could produce more cheaply. Due to global competition the problem was unlikely to be solved. What was needed was a consensus to ensure fair competition rules amongst the three parties.
41. The representative of the Government of the Republic of Korea wished to respond to the statement by the Worker member from his country. Even though the Republic of Korea had not ratified Conventions Nos. 87 and 98, it had labour legislation that protected workers' rights, including freedom of association. Foreign companies would be punished if they had unfair labour practices. Applying the same wage policy to regular and temporary workers would be difficult.
42. A Worker member from the United States considered that the Employers' group's comments suggested that multi-structured supply chains and steep wage gradation were independent of the activities of MNEs at the top of the supply chain, but workers viewed matters differently. MNEs used their strong position to extract price concessions and set suppliers against each other which, in turn, put downward pressure on wages and working conditions. The ILO should review trends in value added net of wages per hour worked. It would be seen that this measure has been increasing sharply for assemblers, whereas for suppliers in many sectors it has

remained constant or grown slowly. This reflects growing inequities in the industry.

43. The Worker spokesperson stressed the importance of outsourcing for the trade union movement. If a consequence of outsourcing was the safeguarding of quality jobs, as was suggested by the Employers' group, one of the reasons was that these jobs were union jobs. When jobs moved, the union component should move too. Agreements had been negotiated with the major car makers in Canada concerning relationships between suppliers and trade unions whereby workers were expected to be treated with respect and dignity. When the will of the workers was clear, suppliers would recognize unions. The practice of government in placing the threshold for worker organization far higher than that needed to govern was deplored. The concept of "work ownership" had been negotiated. While the employer owned the tools and equipment, workers owned the labour component of production. This provided protection from outsourcing for work traditionally carried out by unionized workers productively at reasonable cost, which was an important safeguard. In the aerospace industry the situation was rather different, with agreements aimed at job security. New concepts included partnerships with suppliers. Unions were open to new approaches, provided there was a quid pro quo of long-term security for union members. The Workers' group agreed that there was no single solution but reiterated that negotiated outcomes stood the best chance of success. Women workers were often the principal victims of outsourcing. Strategies were required that maintained and promoted gender balance in the workplace.
44. The Employer spokesperson summed up by saying that outsourcing was prevalent for several reasons: greater flexibility; lower cost and increased competitiveness, thus maintaining employment; and greater leverage of expertise and capital. Outsourcing was a dynamic process as the TEM industries sought better strategies in the face of increased competition, including insourcing. Gaps in wages and working conditions between assembly and supply workers in some countries were not as great as had been stated in the report. Cost, quality and delivery were all taken into account, but not in a race to the lowest price because quality is critical. Different circumstances required different approaches and all parties should be involved when necessary. Freedom of association was a broad issue, beyond the scope of this Meeting, and the ILO was already fully engaged in it.

Achievement of productivity gains

45. The Employer spokesperson said that it was difficult to discern from the data in the Office report how productivity gains had been achieved. Employment growth in the TEM sector seemed to be at least as strong as in manufacturing as a whole; in the automobile sector it was even stronger. The best performing economies in terms of productivity seemed to be those that were the strongest and most balanced economies overall. Locally, productivity growth could adversely affect employment but it increased the long-term viability of enterprises. Productivity growth was not new, not specific to the TEM industry and not necessarily a consequence of globalization. It was natural for enterprises to seek a better way. A flexible workforce was more valuable than a piece of equipment since it enabled competitive advantages to be seized and developed. Employers recognized and appreciated the extent of the skills of the TEM workforce. A combination of factors

led to greater competitiveness and sustainable jobs. Technology could improve ergonomics, reduce occupational hazards, eliminate undesirable work and improve product quality. Job losses had been offset by new types of jobs with new skills. Government policy, such as rigid labour laws, could affect long-term employment prospects through making the transition to new technologies and cost savings more difficult. Nonetheless, the TEM industry had a record of finding flexible solutions for change. She noted the interrelationships between the changing nature of the industry, the need to work constructively with all stakeholders and adapt skills to new needs. The TEM sector could be cyclical and had to be able to work with other economic sectors in order to balance opportunities. Many governments recognized that the TEM sector could be an engine for growth and the Employers' group encouraged them to look beyond TEM and pursue a diversified approach to achieve strong economic growth and job creation.

46. The Worker spokesperson did not see how flexible labour markets could increase productivity. There was no labour market inside an enterprise and external flexibility allowed employers to lay off redundant workers. In certain countries trade unions had cooperatively negotiated flexible labour practices where they had benefited their members. Generally, however, there was no acceptance of the efficacy of most of the measures, except that they must be negotiated with trade unions. Flexible labour markets theoretically allowed companies to become more productive by finding workers with the desired qualifications. But with declining employment there was little scope for using increased flexibility. Labour market flexibility had often meant a reduced commitment of employers to workers and a transfer of the effects of changes in output directly to the workforce. There was more reliance on individual contracts, short-term contracts and agency workers which merely served to lessen labour costs, not improve productivity. The reasons for the increase in output were not due to labour market flexibility but to products designed for a lower labour content, new production organization, new technologies, and longer and more intense working time. Trade unions were open to innovation and change, but they had to be negotiated and improve job security, living standards and the working lives of their members.
47. The representative of the Government of Austria pointed to increases in productivity and profits as a result of capital investment and the reorganization of work patterns in the TEM industry in his country, but there had been limited job creation.
48. The representative of the Government of the United States noted that it was difficult to obtain comprehensive employment data due to the extent of outsourcing. The statistics presented could understate the true situation.
49. A Worker member from Australia said that flexibility was not all negative. There were benefits to be had from new work arrangements provided there were agreed criteria for their introduction and clear benefits to the workforce as well as to employers. There should be guarantees that no permanent workers would be made forcibly redundant following change, with the employer having the obligation to retrain and redeploy those affected. Workers would be more cooperative in the knowledge that they had job security. Fixed-term contracts were often used to the detriment of permanent workers. Negotiations on contract labour should take place with trade unions, and contract workers should not be used to replace permanent

staff under the guise of flexibility. In Australia, because flexibility was often equated with redundancy, it had been renamed “working in a cooperative spirit”, but there were still job losses. However, a number of security of employment agreements had been struck with employers in the TEM industries.

- 50.** The representative of the Government of France said that the term “flexibility” was not used in her country which favoured the term “adaptable working methods”. Any workplace changes should be negotiated by the social partners at all possible levels. The Government had provided the general framework of the 35-hour week.
- 51.** The representative of the Government of China said that flexibility led to less stable employment but employers could organize work more easily and reduce costs. He agreed with the Worker spokesperson that there must be cooperation and social dialogue to ensure acceptable change, but stressed that flexibility was inevitable.
- 52.** A Worker member from the Republic of Korea pointed to another form of flexibility – flexible wage systems with performance-based pay and individual contracts. These had led to protests and labour disputes. The changes had been introduced by MNEs to increase profits but had led to more intensive working and distrust between workers because of the individual contracts. Employers should respect workers’ views and negotiate with trade unions to achieve change.
- 53.** A Worker member from France referred to multiskilling as another form of flexible working. The increased involvement of workers in aspects of quality control required new skills which should be recognized. Systems that were imposed unilaterally were open to abuse by employers. Workers preferred negotiated changes. Employers were seeking locations in low-wage countries with potential for high growth which were politically stable and had a docile workforce. In some countries governments had imposed the proposals of trade unions that were close to government.
- 54.** A Worker member from Germany said that there should be no mistaking the fact that increased employment in some countries did not mean an overall increase. Environmental changes, such as catalytic converters in automobiles, were not events that occurred automatically; they came about through legislation and were beneficial. She did not agree with unfettered deregulation which was likely to have adverse effects. In the European automobile industry workers focused on flexibility and working time. There was pressure to work on Saturdays because it was the practice elsewhere. Studies showed that where the greatest reductions in working time had occurred the greatest flexibility existed. A move to three-shift operation in one location could trigger a closure at another. What was behind the concept of flexibility had to be examined and discussions and exchanges of views were important if minimum standards were to be maintained.
- 55.** An Employer member from Germany added that reduced working time would not affect competitiveness only when it was combined with flexibility to ensure the best use of equipment. This had led to a common strategy being negotiated. Reductions in overtime were offset by maintaining overtime allowances, which led to early retirement. Flexibility in Germany was not rejected for ideological reasons, nor was it blindly adopted. Optimal solutions were found through social dialogue.

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56. A Worker member from Argentina said that the term “flexibility” caused problems. It meant do not fight for your interests and do not ask for more money. Flexible working hours were accompanied by insecurity of employment rather than security.
 57. A Worker member from the United Kingdom said that payment entirely by results – piece-work – as appeared to be the case in the Republic of Korea was discredited, unacceptable and counter-productive. It did not fit with modern means of work and remuneration and was divisive. Gain-sharing, however, where workers shared collectively in an enterprise’s productivity improvements, could work if introduced through consultations with the workforce.
 58. The representative of the Government of Canada said that labour market flexibility was important and topical and was a key issue for public policy-makers. Many existing labour laws were enacted for different work environments and may not reflect the current situation and concerns. There were no easy answers as to how to adapt labour laws in her country so that business viability and continued employment could be assured. A balanced approach was needed. This reinforced the need for continued social dialogue.
 59. The Worker spokesperson concluded by acknowledging that higher productivity was an essential part of increasing living standards. The discussions had highlighted the power of MNEs to change the meaning of “flexibility”. There was nothing wrong with the concept, but too often it had been a one-way street. Workers were not opposed to change. They were flexible but needed to be fully involved in deciding on change and its implementation.

Teamwork

60. The Worker spokesperson said teamwork covered a variety of working arrangements, only a few of which had improved working life. The implementation of teamwork was uneven and it often led to increases in stress and injuries. It increased pressure to perform and was introduced to increase productivity. Multiskilling and teams had often been used to reduce manning and reduce non-productive time. Moreover, the competitive nature of teamwork had negative social effects, such as undermining worker solidarity and it could lead to higher injury rates. Teamwork often made it difficult for workers with reduced capacities to find jobs, since those who underperformed would reduce a team’s rewards. Where seniority played a role in promotion, teamwork could undermine it. Managements often appointed team leaders unilaterally. Although teamwork was increasingly common, a slowdown in industry growth made it difficult to reward workers with team leader positions.
61. The Employer spokesperson said that the perception of teamwork depended on the context and culture. It could include collaboration between employers and workers; governments working with the social partners to develop legislative solutions; specialization of work so that the overall result was greater than the sum of the parts; multiskilling; works councils; everyone doing their job to the best of their ability, contributing to the success of all; pride in achievement; and collaboration between all elements of the industry to develop the local economy. Each workplace had to seek the best approach to each task. Thus there was no single model for teamwork.

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- 62.** A Worker member from Australia said that the formalization of teamwork had both positive and unsavoury aspects. The desire to employ the best workers, including overqualified workers, meant that the door was closed to many less advantaged workers and those who were overqualified soon left. Teamwork often spawned elitism and stratification at the workplace with mundane jobs being reserved for those who were excluded from the teams, with little chance of enhancement. For employers, teamwork led to savings in supervision. The social impact of teamwork needed to be examined and employers should ensure there were equal opportunities for the right to work. It was essential that all details of teamwork proposals were agreed between employers and trade unions beforehand.
 - 63.** A Worker member from South Africa, referring to teamwork in developing countries, said a critical issue was the practice of employers appointing team leaders rather than their being elected. This detracted from the intention of teamwork since the leaders applied the employer's agenda and the sense of belonging was lost. Employers who negotiated directly with teams used teamwork to bypass trade unions.
 - 64.** A Worker member from Egypt said that teamwork could be beneficial to employers and workers provided it was developed and applied by agreement according to laws and regulations. He added that globalization had had a negative impact on workers who should have adequate provisions for job security in their collective agreements.
 - 65.** A Worker member from the United Kingdom added that teamwork was one of a number of elements of human resources management. Others included empowerment, flatter management structures and cell-working. Properly conceived and managed teamwork could provide mutual benefits, otherwise it was a recipe for disaster. The selection of team leaders was a crucial point. Teamwork had a cost for employers because of the training required and the need to treat workers equally. Trade unions were receptive to human resources management practices that increased overall gains through greater profitability, provided their needs were taken into account. These included ensuring improved benefits to workers, such as education and training opportunities, more family-friendly benefits and greater employment security. Improved partnerships at the workplace would lead to increased productivity and better quality output. Teamwork had to be developed in consultation with trade unions, not introduced as the human resources management flavour of the month.
 - 66.** A Worker member from Germany emphasized the quality aspect of teamwork and drew attention to the need to ensure women had the opportunity to be team leaders. Recalling the statement of the representative of the International Federation of University Women, she said that in Germany women represented 13 per cent of the automobile industry's workforce, compared with 22 per cent in the metal industries as a whole. Women had been hardest hit in terms of job losses but remained in the majority when it came to buying many TEM products, especially cars. It was therefore important that women were given equal opportunities for work and at work. There was a clear programme in this regard within the European Union and the Daimler-Chrysler merger had brought new approaches from the United States to the European side of the enterprise.

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67. A Worker member from the United States said that regardless of the form teamwork took, workers needed certain buffers to ensure a safe, productive workplace with high-quality output. There should be a sufficient level of employment to meet the needs of the enterprise and its workers, sufficient inventory and reasonable work cycle times. The occupational safety and health needs of workers should be met, training provided and time set aside for meetings to discuss quality issues.

Effectiveness of vocational training and apprenticeships

68. The Employer spokesperson observed that one of the most important distinguishing features of countries was the quality of their workforce in terms of education and skills. Training and education were therefore crucial for all stakeholders. She referred to a variety of attitudinal problems facing the industry. Outsiders did not necessarily see TEM as having all that positive an image, and the best students were not greatly encouraged to enter it. Skilled trades are valued very highly in North America. There were major problems of ensuring that there were quality candidates, that graduates of business schools would consider going into TEM industries rather than the financial or other sectors, and attracting women candidates by various means. All the stakeholders could encourage greater enthusiasm for their sector. Frequent imbalances between supply and demand for skills therefore required more strategic thinking and a greater emphasis on ensuring the currency of the curriculum, in order to provide state-of-the-art and cutting-edge training. She noted that it was not just higher level learning that was required, but skills for all those involved in the sector, and in society as a whole. The aim should be for lifelong learning. Educational institutions need to focus on making lifelong learning accessible to employees, tailored to shift work and downtime or slack periods. Some institutions were better at imparting applied knowledge, for example polytechnics and technical colleges, rather than universities. There were many good examples of collaboration between workers' representatives, governments, employers and civil society to enhance the quality of education in industry and in the economy as a whole. Cost and geography were major barriers to education, but technology offers answers to this – the sector should plan for tomorrow, not today or yesterday. There was a pressing need to prepare the workforce for changes in the future, so that they could continue to make a valuable contribution. Equality of opportunity and access is crucial, and it is important to work closely with public sector institutions. Employers want to ensure that the whole TEM sector worked together to ensure the supply of productive workers for the future.
69. The Worker spokesperson noted that much work needed to be done on vocational training and apprenticeships to cope with the restructuring under way – the question was whether the skill mix was right, and whether the demand was there. There was clearly a mismatch of supply and demand for skills, with specific shortages in research and development, financial services and product recycling. Many national training systems were not oriented towards enhancing the supply of right-skilled workers, and vocational skills training was not efficient when it overemphasized mechanical skills that did little to help workers cope with electronic components. There was insufficient technical training in universities, and the “brain drain” from developing countries testified to this mismatch. It was

essential to reform and strengthen the vocational training systems, not just in line with current needs, but also relating to new products, processes and materials, for unions and non-represented workers.

- 70.** An Employer member from Germany said the Office report stated that the German dual system of apprenticeship training was going through a crisis because of the obsolescence of training that took three years or more to complete, because nobody would know what skills would be required at the end of the course, especially in metalworking and electronics. Professional qualifications had to be passed on to young people, with adaptation and adjustment to change, for example in relation to teamwork, and training on topics like work organization should go hand-in-hand with technical subjects. There was a new draft syllabus in Germany for vocational training for electronic engineering and similar fields, which was certainly not obsolete training. It was important to bring enterprises into the examination process. “The prevailing certification after the three (or three-and-a-half) years of apprenticeship training was an exam which students either passed or failed. An apprentice with 95 per cent of the knowledge or who only completed two years went away empty-handed. The employers had proposed a partial certificate to cover the above situations, but the trade unions were against the proposal, wanting only fully-fledged graduates.” New apprenticeships had grown from 45,000 to 70,000 in recent years. Employment levels were not what they should be, but training exceeded demand, and was especially important in generating employment among younger workers. Lean production and teamwork had encouraged new training methods. Problems were being experienced that could not be helped, but Germany was not going through a crisis in this field.
- 71.** The representative of the Government of Austria noted that his country had excellent vocational training institutions and apprenticeship schemes. There was a steady increase in practically oriented training, which had expanded from automotive to other fields through training institutes. The high demand for specialists illustrated the quality of the training.
- 72.** An Employer member from the United Kingdom was very encouraged by the comments from a German Worker member the previous day – that people who had entered into acquisition of skills could find jobs more easily when their previous skills became obsolete. This was the same issue as that facing the financial sector in London or high technology in Japan in changing times – the ability to find alternative work was dependent on an openness to new skills and adaptation to change. A Canadian Worker member had commented on the relevance of degree courses – few graduates would enter manufacturing employment, because they saw finance (for example) as offering more than manufacturing. There was a fundamental issue of readjustment and workforce reductions, which affected all, from senior managers to blue-collar workers. It was not overall education but flexibility in learning new skills, multiskilling and versatility that would commend people to new employers. People who concentrated only on one thing at work would find it much more difficult to move on when problems arose. Multinationals should look at this issue very carefully. A few years ago, the speaker had been obliged to close a truck plant but, thanks to their skills training, 95 per cent of those laid off had found new and meaningful jobs within six months. The aim of vocational training should indeed be meaningful and decent work.

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73. A Worker member from the United Kingdom observed that there were skill shortages in many sectors there and there should be a tripartite approach to solving this problem. A previous Conservative Government had felt that training was for employers to arrange, and had therefore abolished the training levy and curtailed apprenticeship schemes, while many employers had closed their training centres. There were many fewer apprentices and, as they were the ones with the best qualifications, they were often poached by competitors, or saw their own skills as the basis for career development elsewhere. The unions had predicted the consequences of these policies at the time. All three social partners should have a role in training, which should never again be used as a device to “massage” the unemployment statistics rather than to really train people. Vocational training was far too important for one social partner alone to be responsible for it.
74. A Worker member from India noted that the skills gap was wider in India, with a highly skilled workforce as well as tens of thousands of skilled engineers suffering high unemployment. Governments and employers used to be able to start up new colleges or training programmes, but governments were no longer able to work in new disciplines because of lack of funds. Industries were not investing in initiating new institutions or training people for new jobs. Institutions were created by private individuals not for the current and future needs of the country but to make money. The Indian Constitution aimed for better representation of backward classes, but this could mean that better qualified potential students often missed out. Training was not matched to the skills required, and there was a large “brain drain” to industrialized countries. Individuals’ training choices meant that their skills were aimed more at their own employability rather than at the industry’s needs. In this context, syllabuses could not easily be fixed and the whole process became very difficult. There must be consultations between the governments, industrialists, trade unions and educators to start the required courses.
75. The representative of the Government of France emphasized the importance of training and noted that government’s role was to ensure access to basic training and education for the largest number of persons possible, including in technical areas. Consultations with the business community on new employment opportunities were vital. Enterprises had to provide training to workers to meet new demands. Workers needed to be as qualified as possible to face the challenges of globalization.
76. A Worker member from France, said that government’s role in providing education, which was a right for all, should not be limited to academic education, but should also comprise vocational training. To avoid past errors the tripartite partners should review strategies for the future to ensure that workers received appropriate training so as not to be unemployed.
77. The representative of the Government of Japan noted that changing industrial structures and new technologies might reduce some types of jobs, mainly in simple and standard occupations. Moreover, skills were becoming quickly outdated. Human resources development required that workers be provided with capabilities not only within an enterprise, but also for jobs outside it. With longer lifespans, occupational lives were expected to grow. It was necessary to improve and update the curricula and equipment of training institutes, to support workers to enable

them to undertake training throughout their working life, and to improve the environment in enterprises to promote human resource development.

- 78.** A Worker member from Spain considered that in discussing changes in industry one should not lose sight of the effects of new technologies. It was necessary to ensure that new training initiatives not only focused on new entrants to the labour market, but also on older workers in the enterprises. Moreover, workers within an enterprise should constantly be given the opportunity to adapt to new demands. Training had to be managed well. In Spain there was a joint training initiative in which goals were defined. Training should take place at the enterprise and during working time, and workers should be paid during these activities. The European Social Fund had a budget to enable the organization of such courses at the workplace.
- 79.** A Worker member from Argentina noted that in his country there had been a reduction in unskilled workers and demands on workers' qualifications had increased. A high-school leaving certificate was now a requirement for operative work. The automotive companies had the highest need for skills, including those required for teamwork. More effective vocational training was essential. The absence of skills led to marginalization. The importance of workers' participation for the success of the company should be recognized.
- 80.** A Worker member from Japan referred to a trend in his country of companies moving their production sites overseas. Many skilled workers were employed abroad and the Japanese manufacturing industry may deteriorate. More focus should be given to human-centred employment. If the importance of skills was not recognized, workers would not attain the highest levels and employment would be lost. In 1999, on a trade union initiative with tripartite cooperation, a new law had been enacted to respect the importance of maintaining a high level of skills. The roles to be played by the different partners were prescribed and it was hoped that it would provide workers with the opportunity of getting better skills.
- 81.** The Worker spokesperson concluded that the importance of training had been made clear by all. One aspect was the development of an appropriate framework for such training. While speakers were positive about training, when it came to making it available, cost often became the major consideration. The question should not be whether training could be afforded, but rather whether one could afford not to train. In Ontario training had been organized to ensure versatility to move from job to job across the sector. Comprehensive apprenticeship training enabled an individual to be versatile. North America also had the problem of a deficit of skills when it moved away from such apprenticeships. It was of fundamental importance that training be an integral and permanent component of work.

Measures to combat unemployment

- 82.** The Worker spokesperson said it was difficult to measure precisely the impact of the various measures taken to combat unemployment, but they had undoubtedly managed to slow employment declines. Employment maintenance provisions in the United States had saved thousands of jobs. Work time reductions in countries such as Germany, France, the United Kingdom, Canada and Brazil had created new jobs. Retraining and redeployment had enabled displaced workers to find new

employment and early retirement clauses had opened employment opportunities for younger workers. Such programmes should be improved and developed. Due to employer demands, overtime demands were increasing but when overtime became a substitute for new hiring it reduced job opportunities. While measures should match the national context, certain forms of flexibility such as part-time work and job-sharing could be universally considered in fighting unemployment. But such employment had to accord with legislation preventing it from becoming low paid and with low levels of social protection.

- 83.** The Employer spokesperson stressed that when reviewing the creation of jobs the roots of unemployment should be examined. Governments had the role of promoting policies that ensured growth and job creation. Short- and long-term dimensions had to be considered. When short-term problems arose, such as recently in Asia, workers and employers had come up with good strategies to safeguard some employment. Employers did not want to lose employees after having invested in them and had taken innovative measures to resolve short-term problems. For the long term, the Employers' group could not support a shorter work week or reduced working time. These lead to increased costs, decreased competitiveness and do not create more jobs. But they could encourage employers to invest elsewhere. When employers and other interested parties developed solutions themselves they generally worked. There were different cultural views about overtime; some favouring it. There were different aspects to overtime. It could be necessary because an unforeseen incident meant that lost time had to be recouped to complete the production schedule, there could be seasonal peaks in demand, or it could exist over the long term. The strategy was to identify the sustainable level of capacity investment which might require some overtime in peak periods. The corollary was that in downturns, many companies provide some level of income continuation for laid-off employees. Different solutions were required and these should be defined locally.
- 84.** The representative of the Government of Austria said his country had been successful in combating unemployment. The unemployment level was far below that of the European Union. Employment assistance was provided to individual jobseekers. Youth had been placed into long-term jobs and unemployment levels of that group had declined.
- 85.** A Worker member from France felt it was clear that redeployment and unemployment were key issues. In France, in order to deal with the situation, collective agreements had been negotiated and early retirement measures had been agreed upon. Problems in a particular subsector could be difficult to solve; solidarity was important. In Aerospatiale 2000, jobs were created following the negotiated adoption of a 35-hour work week.
- 86.** A Worker member from India said that the situation regarding working time was different for developing countries. Workers were being asked to take voluntary retirement to reduce labour costs, while employers were simultaneously insisting on increasing the working hours of the remaining workers. The work week used to be 40 hours, but employers were now insisting on six-day work weeks of 48 hours. To bypass regulations that limited overtime, employers were introducing compensatory time off and using the workers when they wished. Developing countries had rampant unemployment and underemployment, particularly in the

informal sector, and it was scandalous for employers in them to use overtime. The ILO and governments should promote a 35-hour work week and the banning of overtime when it was not necessary.

- 87.** The representative of the Government of the United States emphasized that training and unemployment issues were high priority areas for his Government. The US Trade Adjustment System programme provided benefits for unemployed workers and unemployment services, including training. While it was administered by the United States Department of Labor, the individual states serve as agents to the Labor Department and the programme covered all industries.
- 88.** A Worker member from Germany noted that in her country there was a series of employment pacts to curtail drastic reductions in employment. They had helped guarantee ongoing employment.
- 89.** The representative of the Government of China noted that in order to deal with the problems of adjustment that led to redundancies and redeployment it was essential to create employment opportunities in economic activities outside the TEM sector. Various measures to combat unemployment should be tailored to the needs of individual countries. In China employment centres provided basic livelihoods and retraining to enhance employability. Employment rates had improved thanks to government efforts. Early retirement measures had been tried but had proved controversial and had ceased. Weekly working hours had been reduced from 48 to 40. Although there were no clear statistics on the extent of improved employment opportunities, working conditions had improved.
- 90.** A Worker member from Spain said employers as well as government had a responsibility to promote employment. Measures adopted in Spain included early retirement and the training of young workers for the available jobs. Such measures could be agreed between employers and workers.
- 91.** The representative of the Government of the Republic of Korea stated that his country had faced a severe economic crisis since late 1997 and unemployment had tripled. The Government had undertaken measures to secure employment for workers. There was an unemployment insurance system which provided employment maintenance and financial assistance was provided to companies to help them retain workers.
- 92.** An Employer member from Germany noted that unemployment in his country had increased due to the work week being cut in the TEM sector. He was, therefore, sceptical about the benefits of reduced working hours. Moreover, reductions in working hours were not reversible and effects on workloads, compensation and productivity had to be taken into account. Early retirement measures could be effective. Employment pacts could be useful on a short-term basis, but cost reductions had to be taken into account. They were not a panacea for additional jobs, but provided a certain guarantee in enterprises.
- 93.** A Worker member from Japan noted that the unemployment rate had increased considerably in his country over the past decade. Currently the overall overtime norm was about 150 hours, with about 200 hours for the TEM sector. If overtime could be eliminated and all paid holidays taken, job opportunities would be created.

When a company had to close temporarily, the Government provided subsidies to cover two-thirds of wages. Japan was facing a long-term economic recession and the Government needed to review broader measures. The union was working with it to develop 1 million new jobs in different areas.

94. The representative of the Government of France noted that her country's level of unemployment was high and her Government accorded top priority to this issue. However, a decrease in unemployment began due to various measures taken, such as the reduction in working hours. In June 1998, the law on the 35-hour work week was adopted on the one hand to create jobs and on the other to reduce redundancies, but its effects on employment were not yet known.
95. A Worker member from Brazil stated that his country was experiencing the serious problems faced in other developing countries. The country was large but the market small. The poor comprised the vast majority and it was vital to raise wage levels to have a more equitable society. All other measures were palliative. Employers and governments should ensure the promotion of successful tripartite efforts with the trade unions.
96. The representative of the Government of Brazil observed that there were some positive messages in this area – the sector was exemplary in the goodwill that existed among stakeholders to create jobs, wealth and higher standards of living. Once again, one size did not fit all. Participants had learned much from the experiences shared in this Meeting from various jurisdictions.
97. The Worker spokesperson noted that the cyclical nature and vagaries of consumer demand led to the risk of unemployment, but there was a difference between cyclical demand problems and employer-inspired restructuring. Unless something dramatic happened, the industry was likely to experience more unemployment, and not all solutions could come via government, flexible hours, shorter working time, work sharing, new training and so on. Therefore employers should acknowledge their responsibilities to their employees. They should ensure that training entitlements, holidays and so on were respected, and keep overtime to a minimum in such contexts. Partnerships in the workplace were very important, but they should not be accompanied by challenges to trade unions through questioning labour standards in government circles and the media. Employers had approached government in the Republic of Korea and Canada to request increasing maximum hours to 42 or 48, or asking for exemptions. Governments should also take action on such issues as the disparity between stratospheric employer salaries and share-value increases on the one hand, but weakening social protection and stagnant wages of workers on the other. Profits from productivity gains had not been shared with workers.

European Works Councils

98. The Employer spokesperson observed that European Works Councils (EWCs) are one mechanism for sharing information. The best solutions were always at the local level, where people had a real stake in making solutions work. Different jurisdictions use different terminology and have different cultural traditions. It is important to encourage dialogue and sharing of information, but there is no single

uniform approach that should be spread around the world. Whenever ideas were applied extraterritorially, they need adaptation to local law, culture and traditions.

- 99.** The Worker spokesperson considered that EWCs were a great step forward, for example when Ford had recognized the Ford-EWC as a partner in the spin-off of its Visteon plants into a separate company. But the EWC guidelines needed improvement, and they worked best where workers were well organized and formal rights of union advisers to take part were accepted. So long as the management obeyed the rules of the game, consulting and informing workers properly, it was successful. This was not always the case, as witness the closure of a Renault plant. Failure to consult workforces prior to taking action, and attempts to use EWCs to undermine national unions had often been encountered. Some reform proposals had been made through the ETUC and the European Metalworkers' Federation, notably to lower the eligibility threshold of workers, to guarantee that EWCs received the same information as company administrations, and immediately to adapt EWCs to the changing size and structure of companies. There were some concerns for the future. In Germany and other EU countries, there was some legal basis or model for works councils, but outside Europe there was no such tradition, and in that context the introduction of EWCs there could be problematic. Sometimes employers had used non-union worker representation bodies to undermine unions or the right to organize. SKF and Volkswagen had set up world company councils by voluntary agreement, like other International Metalworkers' Federation affiliates. There needed to be more information and consultation rights for workers' representatives outside the EU. It was important to work out how representatives outside the EU would fit into the structure. He urged employers to open negotiations on world company councils.
- 100.** The Government representative of Spain pointed out that at the time of writing the report of this Meeting, the question of EWCs had very limited geographical coverage since it only applied to the 15 EU Member States and the three countries in the European Economic Area. Therefore it did not apply to Switzerland. Moreover, the experience acquired covered a very short time span, since Directive 94/45, issued under the Protocol on Social Policy annexed to the Treaty of Maastricht, had only been in force for a short period. The provisions on EWCs applied to enterprises with at least 1,000 employees within the Member States and at least 150 employees in each of at least two Member States. This Directive did not apply initially to the United Kingdom, which had excluded itself from the Social Protocol. However, after the United Kingdom had accepted the Protocol, with the adoption of the Treaty of Amsterdam, Directive 98/74 had been promulgated, covering all of the Member States, including the United Kingdom. As for Spain, it had transposed the Directives into national law through two Acts of 1997 and 1999. Nonetheless, in view of the short time that had elapsed since these Acts had been adopted, it was still too early to draw definitive conclusions, although many hopes were placed in the EWCs. Moreover, attention should be drawn to two aspects: (a) the members of the EWCs enjoyed the same guarantees as the members of the workers' representative bodies in enterprises, for which provision was made in national legislation; and (b) the EWCs were not a substitute for the representative bodies prescribed by law, but were superimposed upon them.
- 101.** An Employer member from the United Kingdom had direct experience of EWCs. Although the British Government did not sign up to the Social Chapter initially,

some firms with operations in the United Kingdom had adopted EWCs before the present Government ratified the Social Chapter. The Directive was invaluable for exchanging information, but when very difficult problems arose, it could not work. For example, when production was transferred within the EU, self-interest came to the fore and EWCs had no influence.

- 102.** A Worker member from the United Kingdom responded concerning the United Kingdom's non-coverage under the Directive, pointing out that over 90 per cent of eligible workers were invited to participate in EWCs from the start because multinational employers did not wish to discriminate against British workers. He believed that the social partners should look for a structural mechanism for information exchange and sharing, including with those employees located outside the EU, and without discrimination against non-European workers. He commented that the Office report indicated that BMW owned Rolls Royce. There was, however, only cooperation on two aero-engine products and BMW did not own Rolls Royce.
- 103.** A representative of the Government of China was not familiar with the EWC Directive but would welcome further information on how it worked in practice. China had its own mechanisms for workers' representation, but would be interested in studying this experience.

Industrial relations and greenfield plants

- 104.** The Worker spokesperson observed that employers did close old plants and build greenfield ones for reasons other than effectiveness. Some improvements were achieved in safety and health, retooling and so on in such new plants. But employers were also seeking lower labour costs or trying to jettison unionized workers. Ensuring rights for workers in greenfield plants or EPZs was a major priority for the trade unions. Expertise was often abandoned in greenfield projects when the prime objective was union avoidance. There were many examples where pay was lower in a relocated facility, such as General Motors in Mexico – when the plant was relocated from Mexico City to a lower cost area. When sales forecasts failed to materialize, new plants generally continued to operate while older ones with experienced workers were closed. The burden of the social costs of the move rested with local communities. Enterprises should share the full costs of moving (including social and environmental consequences). This could avoid creating environmentally and economically unsustainable plants, with poor labour rights and suffering the effects of IMF/World Bank austerity programmes. In this area, tripartite cooperation was crucial; corporate priorities should not be the only issue. Unions had major problems in organizing workers in greenfield locations and programmes to do so must be pursued.
- 105.** The Employer spokesperson commented that union avoidance was not the major issue when selecting a location for a new plant. The major determinants were the availability of a skilled workforce, a positive climate for investment, government support and incentives, infrastructure, and proximity to markets. There were many examples of greenfield sites having a unionized workforce, including ones with new approaches to industrial relations. There were various factors that affected the choice of existing or new sites. Sometimes plants were very old with no room for expansion; new markets had developed in new locations; or there were

opportunities for a fresh start and to shed problems from the past. It was true that where labour-management relations were a persistent problem it could influence investment decisions, but there was an obligation on all sides to find solutions. Some workers at greenfield plants had chosen to be represented by other means than a traditional trade union. The underlying presumption of the question was false. The choice of site was unrelated to the degree of unionization.

- 106.** A Worker member from India said that in developing countries greenfield sites were chosen because they could use a low-paid non-union workforce with fewer workers to the detriment of the large pool of skilled workers. He gave examples of two such plants where, despite assurances, the older plants associated with them had been closed. State governments were competing to provide incentives for investment in new plants to mitigate local unemployment but without taking account of the long-term effects in other regions. The ILO should make sure that when new plants were developed preference was given to employing existing skilled workers, including retraining them if necessary.
- 107.** An Employer member from the United Kingdom, recalling his experience with greenfield investments in Europe, cited a very different outcome. Workers were offered a union agreement, were paid higher than the going rate for the region and were given training. The car plants quickly became models of efficiency.
- 108.** An Employer member from India said that the main reason behind greenfield investments was economic – tax concessions offered by governments who wanted to encourage the economic development of rural or depressed areas. No management in India could ignore the unions.
- 109.** A Worker member from Brazil recounted an experience when a company withdrew from one area because of better incentives offered by another. He believed that had the unions been better organized they might have prevented it.
- 110.** The representative of the Government of France said that her Government, like others, wanted to attract foreign investment and ensure harmonious territorial development. It was clear, however, that investors had to observe labour legislation, as well as collective bargaining and other accords negotiated between the social partners.
- 111.** The Worker spokesperson said that the examples cited by the Employers' group reinforced the point already made, that trade unions were an integral part of a strong, efficient manufacturing process. But the successful examples of greenfield development quoted were from industrialized countries with effective labour laws and strong trade unions. Of 15 greenfield sites in North America, less than one-third were unionized. He agreed that economic concepts were important, but economic activity was for the benefit of people and had to take place with social dialogue and in accordance with regulations.
- 112.** A Worker member from India said that despite the strong trade unions at existing plants, they were not permitted in many new plants, despite legislation. The large number of different unions made organization more difficult and employers capitalized on this.

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113. An Employer member from Mexico said that foreign and national investment had been concentrated in the automotive sector, which paid the highest wages in order to attract the most skilled workers to unionized plants. The attitude of the unions was conducive to development and productivity and led to harmonious industrial relations to the benefit of all.
 114. A Worker member of the United States noted that the foreign owners of greenfield sites there were less willing to work with American unions than they were with unions at home. He felt that they should be prepared to do so and be neutral towards efforts by unions to organize workers in those plants.
 115. A Worker member from Venezuela gave an example of a decision to relocate automobile production in order to avoid a new collective agreement and a trade union and pay lower wages in the provinces. This was an unfair practice that had occurred in a number of Latin American countries. It did not contribute to employment growth and did not further social dialogue since decisions were taken unilaterally by the MNEs concerned. Social dialogue should be practised, not merely preached.
 116. An Employer member from Mexico responded by saying that unions existed in all automobile plants. While there might be isolated conflicts, pay in these plants was well above the manufacturing industry average.

Occupational hazards, especially in ship-breaking

117. The Employer spokesperson stressed that safety was an overriding consideration throughout the TEM sector. It was the employer's responsibility to reduce the risk of occupational hazards. Workers, for their part, had to work in a safe manner. It was for governments to set the framework for occupational safety and health, including provision for criminal penalties if necessary. She recognized that ship-breaking was a perpetual problem that had to be addressed, including by international action. Most employers had practices to manage the use of chemicals and to reduce the number of toxic materials in products and processes. They worked with suppliers and were continually improving their safety and health practices, which also made good economic sense. As far as stress was concerned, she said that employers were focusing on eliminating work that did not add value. For example, stock that was not accessible might entail considerable walking. Moving it would reduce this. The use of robots had been discussed and it had been shown that the inherent problems of un-ergonomic, repetitive tasks could be addressed using such modern technologies. Employers also sought to build break times into the work schedule. She concluded by noting that stress was a fact of everyday life and had to be managed by all through responsible and reasonable approaches.
118. The Worker spokesperson said there was growing evidence of increases in stress-related occupational injuries, such as repetitive strain injury, as a result of new work methods, such as lean teams. The ILO should be involved in ensuring that appropriate programmes to avoid them were in place throughout the industry. It was no coincidence that ship-breaking was confined to locations in developing countries where wages were low and environmental and worker protection were absent. This was possible because employers and compliant officials exploited the

desperate need for jobs in these regions. Most involved in ship-breaking were unaware or did not care about the hazardous materials remaining in ships, let alone occupational safety. Poorly educated migrant and casual workers could not communicate their problems and were easily replaced. It might be possible to ensure that all hazardous materials were removed by trained people before a ship was sent to be scrapped. But by whom and who would pay? Also, an inventory of all potentially harmful substances should be drawn up during a ship's construction and be updated during its life. Local and national authorities should ensure that the owners of ship-breaking sites were responsible for the provision and use of personal protective equipment; acceptable working conditions; the proper transport and disposal of hazardous substances; and the provision of adequate health care facilities for all workers. Workers also needed assistance in understanding their rights, including the right to union representation. The central responsibility of governments and employers for ensuring workers' safety and health could not be overemphasized. The ILO should ensure that occupational safety and health legislation was in line with the appropriate Conventions and that governments enforced legislation. Low safety and health standards should not be a source of competitive advantage. Employers must consult and negotiate with trade unions over the establishment and maintenance of occupational safety and health programmes.

- 119.** The representative of the Government of the United States drew attention to the hazards associated with cadmium, benzene and tributyl tin during ship-breaking, as well as unsafe scaffolding and ladders, fire, confined and enclosed spaces and insufficient oxygen, and a flammable atmosphere. Head, eye, foot and respiratory protection are needed in many situations. He said that the US Occupational Safety and Health Administration had a maritime unit and suggested that if similar bodies existed in other countries they should get together.
- 120.** A Worker member from India said that his country was treated as a dumping ground for old ships because of the low wages, plenty of workers and a disregard for the environment. He appealed to the ILO to develop a wide-ranging code of practice for ship-breaking. Governments had to ensure a decent wage in this work, especially in the light of the profits being made, and check that protective equipment and health insurance were provided.
- 121.** The representative of the Government of France suggested that the ILO work closely with the IMO on this issue, which was part of a broader problem affecting ships and their crews.
- 122.** The Secretary-General described the already fruitful and long-standing cooperation between the ILO and the IMO on many issues affecting seafarers and fishermen. However, since ship-breaking was a land-based practice it was outside the mandate of the IMO. But it was squarely within that of the ILO.

Priority action for the ILO

- 123.** The Worker spokesperson said that, notwithstanding the adoption of the Declaration on Fundamental Principles and Rights at Work and its Follow-up and the obligations on all ILO member States flowing from it, there should be no let up in the ILO's campaign for ratification of the core labour Conventions, nor in its

promotion of the ratification and implementation of standards on occupational safety and health and protection of women. The ILO should also ensure that the Bretton Woods institutions and the World Trade Organization included labour rights in all their policies and practices. Governments should call on these bodies to allow the ILO to help them accomplish this. The ILO should oppose attempts by other organizations to set occupational safety and health standards. The Workers' group applauded the recent defeat, largely as a result of a labour campaign, of attempts to have the International Organization for Standardization become involved in this area. The ILO should use its mechanisms and influence to counteract the trend of MNEs to increase power and influence at the expense of governments and workers' organizations. This was a dangerous development that undermined social dialogue. The ILO must retain its tripartite character and labour focus and give equal access to governments, employers' and workers' organizations to its departments and activities.

- 124.** The Employer spokesperson called on the ILO to encourage education and training, especially lifelong learning using new technologies for distance learning. The ILO should also encourage the use of technology to spread economic benefits worldwide, overcoming the traditional barriers facing new and transition economies participating in the TEM industries. Forums such as this Meeting were an important means to assist governments to understand the benefits of establishing favourable economic conditions for a strong TEM sector. These tripartite meetings were a means of encouraging all concerned to play their role in providing fundamental protection while improving working conditions, competitiveness and economic benefits. The ILO should see how best it could support the objective of enabling every economy to participate fully in the opportunities globalization provided to the TEM industries.
- 125.** Worker members from Brazil and the Republic of Korea urged the ILO to step up its campaigns for the ratification and implementation of the Conventions on freedom of association and the right to organize.

Consideration and adoption of the draft report and the draft conclusions by the Meeting

- 126.** The Working Party on Conclusions submitted its draft conclusions to the Meeting at the latter's sixth sitting.
- 127.** At the same sitting, the Meeting unanimously adopted the present report and the draft conclusions, after having agreed to a number of drafting changes.

Geneva, 12 May 2000.

(Signed) Mr. E. Patel,
Chairperson.

Conclusions on the social and labour impact of globalization in the manufacture of transport equipment¹

The Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment,

Having met in Geneva from 8 to 12 May 2000,

Adopts this twelfth day of May 2000 the following conclusions:

General considerations

1. By any economic, social or labour measure the transport equipment manufacturing (TEM) industries are important for many economies. Through constant innovation to increase the ease with which people and goods can be transported, the TEM industries may have done more than any other to improve the quality of life. The automobile industry, in particular, is considered by many governments to be a barometer of economic performance. In good times it is an engine of economic growth which can benefit all stakeholders. The TEM industries have been going through a process of rapid change over the past decades. Automobile production and consumption are concentrated in industrialized countries, therefore more should be done to spread the benefits of both more equally, to develop appropriate TEM industries in developing countries and more affordable and ecologically sustainable means of transportation. Efforts should be made to increase purchasing power of all consumers and thereby increase demand. This will help to more fully utilize capacity and create quality employment.
2. The TEM industries are capital-intensive and highly dependent on research, development and design (RD&D). Furthermore, they are subject to swings in consumer demands, business cycles, government policies and exchange-rate fluctuations which impact on the TEM industries and, ultimately, on the number of jobs generated or retained. In this respect, governments are called upon to pursue policies conducive to economic growth and stimulating demand in a sustainable and equitable manner and to mitigate the effects of economic fluctuations. Employers= and workers= organizations² should have consultations and negotiations, where appropriate, on how to accomplish these policies.
3. The diverse structures of the TEM industries make it clear that there is no single solution that could apply to the issues that were discussed. Appropriate solutions

¹ Adopted unanimously.

² When the term “workers’ organizations” is used, it refers primarily to trade unions as well as other workers’ organizations.

should be negotiated to fit local situations and cultures, where appropriate between the social partners, or on a tripartite basis. There were, however, important lessons to be learnt from others= successes and failures and information on these should be collected and disseminated. The importance of lifelong learning to maintain and strengthen the employability of workers in the TEM industries was fully recognized. Although women represent at least 50 per cent of the users of transport equipment, their involvement in its manufacture is still very low. Efforts are desirable to increase their hiring and participation rates at all levels. Any discrimination in the workplace which impedes the full participation of women should be removed.

Employment implications of consolidation and change

4. Although there has been much publicity about the current wave of mergers and acquisitions, most of the existing companies have been steadily growing over the past century through a series of national mergers and acquisitions. Many TEM companies, particularly from the automobile industry, are entering into international strategic alliances. Therefore recognizing that the process of globalization in the TEM industries will continue in the twenty-first century, governments, employers' and workers' organizations have to make every effort to enhance productivity and ensure the equitable distribution of the resulting gains. While in the immediate future (because of the state of the economy) there might be some employment gains in the automobile sector, the longer term outlook throughout the TEM industries is more pessimistic. There are likely to be job losses in economies due to market saturation, overcapacity and structural change in the TEM industries.
5. To assist workers in times of economic downturn or industry restructuring, governments, employers' and workers' organizations should take steps to prepare for such eventualities, which could include retraining, job retention, or an appropriate level of income protection.
6. In response to prolonged adverse economic conditions, TEM enterprises should only act to close a plant as a last resort. In the event that such a plant closure is unavoidable, enterprises should provide advance notice and information to all concerned, and employers and workers' representatives³ should negotiate terms regarding impacts on workers, in accordance with government policies.

³ Throughout this text when the term "workers' representatives" is used, it refers to Article 3 of the Workers' Representatives Convention, 1971 (No. 135), which reads as follows: "For the purpose of this Convention the term 'workers' representatives' means persons who are recognised as such under national law or practice, whether they are: (a) trade union representatives, namely, representatives designated or elected by trade unions or by the members of such unions; or (b) elected representatives, namely, representatives who are freely elected by the workers of the undertaking in accordance with provisions of national laws or regulations or of collective agreements and whose functions do not include activities which are recognised as the exclusive prerogative of trade unions in the country concerned."

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7. The motor vehicle and other segments of the TEM industries are resorting increasingly to the use of suppliers and to outsourcing. Changes in employment relationships should not infringe on the right to organize and bargain collectively. There is an array of possibilities, including transferring and continuing to apply previously negotiated conditions.
 8. Information technology is creating jobs around the world. Although the Internet will have a profoundly positive impact on the functioning of the TEM industries, it is not yet clear whether the employment impact will be positive or negative. While some jobs might be eliminated, easy access to an increased number of options for vehicles or lower prices could stimulate demand and lead to additional employment opportunities. In addition, new technologies offer significant opportunities for education and training. Studies should be undertaken by the ILO to assess the employment implications of information technology on the TEM industries. Should there be a net loss of TEM jobs as a result of new information technologies, employers and workers' representatives should take steps to address this job loss, which could include retraining, job retention or an appropriate level of income protection.

Productivity

9. Productivity is a function of many factors, including the implementation of new technologies, new production methods, flexible methods of working, reorganization and intensification of work, etc. Productivity growth is critical to enhancing the ongoing competitiveness of the enterprise and raising standards of living. It should come as a result of "working smarter, not harder". It can result in enhanced prospects for long-term sustainability of both the enterprise and employment.

Teamwork

10. There is no single model for teamwork since many factors influence how and in what form it is introduced and applied. Much depends on the specific context and on industrial relations. The proper and effective use of teamwork in some cultures and locations can be productive. It is one element among many which could be used in human resource management to organize work. Team systems must not discriminate against women, older workers, or those with reduced capacity. Prior agreement between employers and workers' representatives, where appropriate, on the introduction and implementation of, and participation in, teamwork is a prerequisite for its success.

Training

11. Human capital is a company's most valuable asset and has to be nurtured in times of rapidly changing skill requirements. Some countries are having trouble in attracting workers (male and female) to technical and engineering professions, and some vocational training institutes and other educational institutions are experiencing problems in equipping workers for employment in the TEM

industries and/or in making the transition from training in mechanical disciplines to electronic disciplines and beyond. Consultations with all stakeholders on training and retraining needs should be undertaken to address these issues. Enterprise-based education is also useful but the foundation should be provided by public institutions.

Combating unemployment

12. Many positive examples of measures to create employment were discussed. There has also been some success in preserving employment levels in situations in transition. Different approaches are required and an appropriate legal framework should accommodate various possibilities. Depending on conditions, these might include part-time work, job-sharing, early retirement and work time reductions. Employment pacts negotiated between employers and workers' organizations are one way of preserving jobs. Whatever scheme is adopted, it has to take fully into account national laws and can only succeed with the commitment of all concerned.

Social dialogue

13. Effective solutions are generally negotiated at the appropriate level depending on the issues. Recent experience with European Works Councils was described. Those Government and Worker members who took part reported positively. Guidelines for social dialogue should ensure that all parties' rights are recognized and respected.

Occupational safety and health

14. Occupational safety and health, including workplace stress and repetitive strain injuries should be dealt with by employers providing the necessary training, technology and other techniques. Given these, workers can ensure that they carry out their duties in a safe manner. Governments should ensure that the legal and regulatory framework is up to date, implemented, and provides for sanctions if necessary.
15. Based on clearly identifiable hazards and hazardous substances associated with ship-breaking operations, the ILO, in cooperation with other interested parties (within the framework of the InFocus Programme on SafeWork), should draw up a compendium of best practices, adapted for local conditions, as a first step towards the preparation of a comprehensive code of practice on occupational safety and health in ship-breaking. Meanwhile, governments should be encouraged to require ships to have an inventory of hazardous materials on board that is updated throughout the life of the vessel. Consideration should be given to having hazardous materials removed before ships are sent to be scrapped.

Activity by the ILO to assist in the process of change

16. The ILO should maintain its campaign for the ratification of the core labour Conventions. The ILO should increase its contacts with other international agencies and the international financial institutions for the purpose of promoting the Declaration on Fundamental Principles and Rights at Work and its Follow-up. According to its mandate, the ILO should be the international organization responsible for setting international standards on occupational safety and health at the workplace. It should also be the international organization responsible for setting international standards on the promotion and protection of women at the workplace. The ILO should continue its promotion of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. The ILO must retain its tripartite character and labour focus and give equal access to governments, employers' and workers' organizations to its departments and activities. The ILO should encourage education and training, especially lifelong learning using new distance-learning technologies. The ILO should encourage the use of technology to spread economic benefits and should continue to provide tripartite forums to discuss important issues in the TEM industries.

Part 2

Resolutions

Consideration and adoption by the Meeting of the draft resolution

At its fourth plenary sitting, the Meeting set up a Working Party on Resolutions, in accordance with article 13, paragraph 1, of the Standing Orders.

The Working Party, presided over by the Chairperson of the Meeting, consisted of the Officers of the Meeting and three representatives from each of the groups. The members of the Working Party were:

Officers of the Meeting

Mr. E. Patel (Chairperson)

Mr. H.-M. Melas (Government Vice-Chairperson)

Mr. A. Doshi (Employer Vice-Chairperson)

Mr. A. Mercau (Worker Vice-Chairperson)

Government members

Canada: Ms. T. Mill

China: Mr. Zhang Gengchen

Thailand: Mr. K. Nakchuen

Employer members

Mr. M. Lambert

Mr. E. Garza

Mr. M. Ghannam

Worker members

Mr. J. Quigley

Mr. C. Romero

Mr. A. Takakura

At the Meeting's sixth plenary sitting the Chairperson, in his capacity as Chairperson of the Working Party on Resolutions and in accordance with article 14, paragraph 8, of the Standing Orders, submitted the recommendations of the Working Party on Resolutions regarding the draft resolution before the Meeting. As required by the same provision of the Standing Orders, the three Vice-Chairpersons of the Meeting had been consulted on the contents of his oral report.

The Working Party had before it one draft resolution, which had been submitted by the Workers' group; it was declared receivable. The Working Party amended the text of the resolution within the time limit set by the Officers of the Meeting.

Resolution concerning the future work of the ILO in transport equipment manufacturing

The Meeting unanimously adopted the resolution.

Text of the resolution adopted by the Meeting

Resolution concerning the future work of the ILO in transport equipment manufacturing¹

The Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment,

Having met in Geneva from 8 to 12 May 2000,

Recognizing that the transport equipment sector is itself one of the most globalized industries as well as being one of the key means by which globalization proceeds,

Considering that transport equipment manufacturing accounts for a significant share of total manufacturing production and trade in a number of countries, including emerging and transitional economies, providing employment and income to millions of workers around the world, and that it is viewed by many countries as a vehicle of economic development while it plays a central role in virtually all major developed industrial economies,

Noting that transport equipment manufacturing through its own value added as well as through its massive purchases of goods and services is a major factor in world output and trade, as well as being the focus of intense competition,

Recognizing that institutions of global governance such as the WTO, the World Bank and the International Monetary Fund promote economic globalization and directly influence the economic programmes of developing countries,

Noting that the policies of these institutions of global governance have an impact on workers in transport equipment manufacturing via the policies of their national governments and the investment projects of transnational corporations,

Emphasizing that social dialogue, such as that institutionalized at the ILO, is not only desirable per se, but is also an essential factor in sound economic decision-making at the national and enterprise levels,

Stressing the importance of the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up adopted by the ILO General Conference in June 1998 and the need to promote its implementation by all appropriate means, including the promotion of the ratification of the Conventions enshrined therein,

Noting that the implementation of the Declaration will promote social dialogue,

¹ Adopted unanimously.

Emphasizing the fact that transport equipment manufacturing industries, in particular the automotive sector, are important promoters of innovations in technology and production processes and, at the same time, are largely affected by subsequent structural change, making it necessary to protect workers against the potential adverse effects,

Recognizing that transport equipment manufacturing continues to undergo massive restructuring, including an expansion and reorganization of global production networks, and a recent wave of corporate mergers, acquisitions and alliances, especially in the motor vehicle industry,

Believing that the outsourcing of work and the growing importance of part suppliers should lead to the maintenance of employment conditions and product quality,

Noting that appropriate policies will require accurate information on the transport equipment sector,

Recognizing that the ILO secretariat's report on transport equipment manufacturing includes a great deal of valuable data on employment, output, trade, working hours and a number of other essential economic and social indicators, and that this is extremely valuable information for employers, trade unions and governments,

Taking into account that as a result of the restructuring trends described above, the picture presented by the ILO's report is bound to change considerably as the process of globalization and economic development advances,

Being aware that the kind of sectoral data presented by the ILO's report comes from a number of sources and is currently not retrievable from a single up-to-date database in spite of its great value;

Adopts this twelfth day of May 2000 the following resolution:

The Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment calls on the Governing Body of the International Labour Office to:

1. Request the Director-General of the ILO to set up a database of social and economic statistics on the transport equipment manufacturing industry, which will draw upon data available from national and international statistical agencies as well as data gathered by the ILO's own instruments, and to make this data available in print as well as electronic form.
2. Consider the following subjects to be included in the agenda of the next session of the transport equipment manufacturing sector:
 - (a) the evolving composition of the workforce, changing employment relationships and skill requirements in the motor vehicle manufacturing industry;

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- (b) the importance of export processing zones and the informal sector in the TEM industry and its impact on labour;
 - (c) the observance and promotion of the fundamental principles and rights at work enshrined in the ILO Declaration in the TEM industries.
 3. Request the Director-General to increase contacts with international agencies and international financial institutions for the purpose of promoting the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up.

Part 3

Other proceedings

Panel discussions

The ILO Declaration on Fundamental Principles and Rights at Work and on the United Nations Global Compact

Moderators: Mr. Zhang Junfeng, Government Vice-Chairperson and Ms. Cleopatra Doumbia-Henry, Deputy-Director, Sectoral Activities Department, ILO, Geneva

Panellists: Ms. Anne Trebilcock, InFocus Programme on the Declaration, ILO, Geneva

Mr. Rajendra Paratian, Voluntary Private Initiatives Programme, ILO, Geneva

Ms. Trebilcock briefly presented the work of the InFocus Programme on the Declaration, and on the general background to the ILO's 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up, before proceeding to relate this to the TEM sector. The purpose of the ILO Declaration was to help bring the benefits of globalization equitably to workers and employers around the world through the promotion of basic principles and rights as a precondition for economic growth and development, building on the message of the World Summit for Social Development, Copenhagen, 1995. The Singapore Declaration of the World Trade Organization renewed member States' commitment to core labour standards, and reaffirmed the ILO's role in relation to them. These two developments led to intense discussions in ILO circles, which paved the way for the Declaration. All ILO member States have an obligation to respect, promote and realize the principles of freedom of association and effective recognition of the right to collective bargaining, and to the elimination of forced labour, child labour and discrimination. The purpose of the ILO Declaration is promotional, not protectionist. It aimed to realize these rights through technical cooperation and a campaign to increase ratifications. There is a follow-up to the ILO Declaration through annual reviews and global reports. A group of expert advisers write the introduction to the report. Copies of annual reports are to be sent to the most representative organizations of workers and employers, who would be able to comment on them. The second part of the follow-up is a global report on one of four categories of rights. The first one, on freedom of association and collective bargaining would be discussed at the forthcoming International Labour Conference (June 2000) to provide the ILO Governing Body with a basis to review the effectiveness of ILO assistance and to set priorities for technical cooperation. The InFocus Programme on the Declaration expected dynamic participation by employers, workers and governments at the Conference. ILO support for the creation of a climate for economic and social development called for research on rights as an integral part of development. New sources of support in the ILO, among donors and others should be identified, and closer cooperation with other institutions pursued.

Mr. Paratian looked at the business and decent work priorities in the Voluntary Private Initiatives Programme of the ILO, and at the synergies between the two. The challenges and opportunities of globalization could be addressed through the decent work agenda. There was a converging focus of the ILO's four strategic objectives – rights, creation of decent and sustainable jobs, protection against social risks and loss of livelihoods, and strengthening social dialogue, including with civil society. This would help to ensure participation and promote stability in enterprises and society at large. Voluntary Private Initiatives were one way of doing this – policies and programmes to promote decent work, using codes of conduct, social labelling, company programmes and so on. Where did business and decent work converge? Projects of this type could include health services, training, working conditions, company operations, neighbourhood projects on education and so on. The aim was to ensure that all the social partners were involved – such initiatives could strengthen firms and make them more competitive and respected. Environmental improvements brought not only social benefits, but could improve motivation, profits, communication and opportunities. The building blocks of decent work included freedom of association. A threshold for decent work worldwide was the UN Global Compact that linked labour rights, environmental rights and human rights – launched by Kofi Annan at the World Economic Forum in Davos in 1999.

Discussion

An observer from an international NGO noted that the Declaration included two Conventions on discrimination: the Equal Remuneration Convention, 1951 (No. 100), and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111). There was another very important instrument to which these were linked, the Workers with Family Responsibilities Convention, 1981 (No. 156). If Convention No. 156 was not ratified, gender equality would not be reached. There was a growth in single-headed households, and the situation of women was becoming increasingly acute. The impact of globalization on women varied according to their different needs, skills and responsibilities. An appropriate support infrastructure was required, because in the past the TEM sector had been male dominated. There were many other Conventions that could be linked to the Declaration, such as those relating to labour inspection, employment promotion and tripartite consultations.

Mr. Paratian noted that gender issues would be taken into full consideration. Ms. Trebilcock emphasized that the global report on freedom of association and collective bargaining did address gender issues quite specifically. There was a greater participation of women in the workforce in the formal and informal sectors, and expressions of freedom of association and collective bargaining needed to fully address their concerns.

A Worker member from Canada noted that trade unions had been at the forefront of promoting the advancement of women at the workplace, including such issues as the rights of women workers, childcare, including women's right to not be penalized as a result of domestic violence. There were programmes specifically tailored to women's needs.

The representative of the Government of China requested some details on the global report. Ms. Trebilcock said that its structure was dictated by the text of the Follow-up to the Declaration. It presented the current dynamic global picture, served as a basis for assessing the effectiveness of the ILO's technical assistance, and provided a baseline for the Conference to guide the Governing Body in setting priorities for technical cooperation. Each global report structure would differ, as the subject matter varied. In the first report, the issue of the challenges posed by globalization was covered, as was the importance of freedom of association and collective bargaining in the new economic environment. Global reports were not exhaustive catalogues, but provided an overview with country examples. The report also reviewed areas where the political will of governments and the active participation of workers and employers had supported the transition to democracy, such as in Indonesia. It gave examples of elements of successful ILO work, providing guidance for future activities.

New technologies and changing patterns of vocational training: Are apprenticeship schemes relevant to the twenty-first century?

Moderators: Mr. Arvind Doshi, Employer Vice-Chairperson and Mr. Paul Bailey, Sectoral Activities Department, ILO, Geneva

Panellists: Mr. David Robertson, Director of Work Organization and Training, National Auto, Aerospace, Transport and General Workers Union (CAW), Willowdale, Ontario, Canada

Mr. Peter Jansen, Consultant to MAN Commercial Vehicles and to the German Federal Institute for Vocational Training, Berlin, Germany

Mr. Bailey noted that Mr. Jansen was both a social scientist and engineer, as well as being an HRD consultant, and that his work related specifically to vocational training in the bus manufacturing industry, while Mr. Robertson (in addition to his present function) was one of the co-authors of *Just another car factory? Lean production and its discontents* (Ithaca and London, ILR Press, 1997).

Mr. Jansen gave some background on Germany's dual system for vocational training, which involved 1.6 million apprentices, representing one-third of the school-leavers. Apprenticeships lasted for three to three-and-a-half years, were used in all sizes of firm, paid between DM1,000 – 1,500 per month, and delivered a professional skill qualification at the end. The MAN bus plant at Salzgitter employed 4,000 workers, with 200 apprentices in nine technical/professional skills such as milling and electronic engineering, and three administrative skills including marketing, administration, costing and estimating. It had a fully equipped training centre employing 12 people. There were three main elements of the course – *basic training* on the site, using machinery; *project learning*, for example renovating machines to send them to Indonesia or the Russian Federation, very much based around teamwork among the trainees; and *learning on the job*, from the end of the second year, on actual production work.

Because teamwork was an important element for lean production and to improve productivity and motivation, MAN's training focus was on organizational skills, transferring methodological and social competences as well as technical and methodological competence in process and product skills. Cooperative patterns of work organization were very important. There was a clear customer-orientation to the apprentices' project work, going through order procurement, product development, planning, production and delivery. The trainee team elected a core group to negotiate with the customer. Quality was no longer an abstract term, because trainees had to learn the practicalities of shop-floor quality control. MAN's training centre had incorporated a "production island" as a profit centre within the plant for 12 trainees learning on the job through teamwork on real products. Other firms had "learning islands" on their production lines.

Mr. Robertson highlighted three broad sets of issues – the implications of production system convergence, the shifting technological strategies and efforts to redefine skills and training. Convergence through globalization, mergers and acquisitions was leading towards uniformity. Flexibility in the 1990s was thought to be a positive force, but falling job quality, security and increased stress demonstrated a serious deterioration. Convergence was tending to drive the quality of jobs downwards, although there were wide disparities across the world. In the 1980s there had been a trend towards multiskilling when technology was leading, but in the lean production 1990s technology lagged behind, while work intensification and simplification took place. For the new century, there had been another shift, with technology in the lead again, towards e-business, programmable automation, agile manufacturing, virtual corporations and real-time order fulfilment. Technological change was a political process. Computer numerical control machine tools (CNC) could be controlled by management or shop-floor workers. Technology was not "objective" and determinant; it needed to be negotiated among the social partners. A redefinition of skills could aim to fit technology to existing skills rather than vice versa. Mathematics, reading, attendance and discipline were considered to be background skills by the employer, but the last two on that list were not recognized as such by the trade unions. Employability was often preferred to real job skills. Lifelong learning had become a slogan for a piece-meal approach – to find short-term solutions for workers rather than to provide a coherent training strategy. It was essential to put the workers' sense of skills at the centre of training.

Discussion

In response to the presentation, a Worker member from Australia asked who certificated the employees' qualification in Germany – the employer, the Government, an institution or another body. In Australia, the Government was responsible for certification, and the training was less company-specific. Mr. Jansen replied that qualifications were issued by the Chamber of Industry and Commerce. Germany's dual system allowed this external qualification to be recognized by other firms. Thus, there could be ample mobility for graduates.

An Employer member from Germany stated that the starting point was the way qualifications were imparted over the three years according to a similar pattern, but with a flexibility clause to allow the application of "relevant technologies in the enterprise" in skills training. There was a problem with the

consolidated examination system at the end of the course – studies were being made of how to improve the system to optimize completion rates.

An observer from an international NGO asked how training bodies were attempting to connect skills with motivation. Mr. Robertson replied that it was difficult to negotiate which skills were required, how the supply and demand of skilled workers could be balanced, and how to incorporate motivation into the skill set. Trainers needed to develop confidence among workers, including beyond the job itself; it was important to have non-vocational training that assisted personal development. Mr. Jansen felt that the key issues were to provide skills to fit the product, the process and the organization, but motivation was another crucial element in the success of training for workers. It was very important for employers to stress that training was more of an investment in the future of the firm and its workforce, rather than a cost to the enterprise.

A Worker member from Australia asked whether it was the case that when technology led, it was often poorly applied in practice until a much later date, especially because of lack of skills or training. He also asked how vocational training in different countries adapted to the level of education of the general population – sometimes vocational training had to make up for gaps in schooling as well. Mr. Robertson noted that simultaneous engineering aimed to coordinate product and process design, but that these were unfortunately not linked to skill and job design, nor to motivation.

An ILO staff member with the InFocus Programme on Skills, Knowledge and Employability, wanted to know what balance was made between general and technical skills in training programmes in the TEM sector. Mr. Robertson replied that while there was an emphasis on ensuring the fundamental literacy and numeracy skills, there was also a requirement for other skills, some of which were not favourably viewed by many trade unions – these included various attitudinal requirements like the “soft skills” of communication and cooperation, various cultural skills, and elements of discipline, punctuality and time management. It was clear that training needed to bring in the human element, but what skills could be said to be required for a 16-second manual process?

A Worker member from the United Kingdom observed that many apprentices were aiming for higher level work soon after they had qualified, because of the ever-higher entry requirements, so that many of them were unlikely to stay on the shop-floor for very long.

A Worker member from the Republic of Korea enquired whether graduates from German enterprise-based training programmes were automatically employed by their company and, if so, in what capacity. He also asked whether the training centre also provided retraining. Mr Jansen responded that in the past, graduates from German enterprise-based training programmes were guaranteed a job on successfully completing their course. However, employers now had to take on more apprentices than they needed – around 90 per cent received an offer on completion, perhaps conditional on a six-month probationary period, during which any attitudinal problems were more likely to come to the fore. Replying to the comments about a 16-second manual process, he felt that such short-cycle time work could not be considered as a skill in the same way as others, and the human

element was as important as the mechanical skill in these operations. A comparison of case studies of teamwork training in Germany and Mexico had shown that if there was an investment in skills that were not subsequently used, it was a waste of money, so that it was essential to ensure that training would remain appropriate to the needs and orientations of the enterprise.

How the Internet is changing the automotive industry: Implications of “business-to-business” commerce for the future of work

Moderators: Mr. A. Mercau, Worker Vice-Chairperson of the Meeting and Mr. P. Bailey, Sectoral Activities Department, ILO, Geneva

Panellist: Mr. Clive Meakins, Oracle, European Automotive Industry Consultant

Mr. Meakins presented Oracle’s new “business-to-business” (B2B) intranet solution for the automotive industry with its likely impact on suppliers and assemblers. He explained that to succeed in the Internet economy, organizations needed to communicate quickly and share information with their trading partners. With reliable and user-friendly Oracle Exchange, organizations could conduct business rapidly and efficiently over the Internet. The Exchange enabled organizations to collaborate effectively in real-time to deliver lower cost, higher quality products and services to the market faster.

Mr. Meakins began by giving an overview of Oracle’s global operations and explaining the use of the Internet for B2B solutions. Business activities can range from buying and selling, to supply-chain planning, or product design and development. As such, companies can significantly reduce costs and increase profitability, while extending market reach and streamlining their supply chains. Prior to the advent of exchanges, companies had to use more traditional means of communication, preventing them from being agile enough to respond to rapidly changing market conditions and to take advantage of new opportunities as they arose. In fact, the only way to communicate was from point-to-point between a limited number of trading partners. This was a very costly and time-consuming endeavour. With the introduction of on-line exchanges, companies had the ability to reach a global market without worrying about integrating with their trading partners’ systems, doing business much more quickly and efficiently than before. The Internet was changing everything; but it was not just a technology change – it was an entirely new way of doing business.

He gave an example of the application of the Exchange in the automotive industry by explaining the operations of “New Co” a company to be newly formed to perform the Exchange function for Ford, GM and DaimlerChrysler. The objective of this venture would be to cut costs, save time, build to customer specification, manage engineering data and post requests for bids. Even though each of the companies were historically competitors and would continue to be so, the new venture had been formed to help their suppliers, dealers and customers. The Exchange covers three areas: Multi-Tiered, Integrated Supply Chain;

Collaborative Product Development; and e-Enabled, Dynamic Trading Communities.

The Multi-Tiered, Integrated Supply Chain would provide real-time visibility across the supply chain including the visibility of demand, inventory and capacity. The information flowing in the supply chain can be used by applying more sophisticated tools to plan and optimize activity in the supply chain and provide collaborative supply chain planning. The infrastructure put in place will provide for build-to-order production models in a cost effective manner. The system will also provided for reduced inventory, thereby resulting in optimized inventory management. Mr. Meakins showed various screens of the e-business model and demonstrated its various features and the ease of use.

The Internet provided visibility that facilitates integration and collaboration. These benefits were most profound in on-line product development by integrating the schedules with cost management tools and design tools to track completion information with the actual design activity. The interactive programme schedules and collaborative design brought together the different designs and pieced concepts together. This is expected dramatically to reduce programme design time and eliminate the need for rework.

The e-Enabled, Dynamic Trading Communities would provide on-line auctions or on-line quoting. The request for quote (RFQs) could be used on a broad range of products because it managed the RFQ process on a variety of parameters including price, quality, historic performance and delivery time. Furthermore, schematics, specifications and drawings could be added to the RFQs. Analytical tools could be used to evaluate bids and normalize responses. The Internet would facilitate aggregated buying for dealers, groups of common suppliers, or through the entire supply chain. Surplus capacity in test facilities, and other high value assets could be offered through the internet. Catalogue procurements could be moved to the Internet.

Mr. Meakins outlined the sources of value in the procurement process, supply chain integration, product development and business intelligence. The exchange would achieve cost reductions by reducing non-value added activities and reducing inventory (multiple safety stocks). It would make information available easily, from anywhere and extend the supply chain, reach more potential customers and shorten the time to market. Both buyers and suppliers would benefit. Buyers would get more information which would lead to predictable pricing with real time information on availability, better control over procurement processes and tighter integration with the supply base. Suppliers could be more proactive by being able better to plan production, reduce inventory and lower order processing costs.

Discussion

The traditional purchasing process was discussed in which intense interaction between the buyer and seller took place resulting in a lengthy selection process. Mr. Meakins explained the new scenario which would automate the existing process, let more suppliers compete and reduce the negotiating and selection process to as low as one to nine hours. The question of sustaining long-term commitment with large investments under such an arrangement was discussed. The

supply of commodities would be by a competitive bidding process. Full service suppliers involved in design, manufacturing, distribution and support would have exclusive arrangements that would not be involved in an auctioning process.

On the question of benefits to the entire supply chain and the danger of asset dislocation, Mr. Meakins explained that there were different tiers in the supply chain. Some suppliers had expressed their desire to join the exchange whereas others had developed their own exchange. These suppliers belonged to the first two tiers of the system. Price alone would not be the criteria for the selection process; other issues such as quality would prevail. However, the system would enable global competition and provide global opportunities.

The cost of investment in a global exchange system including hardware and software costs was discussed. Using the example of the new company Mr. Meakins said that it had been set up as an independent profit-making entity where Oracle as a partner was investing by providing its system. The other partners were providing existing IT systems that would be integrated within the Exchange. The amount of investment required to access the Exchange was minimal. It would require the purchase of the gateway software developed by CISCO systems, an Internet service from an Internet provider (ISP) and a personal computer (PC). Even a home PC could be used to access limited functions of the auto Exchange.

The question of the excessive worth of Internet companies and the crisis caused by them in the markets was discussed. Mr. Meakins explained the difference between “dot com” companies and technology providers called the “pick and shovel” companies. Technology providers like Oracle and CISCO may not have a large turnover compared to major industrials (e.g. GM) but had a very strong future due to the Internet. Furthermore, they made large revenues today with healthy profits coupled with high levels of R&D spending unlike some of the “dot com” companies.

An observer from UNCTAD questioned whether this joint effort by the major automotive companies was akin to mergers and acquisitions by multinational enterprises. Mr. Meakins explained that this was a cooperative effort, not an equity brand merger. This process may lead to automotive companies managing and promoting their brands, leaving manufacturing and assembly activities entirely to subcontractors.

Regarding the statement by General Motors that it could considerably reduce transaction costs by introducing the Exchange, Mr. Meakins explained that a large part of the transaction cost was attributed to the highly complex bidding process. The companies had to streamline manually their supply chain every five years whereas the Exchange would eliminate paper work, lessen the time involved and reduce through streamlining procurement costs by 60-70 per cent.

The role of certification, such as ISO 14000, was discussed. To the question whether all suppliers have to be certified, Mr. Meakins explained that this would depend on the original equipment manufacturer (OEM). In the case of an auction, the OEM might require a supplier to be approved in order to build that part or vehicle.

The question of the Internet causing job losses in the automotive industry was discussed at length. The possibility of Internet sales of cars leading to job losses in dealerships, leading to financial burden and social problems was highlighted. Mr. Meakins gave the example of past changes in the automotive industry which had led to mass production. At the time, most people thought it would lead to unemployment. Mass production, however, had brought about more products and larger sales thereby creating more jobs. He believed that dealers could make more money from servicing and accident repairs. The experience in the United States from Internet sales of cars was referred to. Although consumers used the Internet to look at the various options and choose the car they wished to purchase, the actual transaction was still with a dealer.

Internet use worldwide was discussed. While 26 per cent of the households in Germany had computers, only 13 per cent had an Internet connection. Sweden had the highest Internet use. With the introduction of Internet through cable TV and the Direct to Home (DTH) satellite TV access, the use of Internet will increase substantially. The Internet would provide the opportunity to consumers to configure and order cars to their specifications. It was already possible to build and deliver such cars in two weeks. With the introduction of new processes and the Internet the delivery time could be reduced to as little as three days.

Closing speeches

The Secretary-General gave some information on the participation at the Meeting and reviewed its outputs. He indicated that the Meeting had been an important milestone in the ILO's efforts to address the significant issues related to globalization in the transport equipment manufacturing industries. The discussion in the plenary on the background report and in the two working parties had clearly shown that the issues were topical. In addition, the three panel sessions had provided an opportunity for the direct exchange of information and experience on important new developments, in accordance with the aims of sectoral meetings. The spirit of dialogue which prevailed throughout the Meeting had enabled the adoption of important conclusions, as well as a resolution. However, it was important that the ILO and its constituents continued working together in implementing the conclusions and the resolution, both at the national and international levels.

Mr. Zhang Junfeng (representative of the Government of China; Chairperson of the Government group, replacing Mr. Melas) thanked all the participants for their valuable contributions. Although the transport equipment manufacturing, taken as a whole, was a very broad industry – ranging from ship-building and aeronautics to railways and motor vehicles – the Meeting had managed to have at least one participant from almost every subsector of the industry represented by either an Employer or a Worker member. This detailed expertise had provided the discussions with a depth of knowledge on all of the agenda items. Even though this meeting had only a maximum of 18 participants from each of the three groups, altogether over 30 countries were represented enabling it to have a global coverage of the major transport equipment producing countries in the world. The meeting had been characterized by a lively discussion of all agenda points and had managed to adopt a resolution and set of conclusions without too much difficulty.

Mr. M. Lambert (Chairperson of the Employers' group), indicated that the type of work which would exist in the future was a top concern to all; but that the driving force behind it would be the people working in the industry. Although the increasing use of subcontracting might be worrying, it had to be recognized that it was often necessary for business survival. He likened the spirit of teamwork in the Employers' group to that of aircraft crews that worked together effectively – talking, listening and acknowledging others' points of view.

Mr. P. Kennedy (Chairperson of the Workers' group) felt that the Meeting had contributed towards permitting all three sides to reach a better understanding of their respective viewpoints. He found it ironic, however, not to have acknowledged the term "trade unions" in the final texts and he regretted that there was no mention of European Works Councils (EWCs) or social dialogue in the conclusions. Reference to the participation of women had also been a controversial subject in the Working Party on Conclusions. Despite these shortcomings, the Meeting had been a very valuable experience.

In the absence of the Chairperson (Mr. Patel), Mr. Melas (Austria) – Government Vice-Chairperson of the Meeting – noted that it had been an exciting week looking at globalization in an industry which played a very significant role in

the lives of most people. There were a number of high quality interventions on every agenda item from all parties which led to lively debates. In most of the examples given about attempts to solve problems, those preceded by prior negotiations and consultation, had the highest chance of meeting with success, thus underlining the importance of social dialogue. The three panel discussions also provided further insights into the workings of the industry. The resolution and conclusions that were adopted unanimously showed the importance which the participants attached to this diverse industry. After thanking all those who had made the Meeting a success he declared the Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment closed.

Evaluation questionnaire

A questionnaire seeking participants' opinions on various aspects of the Meeting was distributed before the end of the Meeting.

1. How do you rate the Meeting as regards the following?

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
The choice of agenda item (subject of the Meeting)	9	16	1			4.3
The points for discussion	10	11	5			4.2
The quality of the discussion	7	15	3			4.2
The Meeting's benefits to the sector	6	9	11			3.8
The conclusions	6	11	9			3.9
The resolution	4	11	7	1		3.8
Panel discussion on the ILO Declaration on Fundamental Principles and Rights at Work and on the United Nations Global Compact	4	6	5	2		3.7
Panel discussion on new technologies and changing patterns of vocational training	3	8	7	1		3.7
Panel discussion on how the Internet is changing the automotive industry	1	7	8	3		3.6
Opportunity for networking	3	9	4	1		3.8

2. How do you rate the quality of the report in terms of the following?

	5 Excellent	4 Good	3 Satis- factory	2 Poor	1 Unsatis- factory	Average score
Quality of analysis	8	13	4	1		4.1
Objectivity	6	11	9			3.9
Comprehensiveness of coverage	8	8	8	1		4.1
Presentation and readability	11	11	3	1		4.2
Amount and relevance of information	9	10	6	1		4.0

3. How do you consider the time allotted for discussion?

	Too much	Enough	Too little
Discussion of the report	1	20	5
Panel discussions	2	19	
Groups	1	21	2
Working Party on Resolutions	2	15	4
Working Party on Conclusions	1	12	7

4. How do you rate the practical and administrative arrangements (secretariat, document services, translation, interpretation)?

5	4	3	2	1	
Excellent	Good	Satisfactory	Poor	Unsatisfactory	Average score
19	7				4.7

5. Respondents to the questionnaire

Government	Employers	Workers	Observers	Total	(Response rate: 35%)
8	10	8		26	

6. Participants at the Meeting

Government	Employers	Workers	Observers	Total
10	17	17	28	72

7. Delegates/technical advisers

	Government	Employers	Workers	Total
Delegates	10	17	17	44
Technical advisers	8	1	9	18

8. Female participation

	Government	Employers	Workers	Total	% women
Delegates	3	1	1	5	11
Technical advisers	2	1	2	5	28

List of participants

Liste des participants

Lista de participantes

Representative of the Governing Body
of the International Labour Office
Représentant du Conseil d'administration
du Bureau international du Travail
Representante del Consejo de Administración
de la Oficina Internacional del Trabajo

Mr. Ebrahim Patel, National Labour Convenor, National Labour Office, Salt River

Members representing governments
Membres représentant les gouvernements
Miembros representantes de los gobiernos

AUSTRIA AUTRICHE

Mr. Heinz-Michael Melas, Director, Federal Ministry for Economy and Labour, Wien

BRAZIL BRÉSIL BRASIL

Sra. Roseli Piovezan Nieto, Auditor Fisca do Trabalho, Ministerio do Trabalho e Emprego, São Paulo

Adviser/Conseiller technique/Consejera técnica

Sra. Eliane Teixeira, Coordenadora dos Condomínios de Empregadores Rurais, Delegacia Regional do Trabalho e Emprego em São Paulo, São Paulo

CANADA CANADÁ

Ms. Tracey Mill, Assistant Director, Ontario Ministry of Labour, Toronto

CHINA CHINE

Mr. Zhang Junfeng, Counsellor, Permanent Mission of China in Geneva

Adviser/Conseiller technique/Consejero técnico

M. Zhang Gengchen, chef de service, ministère du Travail et de la Sécurité sociale, Beijing

FRANCE FRANCIA

M^{me} Joëlle Ory, chargée des affaires internationales, Service des industries manufacturières, ministère de l'Economie, des Finances et de l'Industrie, Paris

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Mr. Shun-Ichi Uemura, Director, Overseas Labour Information Office, Minister's Secretariat, Ministry of Labour, Tokyo

Adviser/ Conseiller technique/Consejero técnico

Mr. Akira Isawa, Counsellor, Permanent Mission of Japan in Geneva

REPUBLIC OF KOREA RÉPUBLIQUE DE CORÉE REPÚBLICA DE COREA

Mr. Yi Sung-Ki, Labour Attaché, Permanent Mission of the Republic of Korea in Geneva

SPAIN ESPAGNE ESPAÑA

Sr. Carlos López-Monís, Consejero Laboral y de Asuntos Sociales, Misión Permanente de España en Ginebra
Adviser/Conseiller technique/Consejero técnico

Sr. Rodrigo García-Conde, Consejero Adjunto, Misión Permanente de España en Ginebra

THAILAND THAÏLANDE TAILANDIA

Mr. Kamjorn Nakchuen, Minister Counsellor, Permanent Mission of Thailand in Geneva

UNITED STATES ETATS-UNIS ESTADOS UNIDOS

Mr. Lester B. Koransky, International Economist, Bureau of International Labor Affairs, U.S. Department of Labor, Washington

Adviser/Conseiller technique/Consejero técnico

Mr. Robert S. Hagen, Labor Attaché, United States Permanent Mission in Geneva

Members representing the Employers

Membres représentant les employeurs

Miembros representantes de los empleadores

Mr. Arvind R. Doshi, Chairman & Managing Director, the Premier Auto Electric Ltd., Mumbai

Mr. Yasuhiro Fueta, Manager, Labour Department, Human Resources Division, Toyota Motor Corporation, Toyota

Sr. Ernesto Garza, Director General, PROEZA Fundición, Monterrey

Mr. Rudolf Geer, Deputy Manager Rel, Gesamtmetall, Alte Bohle 21, Brühl

M. Mohamed Ali Ghannam, président Fédération automobile, Confédération générale des entreprises du Maroc, Société marocaine de constructions automobiles (SOMACA), Casablanca

Mr. Souhail Hamadé, Head of Economic Studies Section, Abu Dhabi Chamber of Commerce and Industry, Abu Dhabi

M. Roger Jaccard, conseiller, Union des industries métallurgiques et minières (UIMM), Paris

Adviser/Conseiller technique/Consejera técnica

M^{me} Marie-Paule Roiland, Directeur, Affaires européennes et internationales, Union des industries métallurgiques et minières (UIMM), Paris

Mr. Mel Lambert, Director, FIAT (UK) Limited, London

M. Coffi Sylvère Legba, directeur de l'entreprise COGEP, membre du Conseil national du patronat du Bénin, Cotonou

Mr. Katebe Mabaluki, Group Personnel & Administration Manager, Lonhro Motors Zambia Ltd., Lusaka

Mr. Abdulkadir Mailafia, General Manager, Personnel & Administration, Peugeot Automobile Nigeria Ltd., Kaduna

Mr. Mohamed Bin Mohd Zin, General Manager, Personnel & Administration, DENSO (Malaysia) SDN.BHD., Selangor, Darul Ehsan

Mr. Koitcho Roussev, President, Chamber of National Transport, Plovdiv
Ms. Svetla Rusva, Chamber of National Transport, Plovdiv
Mr. Pongdej Sriwachirapradit, Human Resources Department Manager, Thai Honda Manufacturing Co. Ltd., Bangkok
Ms. Tayce Wakefield, Vice-President, Corporate and Environmental Affairs, General Motors of Canada Ltd., Canadian Employers' Council, Oshawa
Mr. Anders Weihe, Chief Legal Adviser, The Association of Swedish Engineering Industry, Stockholm

Members representing the Workers
Membres représentant les travailleurs
Miembros representantes de los trabajadores

Sr. Alfredo Andres Mercau, Secretario General, FETRAMETAL-CTV, Caracas
Mr. Abdel Monem Azali, President, Egyptian Metal, Electronic and Electric Workers Union, Cairo
Advisers/Conseillers techniques/Consejeros técnicos
Mr. Hassan Abdel El Rasheed, Vice-President, Egyptian Metal, Electronic and Electric Workers Union, Cairo
Mr. Mohamed Hassan Khalifa, interpreter, Egyptian Metal, Electronic and Electric Workers Union, Cairo
Mr. Jerzy Bielinski, Metalworkers NSZZ Solidarnosc, Stocznia Gdynia S.A., Gdynia
Mr. Ronald Blum, Economist, Research Department, International Union, United Automobile, Aerospace and Agricultural Implement Workers (UAW), Detroit
Sr. Edmilson Rogerio De Oliveira, Delegado Sindical, Embraer, Confederação Nacional dos Metalúrgicos (CNM/CUT), São Paulo
Ms. Elke Eller-Braatz, Dipl.-Volkswirtin, IG Metall-Vorstand, Frankfurt/Main
Mr. Andrey Fefelov, Vice-President, Automobile & Farm Machinery Workers' Union of Russia, Moscow
Mr. Andy Gillespie, Assistant Secretary, Australian Worker's Union, Wollongong
Mr. Peter Kennedy, Assistant to the Secretary Treasurer, National Automobile Aerospace Transportation General Workers Union (CAW), Willowdale
Mr. Hee Jun Kim, Vice-President, Korean Metal Workers' Federation, Seoul
Adviser/Conseiller technique/Consejera técnica
Ms. Joohee Kim, Assistant Director in International Department, Korean Metal Workers' Federation, Seoul
Mr. Ramasamy Kuchelan, President, Working People Trade Union Council, Chennai
Adviser/Conseiller technique/Consejera técnica
Ms. Shanthi Kuchelan, clerk, Working People's Trade Union Council, Chennai
M. Jean-Pierre Nogara, adjoint, secteur aéronautique, Fédération Force ouvrière métallurgie, Paris
Adviser/Conseiller technique/Consejero técnico
M. Christian Jouny, secrétaire fédéral, Force ouvrière métallurgie, Dreffec
Mr. Petrus Nxumalo, National Sector Co-ordinator for Auto & Tyre, National Union of Metalworkers of South Africa (NUMSA), Johannesburg
Mr. John Quigley, National Officer, Amalgamated Engineering & Electrical Union (AEEU), Glasgow
Sr. Milton Rivero, Secretario de Desarrollo Humano y Vivienda, Sindicato de Mecánicos y Afines del Transporte Automotor, Buenos Aires
Sr. Carlos Romero, Secretario Federal, Federación de Metal, Construcción y Afines de UGT, Madrid

Mr. Akira Takakura, Assistant General Secretary, Confederation of Japan Automobile Workers' Unions (JAW),
Tokyo

Advisers/Conseillers techniques/Consejeros técnicos

Mr. Shunji Yoshida, Assistant General Secretary, International Metalworkers' Federation, Japan Council,
Tokyo

Mr. Naka Michitoshi, President, ZEXEL Workers' Union, Saitama

Mr. Jun Fujimura, Special Executive Committee Member, General Affairs Division Confederation of
Shipbuilding & Engineering Workers' Unions, Tokyo

Others

Autres

Otros

Representatives of member States present at the sittings

Représentants d'Etats Membres présents aux séances

Representantes de Estados Miembros presentes en las sesiones

NIGERIA NIGÉRIA

Mr. Abdullah Shehu Ahmad, Labour Representative, Permanent Mission of Nigeria in Geneva

Representatives of United Nations, specialized agencies
and other official international organizations

Représentants des Nations Unies, des institutions spécialisées
et d'autres organisations internationales officielles

Representantes de las Naciones Unidas, de los Organismos Especializados
y de otras Organizaciones Internacionales Oficiales

Arab Labour Organization (ALO)

Organisation arabe du travail

Organización Árabe del Trabajo

M. Adnan El-Telawi, chef de la Délégation permanente, Genève

United Nations Conference on Trade and Development (UNCTAD)

Conférence des Nations Unies sur le commerce et le développement

Conferencia de las Naciones Unidas sobre el Comercio y Desarrollo

Ms. Gabriele Kohler, Economic Affairs Officer, Geneva

Representatives of non-governmental international organizations
Représentants d'organisations internationales non gouvernementales
Representantes de Organizaciones Internacionales no Gubernamentales

International Confederation of Free Trade Unions
Confédération internationale des syndicats libres (CISL)
Confederación Internacional de Organizaciones Sindicales Libres

Ms. Anna Biondi, Assistant Director, Geneva

International Federation of University Women
Fédération internationale des femmes diplômées des universités
Federación Internacional de Mujeres Universitarias

Ms. Concita Poncini, Troinex/Genève

International Metalworkers' Federation (IMF)
Fédération internationale des organisations de travailleurs de la métallurgie
Federación Internacional de Trabajadores de las Industrias Metalúrgicas

Mr. Marcello Malentacchi, Secretary General, Geneva

Ms. Anne-Marie Mureau, Economist, Geneva

Mr. Hiroshi Kamada, Senior Executive Officer, Geneva

Mr. Peter Unterweger, Coord. Industrial Policy Team, Geneva

Mr. Robert Steiert, Geneva

Mr. Len Powell, Director, Shipbuilding & Aerospace Departments, Geneva

Ms. Elsa Antoniadis, Secretary, Geneva

Ms. Carmen Perales, Secretary, Geneva

International Organization of Employers (IOE)
Organisation internationale des employeurs
Organización Internacional de Empleadores

Mr. Jean Dejardin, Adviser, Geneva

World Confederation of Labour
Confédération mondiale du travail (CMT)
Confederación Mundial del Trabajo

M^{me} Béatrice Fauchère, Représentante permanente, Genève

Panellists
Intervenants
Participantés

Mr. Peter Jansen, Senior Consultant/Researcher, Berlin

Mr. Clive Meakins, European Automotive Industry Consultant, ORACLE Corporation, Bowdon, Cheshire

Mr. David Robertson, Director of Training, CAW, Canadian Headquarters, Willowdale