

## **Note on the proceedings**

Tripartite Meeting on Employment, Social  
Dialogue, Rights at Work and Industrial Relations  
in Transport Equipment Manufacture

Geneva, 10-12 January 2005

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## Introduction

The Tripartite Meeting on Employment, Social Dialogue, Rights at Work and Industrial Relations in Transport Equipment Manufacture was held at the ILO in Geneva from 10 to 12 January 2005. The Office had prepared a report<sup>1</sup> to serve as a basis for the Meeting's deliberations. It addressed the following topics: employment development; social dialogue; and other aspects of decent work.

The Governing Body had designated Mr. J. Sithole, Worker member of the Governing Body, to represent it and to chair the Meeting. The three Vice-Chairpersons elected by the Meeting were: Dr. Sutanto Surwarno (Indonesia) from the Government group; Mr. P. Telang (India) from the Employers' group; and Mr. M. Soeda (Japan) from the Workers' group.

The Meeting was attended by Government representatives from: Algeria, Argentina, Brazil, Canada, Czech Republic, Indonesia, Republic of Korea, Islamic Republic of Iran, Malaysia, Morocco, Paraguay, Philippines, Portugal, Romania, Russian Federation, South Africa, Sudan, Syrian Arab Republic, Thailand, Ukraine and Venezuela, as well as, ten Employer and ten Worker representatives.

Observers attended the Meeting from the International Confederation of Free Trade Unions, the International Metalworkers' Federation, the International Organisation of Employers, the World Confederation of Labour and the World Federation of Trade Unions.

The three groups elected their Officers as follows:

### *Government group*

*Chairperson:* Mr. R. Pearson (Canada)  
*Vice-Chairperson:* Ms. V. Eastwood (Philippines)  
*Secretary:* Mr. I. Gnybidenko (Ukraine)

### *Employers' group*

*Chairperson:* Mr. N. Vermeulen  
*Secretary:* Mr. J. Dejardin (International Organisation of Employers (IOE))

### *Workers' group*

*Chairperson:* Mr. R. Chernecki  
*Vice-Chairperson:* Ms. N. Skakun  
*Secretary:* Mr. R. Blum (International Metalworkers' Federation (IMF))

<sup>1</sup> *Automotive industry trends affecting components suppliers*, Tripartite Meeting on Employment, Social Dialogue, Rights at Work and Industrial Relations in Transport Equipment Manufacture, Geneva, 2005, 144 pp.

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The Secretary-General of the Meeting was Mr. N. Jennings, Acting Director of the Sectoral Activities Department. The Deputy Secretary-General was Mr. P. Bailey of the same Department. The experts were: Mr. Appave, Ms. Brady, Ms. Foucault-Mohammed, Mr. Hahn, Mr. Kamakura, Ms. Maybud, Mr. Meletiou, Mr. Myers, Ms. Vere and Mr. Werna.

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## Opening speeches

The Chairperson opened the Meeting and highlighted the automotive industry's employment- and income-generating propensity for developed and developing countries alike. The industry was concentrated in fewer and fewer companies in only a handful of OECD countries. Merger and acquisition activities were prevalent among suppliers. Apart from the Republic of Korea and a few countries in close proximity to developed automotive markets, few developing countries had made inroads into motor vehicle manufacturing. Most were involved in assembly activities. As global supply chains spread, the manufacture of parts or supplies for sub-assembly could create new opportunities. There was, however, an overcapacity in the motor vehicle industry which was leading factory closures and job losses. There was fierce global competition in the automotive components industry with serious implications for workers, as companies looked at new methods of production and of work organization. As a result there was a need for improved social dialogue.

Mr. Jennings, the Secretary-General of the Meeting and Director *ad interim* of the Sectoral Activities Department, stressed the importance of the automotive industry for the economies of many countries. The increasing recourse to component suppliers was radically altering the sector. Globalization was having a profound impact on transport equipment manufacturing. Virtually all major employment increases in the automobile sector were among suppliers, in large part due to a significant degree of employment transfer from assembly factories. This shift has caused concern among sectoral trade unions, as suppliers tended to be less unionized than traditional assembly plants. New forms of work organization were pioneered in the automobile industry, but many established practices were being renegotiated, underscoring the need for effective social dialogue. The types of jobs in the vehicle companies were also changing, leading to more scientific, information technology and engineering occupations, for which access to lifelong learning was key. An interesting new development was the emergence of international framework agreements between multinational corporations and local unions under the umbrella of a global union federation in the automotive industry.

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Part 1

**Consideration of the agenda item**

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## Report of the discussion

### 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 Employer spokesperson was Mr. Vermeulen and the Worker spokesperson was Mr. Chernecki. The Meeting held four sittings devoted to the discussion of the agenda item.

### Composition of the Working Party

3. At its third 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. Sutanto, was composed of the following members:

#### *Government members*

<i>Argentina:</i>	Mr. Ojeda
<i>Canada:</i>	Mr. Pearson
<i>South Africa:</i>	Mr. Mkalipi
<i>Sudan:</i>	Mr. Zumrawi
<i>Ukraine:</i>	Mr. Gnybidenko (Secretary)

#### *Employer members*

Mr. Chartron  
Mr. Combüchen  
Mr. Löchel  
Ms. Rico Ospina  
Mr. Vermeulen

#### *Worker members*

Mr. Beckman  
Mr. Chernecki  
Mr. Sanches  
Mr. Thierron  
Mr. Tsiane

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## **Presentation of the report and general discussion**

### ***Presentation of the report***

4. The report <sup>1</sup> prepared for the Meeting by the Office was introduced by the Deputy Secretary-General. Using different sources a figure of about 8.6 million workers in the automotive industry had been established. The share of women workers amounted to an average of 30 per cent. The European Union's, NAFTA's and Japan's exports of automobiles accounted for 88 per cent of the world total. Some countries, such as Canada, Cyprus, Japan, Mexico and Slovakia, had automotive exports that surpassed 20 per cent of all their exports; in others, such as Belarus, European Union (15) and the Republic of Korea, it was 15 per cent. Employment trends differed from country to country, increasing in Canada and Spain, but stagnating in France and declining in the United States. The main car-producing countries were Japan, the United States and Germany (over 5 million cars each); China was catching up (4.4 million); Canada, Spain, Republic of Korea and France each produced over 2 million cars. Another 13 countries produced between 500,000 and 2 million cars each. The main developing country exporters of automotive parts were Mexico, Republic of Korea, China and Brazil. Many components were coming from export processing zones (EPZs) in countries such as China, Czech Republic, Hungary, Malaysia, Mexico, Morocco and the Philippines. The issue of EPZs had been looked at by the World Commission on the Social Dimension of Globalization. It had recognized negative effects resulting from globalization. Ways to address them included implementing international labour standards, increasing backward linkages with the domestic economy and looking at ways enterprises could move up the value chain. The report addressed the impact of legislation, in particular safety and environmental legislation, and social dialogue – one of the themes for discussion. Other issues addressed in the report were international framework agreements (IFAs), global works councils and the Global Reporting Initiative. The section on decent work referred to the ongoing debate on whether decent work principles should be a national or international yardstick to gauge a company's performance. Although opportunities were increasing for smaller suppliers in developing countries, large concentrations of multinationals were typical for the industry, not only in regard to final-parts' manufacturers, but also in relation to suppliers. Nevertheless, suppliers were often vulnerable, since the assemblers dictated standards and prices. While some suppliers had been closely connected to one manufacturer in the past, companies were trying to diversify to avoid dependency. If the financial weakness of many of the vehicle assemblers, and the current trend requiring suppliers to assume larger risks in terms of product development continued, the balance of decision-making power could tilt in favour of the Tier-1 suppliers. Further mergers and acquisitions would increase this likelihood. However, the pressure to reduce costs even further, diversify and deliver to more stringent schedules impacted on working conditions in the subsector. Working conditions were further affected because assemblers were passing more responsibility and risk to supplier firms. A positive result of this process, however, was the continued migration of competences from assemblers to component manufacturers.

### ***General discussion***

5. The Worker spokesperson thanked the Office for the report. It provided a helpful summary of the issues that faced the automotive component supply sector and contained a lot of useful data. Such statistics were needed to facilitate social dialogue and advance the Decent Work Agenda. Trade unions understood the impact of restructuring on workers and communities worldwide. Globalization had negative consequences and placed significant

<sup>1</sup> TMTEM/2005.

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burden on workers across the production chain. IFAs were positive means for the social partners to address these challenges and were also relevant to other sectors facing similar developments. It was fundamental to improve the rights and income of workers. To achieve sustainable development, trade unions took positive steps to manage restructuring together with employers. The core labour standards were the cornerstones of social dialogue. These standards needed to be ratified, implemented and strengthened. Even governments which had not ratified them needed to ensure that these rights were respected and implemented in accordance with the Declaration on Fundamental Principles and Rights at Work, 1998. All workplaces needed to recognize and respect equality at work and fair treatment. Discrimination of any nature was not acceptable. Violations of core labour standards were particularly pronounced in EPZs. This was recognized in the report and should also be acknowledged by the delegates.

6. The Employer spokesperson said that the Employers were committed to contribute to the future development of the automotive and related industries at national, regional and international level. The Office report depicted well the many problems and challenges confronting the industry. The industry faced unprecedented changes and pressures in areas such as production, the structure of manufacturing, retail and distribution, customer relations, marketing, environmental and competition legislation. These changes had major implications for policy-makers and other stakeholders, related to employment, social dialogue, rights at work and industrial relations. While agreement on some specific issues could be reached, caution was needed regarding the possibility of reaching agreement on the particular themes. There were considerable differences between industrialized, emerging and less developed countries, as well as a lack of reliable, up-to-date, national and international data. This was acknowledged in the report and there was, therefore, no appropriate basis to arrive at definitive conclusions. Despite containing some contradictions, the report was an excellent starting point for a more detailed consultative process between the social partners, possibly even beyond the Meeting.
7. An observer (General Secretary, International Metalworkers' Federation) stressed his organization's belief in the importance of social dialogue. He commended the International Organisation of Employers for bringing a representative delegation to the Meeting and hoped that the discussions would help to improve the industrial relations in this important sector. Two committed partners were necessary to ensure meaningful social dialogue. The best way to ensure constructive social dialogue was through collective agreements that established certain rules which should be a practice around the world. Social dialogue at the global level is also very important. The IMF was, therefore, proposing that the conclusions should include IFAs as an important element. In many countries the ILO Declaration on Fundamental Principles and Rights at Work has not been implemented. This was especially important in EPZs where many multinational enterprises operate. The role of women in this sector also needed to be examined. Although there was an increasing number of a women workers, inequalities in pay and work persisted that needed to be addressed.

## **Employment development**

8. The Chairperson opened the discussion by introducing the panel speakers, Mr. Beckman (United States) for the Workers, Mr. Kato (Japan) for the Employers and Mr. Auer for the Office.
9. Mr. Beckman (UAW) outlined the Workers' perspective on employment in the automobile industry. Globally, the industry was experiencing employment stagnation or decline, which was a major concern for workers. However, output was growing, especially in Asia. A general tendency in developing countries was strong output growth coupled with a long-term decline in employment (after an initial surge). China's increased production arose

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largely from high-productivity joint ventures in auto parts and assembly, and efficiency was much higher than in older plants, which were closing or being extensively restructured. This pattern was similar to that observed earlier in Mexico and Brazil, which had resulted in extensive job losses and little job creation. Restructuring in the United States included spinning off the parts divisions of assemblers. Tier-1 suppliers of finished parts and components had become large multinationals in their own right, and purchased from other smaller enterprises in Tiers 2 and 3. The impact on employment was that more workers were now employed by suppliers than assemblers, while the total employment in the industry had not necessarily grown. Employment in the auto parts segment had been falling steadily from 2001 to 2004, while the average hours worked were increasing. The consequences for workers' interests had been substantial: the transfer of employment from assemblers to suppliers was associated with declining pay, reduced unionization, weaker upward pressure on wages, increased use of temporary and contract work, less training, and more cost cutting. This was exacerbated by the international trade in auto parts. To meet the cost-cutting needs of assemblers, many suppliers had outsourced to their subsidiaries in lower cost countries or had subcontracted such work. The incorporation of emerging producing countries into the global supply chain meant that fewer workers on poorer pay and working conditions were producing larger quantities of auto parts, while having to meet tougher quality and price standards. State-owned companies were having to restructure rapidly or risk closure. There was also growth among non-traditional suppliers that often had lower unionization and poorer working conditions. Producers in industrialized countries were closing down unionized plants and shifting to non-unionized plants. This led to lower pay, skills and training. The pressure on workers in unionized plants in industrialized countries was thus intense – the current path of restructuring was leading to further outsourcing and relocation, and a downward spiral in wages, working conditions and dislocation. The use of EPZs and the competition between governments in subsidizing foreign investment was exacerbating this trend. Therefore, response to restructuring had to start at the local level, but required global solutions. Governments had a responsibility to assess economic and social change, and to adopt industrial policies in which workers and their organizations were actively involved. The fundamental goal of full employment and a decent income should remain paramount. More effort should be made to compensate the losers from economic restructuring. Adjustment policies should not aim merely to put people back to work quickly, but also to ensure skills development, quality health care and education for all, full rights to organize and bargain collectively, and restrict the use of contract labour, temporary jobs and other contingent work. Governments should adopt policies to improve the economic and social conditions of their citizens and implement core labour standards, as set out in the Declaration on Fundamental Principles and Rights at Work, 1998. In the context of industrial restructuring in the auto industry, workers had to be protected and workers' organizations should continue to represent them after such changes, to ensure that workers did not bear an unfair share of the costs of restructuring.

- 10.** Mr. Kato (DENSO Corporation) introduced the situation of the automobile industry in Japan and the automotive parts supplier he worked for. Japanese annual domestic automobile production had been stable from 1999 to 2004, except for a slight decrease in 2001. Estimated Japanese annual domestic production in 2004 was 10,620,000 units. Although auto exports gradually increased to about 5,000,000 units between 1999 and 2004, overseas production almost doubled to 9,600,000 units. Given this background, employment figures in the automotive industry were especially interesting. Employment in the transportation manufacturing industry as a whole had increased from 1,005,000 in 1985 to 1,114,000 in 1995, then decreased to 940,000 in 2004. Overall employment in the automobile industry in the past four years had been stable. Employment in the automobile manufacturing sector decreased slightly to 238,000 in 2004. Employment in the auto parts and accessories manufacturing sector declined by only 27,000 to 515,000 in 2001-04. Therefore, in Japan employment had not shifted from car manufacturers to automotive parts suppliers. Automobile manufacturers needed high technology, global cost reduction

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and better quality of products and had accordingly developed various purchasing strategies. To meet the demands of automobile manufacturers, automotive part suppliers needed to grow by striving for high quality, low cost and high performance. The speaker introduced the corporate profile of the Japanese DENSO Corporation which was spun off from Toyota Motors in 1949. Working conditions at DENSO were not inferior to those at Toyota Motors. Since its foundation, DENSO had diversified and currently only half of its sales were to Toyota Motors, with overseas sales in 2003 at 43.7 per cent. Employment (consolidated) increased from 56,961 in 1996 to 95,461 in 2003, and employment (non-consolidated) decreased from 39,618 in 1996 to 33,362 in 2003. He explained that a decrease of the non-consolidated employment figures did not provide a true picture, since these workers had not been laid off, but remained on the payrolls of the spun-off companies. Thus, there had been no reduction in employment at his company.

- 11.** Mr. Auer (Senior Labour Economist at the ILO's Employment Analysis and Research Unit), outlined the employment situation and ways to counter unemployment. He agreed on the importance of social dialogue and that ILO Conventions were essential to ensure a socio-economic floor. When examining employment trends, it could be observed that there were winners and losers in the global economy. The ILO had examined and developed measures that could mitigate the impacts of employment loss which would best be jointly implemented by governments and the social partners. When defining strategies, it was important to distinguish between cyclical unemployment and structural unemployment, because they required different approaches. It was also necessary to consider employment issues at the local level because of the direct impact of employment loss. Although most assumed that the ILO was active solely at the global level, it could also offer advice to address employment problems at the local level. Besides the implementation of ILO Conventions, a "protected mobility" policy needed to be promoted. The cyclical model allowed the social partners to exercise short-term flexibility. Ideally, flexible employment schemes could be coupled with training. In cases of major unemployment stemming from structural change, "socially responsible restructuring" through active employment policies created chances for employment outside a worker's original industry. Another example was the early retirement schemes, which had been widely introduced in European countries. The most important factor was to reduce the social costs to affected workers. Importantly, all these policies worked best in an environment of sound social dialogue.
- 12.** A Worker member from Brazil emphasized that restructuring needed to go hand in hand with the retraining of workers affected and policies on retraining should be developed and implemented.
- 13.** A Worker member from South Africa noted that the increase in component manufacturers in other countries had resulted in a decrease in pay and working conditions. The level of female employment in the auto industry and in parts manufacturing remained low. In some cases women occupied the same positions as male employees, but received lower salaries. In other cases women were given lower graded work. This situation was unnecessary and should be rectified. There was much worker exploitation in EPZs. The issue of migrant and other vulnerable workers was important and needed to be addressed.
- 14.** An Employer member from Colombia said that in Colombia and the Andean region, working conditions were very similar to those in North America. The assembly sector had similar conditions to those found in the supply sector. North American wages, however, were approximately two-and-a-half times higher than those in the manufacturing sectors in Andean countries. The survival of the components industry there was vital in assuring these countries' competitiveness in a globalized economy. The industry's survival was also important because transfers of technology had produced positive effects in other industries, such as the electronics and household appliance industries. Production of 500,000 units or more was necessary in order to remain competitive in the Andean region. Within the component sector, there was a clear need to improve quality.

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- 15.** An Employer member from India stated that historically, changes in manufacturing had always brought some job losses. Therefore, all had to learn to live with change. New technologies might transform the automotive components industry on a scale not seen in the industry's first 100 years. Furthermore, the migration of jobs from one country to another was a natural process brought about by economies of scale and production. Although working conditions might change when jobs moved from assemblers to suppliers, they were not necessarily going to become worse. Many, in particular multinational, Tier-1 suppliers had extremely good working conditions.
  - 16.** The representative of the Government of Indonesia stated that the automobile industry in his country was not experiencing a decline. In fact, following the 1997 crisis, some companies were expanding. On the question of gender issues, there were certain inequalities, as the Indonesian auto industry relied primarily on male workers, especially in EPZs where working conditions were generally similar to those for workers outside these zones. Finally, it was important to improve the auto industry in order to make it more attractive to investment and to ensure its future.
  - 17.** A Worker member from Germany stated that restructuring was a key issue for international trade union representatives since it touched upon important topics such as collective agreements, collective bargaining and freedom of association. Restructuring was sometimes necessary, but when unchecked it had negative effects on workers. Employers should communicate with workers early and enter into negotiations with them. It was essential that governments guaranteed freedom of association and the right to collective bargaining.
  - 18.** A Worker member from the Republic of Korea noted there had been a decline in the working conditions of irregular workers. As a result, unions had organized strikes in response to an attempt by the Government to extend the scope of irregular employment. Regular employment was an issue that needed to be raised with governments and the ILO needed to focus on this topic.
  - 19.** The Employer spokesperson said that circumstances differed so widely that a one-size solution could not be found. Specific problems needed to be addressed initially at the national level. There was a need for data collection, research and monitoring, in order to identify trends and impacts before means to address issues could be developed. Challenges created by the restructuring process had to be accepted since this process was often necessary to ensure the survival of the corporation. The Employers' group endorsed the implementation of core labour standards. They supported, in principle, the right to work, which was a responsibility of governments which were responsible for determining the social legislative framework governing employment practices.
  - 20.** A Worker member from Japan stated that restructuring needed to be considered with care. The automobile industry was a typical integrated industry and it was necessary to offer workers long-term employment and provide them with the opportunity to improve their skills. In Japan, 30 per cent of all employment was temporary in nature. In the automobile industry it was 18 per cent, in small and medium-sized enterprises (SMEs) 27 per cent. Temporary employment led to problems with quality and the survival of the company. The wages of temporary workers were 50 per cent below those of permanent workers. Such a disparity should not be allowed and equal access to social services needed to be ensured.
  - 21.** An Employer member from Belgium said that the report prepared by the Office was an excellent starting point, but that it required further discussion. Findings were largely influenced by the International Metalworkers' Federation, not by work from employers' groups. He questioned the issue of compensation between winners and losers as a result of restructuring. The ILO was not the right forum to deal with this issue. His organization, the Council of European Employers of the Metal, Engineering and Technology-Based

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Industries (CEEMET) supported the Declaration on Fundamental Principles and Rights at Work, 1998. Its enforcement needed to be dealt with at the national level. On the issue of skills and training, CEEMET had adopted common principles that recognized that training was a shared responsibility between workers and employers.

22. The representative of the Government of Sudan said that, while workers had stressed the need to protect workers, employers had said that the employment situation was stable. In Africa, especially in the East and the South, the creation of the Common Market for Eastern and Southern Africa (COMESA) necessitated changes in labour law. Also in the context of the New Partnership for Africa's Development (NEPAD), the role of the ILO was becoming more important in respect to the promotion of employment and the development of labour regulation through education and training, as well as in areas such as globalization, the fight against poverty and changes to technology.
23. The representative of the Government of Ukraine felt that the social partners considered that governments were responsible for the situation the industry was facing. Social dialogue needed to be encouraged between governments, workers and employers through social committees in order to foster agreements that would provide a good level of protection. The issue of decent work was complex and should be addressed at a national level because of national variations.
24. In response, Mr. Beckman questioned the Employers' position that it was not possible to come up with a general rule because of national differences. While the responses in different countries need not be identical, the principles underlying them should be. Despite national differences, restructuring had resulted in decreased security, wages and working conditions for workers in all countries.
25. Mr. Kato did not agree that a reduction in automobile industry employment in Japan in 2004 was the start of a worrying trend. Companies were making a large effort to survive in an era of increased competition and globalization. There was an incentive for employers to provide good working conditions, otherwise they would be unable to attract the good employees the industry required. The standard of working conditions in Japan was very high, and it was also maintained by Japanese companies operating outside Japan.
26. Mr. Auer explained that the idea of compensating winners and losers was based on the premise that losers were compensated through national social policy. He had not intended to imply that countries would compensate each other on an international level. Restructuring was inevitable, but the ways and effects varied widely. The question was, therefore, how it was done. Volkswagen, for example, had adopted a restructuring policy which had prevented many workers from losing their jobs. Not only the report, but other work by the ILO on fair globalization and decent work should be considered when looking for solutions. The speaker agreed that one size did not fit all, but there were common elements that could be adapted to specific circumstances. These included company-wide policies and national policies, some of which could be applied internationally. It was important that restructuring was pursued within a framework of social dialogue. Restructuring was far less controversial if the workers who lost their jobs were compensated by the social system, and if it was done in a responsible manner. The approach that had worked in developed countries could possibly be adapted to the situation of developing countries.
27. The Employer spokesperson found the debate interesting and noted the divergent views expressed. He felt, however, that no definitive conclusions on the way forward had yet been reached.
28. The Worker spokesperson believed that there should be no losers as a result of globalization and the restructuring of manufacturing. It could be managed without job

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losses. In the mid-1980s, where high interest rates had caused job losses, dialogue between governments, employers and workers well in advance had avoided some of the problems. Trade unions were committed to discussions and negotiations and it should also be recognized by the Employers that it was possible to share the benefits of increased profits as well as dealing responsibly with the issue of restructuring. Corporations should talk to unions well in advance of restructuring. In many cases, restructuring plans had been made long before any notification. Plans should be negotiated with the unions in order to deal with the unwanted effects on workers of necessary adjustments. Possible provisions include retraining, social programmes, supplementing incomes provided by the government, and other forms of protection for the workers concerned. Governments also had an important role in dealing with the social impact of restructuring. Both governments and employers needed to take ILO standards seriously in this regard. The Workers were committed to work with the Employers and the Governments to come to useful conclusions.

## Social dialogue

29. The Employer Vice-Chairperson, Mr. Telang (Tata Motors Ltd.), introduced the other panel speakers, Mr. Thierron (IG Metall) for the Workers and Mr. Rychly (Senior Specialist, Social Dialogue, Labour Law and Labour Administration Department) for the Office.
  
30. The Employer Vice-Chairperson made a presentation on social dialogue in Tata Motors Ltd., primarily an Indian company, although it had recently acquired a commercial vehicle company in the Republic of Korea. It produced 336,000 vehicles annually, employed 20,000 workers and exported to some 70 countries. The company's founder had recognized the importance of good labour relations and of their contribution to social progress. This philosophy meshed with the principles of the ILO Declaration on Fundamental Principles and Rights at Work, 1998. Tata Motors Ltd. had adopted a code of conduct and was taking part in the Global Reporting Initiative. Ways to implement social dialogue within its suppliers and among its subcontractors were being examined, since the company's main objective was to secure benefits for all stakeholders. The number of its vendors with certified qualifications had significantly increased and the company was engaged in regular information-sharing with suppliers to improve social dialogue. The company was training employees in small and medium enterprises (SMEs) in QS 9000. Tata Motors Ltd. applied *kaizen* principles, which brought considerable increases in productivity, exposed hidden costs, improved, inter alia, ergonomics and safety and health and demonstrated work methods, which brought good results without squeezing margins. Among its SME vendor companies with ten or more employees, freedom of association was obligatory. Similarly, all vendor companies were required to comply with national labour legislation, also with regard to minimum wages. Low-value activities had been outsourced (e.g. canteen services, workers' transport, menial labour) responsibly. Tata Motors ensured that these 3,200 workers were paid in accordance with minimum wage legislation, that mandatory benefits were given to them and that working conditions were good, with emphasis on ergonomics and safety and health.
  
31. Mr. Thierron, reminded the Meeting of the different national interpretations of the term "social dialogue". While it was right that the ILO's understanding of social dialogue encompassed bipartite and tripartite processes, an extension of social dialogue to NGOs could not be accepted on matters such as negotiations on wages or conditions of work. The attempt to practise social dialogue without applying the principles of freedom of association and the right to collective bargaining was futile, if not deceitful. The Employers had rightly emphasized that productivity, good quality and innovation were among their goals. However, to achieve this, Employers needed to add another goal – a motivated and qualified workforce. Social dialogue between employers and workers'

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representatives and trade unions required information, consultation and negotiation, which could further motivate workers. Two developments were especially important – international framework agreements (IFAs) and global works councils. While violations of international trade law were sanctioned, violations of human rights and international labour standards went unpunished. It was time that core labour standards were incorporated into the WTO system of trade sanctions, but no success had so far been achieved in attaining that end. Since ILO could not force compliance, alternative ways had been pursued to ensure the application of labour standards. The 13 IFAs signed by IG Metall covering the metal, textile and wood sectors call on German employers to respect them wherever their subsidiaries were located. The agreements required that core labour standards be respected, as well as other international labour standards related to wages and safety and health. These were three serious issues: (a) governments, employers and workers’ representatives needed to be convinced of the benefits of IFAs; (b) employers who maintained that they could not force their suppliers to observe IFAs; and (c) the difficulty in monitoring and supervising IFAs across borders. IG Metall had also started to establish IFAs with Tier-1 suppliers, who, in turn, would try to encourage the application of minimum standards by their suppliers. The identification of worldwide violations, however, remained difficult. Global works councils could be a solution, although not all companies had works councils at all their sites. Furthermore, since works councils were mainly a European construct, this experience could not be easily transferred to other locations. What was needed was a mechanism for information-sharing, consultation, and even negotiation across borders. In order to promote social dialogue at the regional level, workers were urging the setting up of adequate forums. To enable national delegations from the social partners to participate, workers representatives’ basic costs needed to be covered by employers.

- 32.** Mr. Rychly highlighted the importance of a competitive automotive industry for developing countries and economies in transition. In general, the state of industrial relations in the automotive industry was quite healthy and the influence of unions was high. This was, however, not always the case for its suppliers and subcontractors. In addition, social dialogue might be strong in a multinational company’s home country but poor at other sites. The consequences of globalization were felt on production systems and on industrial relations everywhere. The enlargement of the world market had weakened unions; the mere threat of relocating plants was often enough to strengthen employers in negotiations. The Office was helping constituents to make labour laws more balanced and more open to collective bargaining. However, much depended on national actors. For IFAs to be effective, the industrial climate needed to be solid, management had to understand the role of core labour standards, and unions needed to be strong. Codes of conduct were most effective if developed after consultation and negotiation with unions. Monitoring and implementation of IFAs was difficult, and international mechanisms were needed that would ensure globally that the company would not work with suppliers that had failed to comply with labour standards. No universal model for social dialogue existed; the ILO definition was broad enough to allow for different experiences. However, a distinction needed to be made between social dialogue and civil dialogue. In ILO terms, social dialogue referred to dialogue solely between governments and the social partners. It was not only a useful instrument, but also part of good governance, involving democratically elected representatives. Civil dialogue, which included non-governmental organizations, was complementary to social dialogue but it could not replace the key roles of the workers and employers in consultation and negotiation.
- 33.** The Worker spokesperson emphasized the importance of the distinction between civil responsibility and the responsibility that employers had to workers and their trade unions. Their decisions affected the lives of employees and trade unions needed to be involved. Consideration needed not only to be given to the best interests of the company and its shareholders, but also to the interests of the workers and their trade unions. Preceding decisions to restructure, a clear flow of information often existed between governments and employers, but trade unions were excluded. Basic ILO principles should be taken

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seriously, not just be paid lip service to. Since neither the ILO nor the workers could ensure that these principles were always upheld, governments and employers shall take supportive action. Some companies, which respected labour standards at home, disregarded them when outsourcing to other countries. A recommitment by governments and employers was necessary to demonstrate that they were serious about labour standards. Pressure on countries to comply with labour standards was essential.

34. The Employer spokesperson reiterated his group's support for the ILO's definition of social dialogue and for the fundamental principles of the ILO, in particular the right of association and the right to bargain collectively. The Employers supported any mechanism (e.g. IFAs) that promoted a better understanding between governments, employers and workers and promoted sound industrial relations. The Employer group supported consultations with trade unions on these matters, but maintained that the decision to implement any such mechanism remained the prerogative of management. IFAs should remain voluntary; their use depended upon local circumstances.
35. The representative of the Government of Venezuela said that social dialogue needed to be promoted, be it as a formal or informal mechanism, as it was essential to a harmonious social climate. To be effective social dialogue needed to be timely, allowing social partners to adequately react to new developments. Incentives for social dialogue had been created in his country, which had embarked on a crusade for social inclusion on issues such as education, public health, literacy and social policy. Social dialogue was a *conditio sine qua non* for achieving social justice. His Government supported attempts of international collective bargaining and social dialogue, since it expected that this could result in a better global acceptance of minimum labour conditions.
36. The representative of the Government of Indonesia supported social dialogue in any form, and it should be institutionalized. In Indonesia, tripartite consultative bodies on local and national levels had been formed. His Government also promoted social dialogue through various media so that the public could be made aware of the different opinions. The responsibility for making social dialogue work was with the social partners.
37. The representative of the Government of Sudan said that collective agreements with trade unions were important. In Sudan, a series of tripartite agreements were signed at the highest level to give a basis for agreements on wages and working conditions. Issues of particular importance to developing countries, such as health, standards of living and occupational safety and health should best be dealt with through social dialogue, which should be targeted to meet the needs of all involved. The ILO therefore needed to oppose the suppression of trade unions and employer organizations in some countries.
38. The representative of the Government of the Ukraine noted that the ILO report put emphasis on the importance of legislation pertinent to social partnership. His Government had established a 22-member National Council which dealt with all legislative proposals and changes in the law that touched on social issues and required the social partners' participation. Attendance was obligatory. The need for a closer partnership on the basis of tripartism was supported by the report of the World Commission on the Social Dimension of Globalization. The nine basic proposals therein should be followed to tackle the problems of globalization.
39. The representative of the Government of Algeria outlined the difficult situation in his country and explained that a way forward required bipartite consultations as well as the creation of a platform for social dialogue.
40. A Worker member from the Republic of Korea stressed that the role of governments in the process of social dialogue needed clarification. Some governments seemed clearly to favour the position of employers when engaging in tripartite social dialogue. The speaker

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did not agree with the position of the Employers' group who had pointed out that national conditions and circumstances always needed to be observed. This allowed employers to ignore principles in other legislations that they supported in their home countries. IFAs needed to ensure that international labour standards should also apply to subsidiaries to ensure that the deterioration of working conditions in countries such as the Republic of Korea was stopped.

41. An Employer member from Colombia pointed out that tripartite bodies in her country had led to various initiatives on the environment or minimum standards. The suggestion to deal with certain issues on a regional basis was attractive, but currently only possible in the European Union. Regional organizations such as NAFTA, CARICOM or the Andean Community were too focused on the facilitation of trade to provide an adequate basis for regional social dialogue.
42. A Worker member from Japan said that the decision to enter into an IFA was left to the individual company and trade union. Employers' organizations could make recommendations on the issue of IFAs. Corporate Social Responsibility (CSR) needed to become an essential part of companies' strategies. Besides being beneficial to workers, initiatives on CSR also promised to strengthen a company's relationship with its customers, many of whom were workers. While it made perfect sense to establish CSR committees in corporations, CSR initiatives could not replace collective bargaining between social partners.
43. An Employer member from Belgium recalling the previous explanations of the Employer spokesperson (paragraph 34) referred to the International Metalworkers' Federations' 2004 report on the automotive industry, which stated that trade unions needed to promote IFAs since national legislation had reached its limits in a globalized world. It was important to note that the companies that had adopted IFAs had, in all cases, a history of good communication and dialogue, sometimes based on unilateral codes of conduct. Such companies were numerous and were not properly reflected by the low number of German companies that had established IFAs. While no assessment on the added value of IFAs could not simply be easily at this point, the European agenda behind these efforts was clear. A broader look was needed, since the European social model could not simply be exported.
44. The Worker spokesperson stressed that the governments should do all they could to prevent the inequitable impact of restructuring. Large employers should also assist their suppliers in ensuring that the most vulnerable workers (e.g. women workers or young workers) would not be the most affected. While social dialogue could not be imposed and ultimately relied on the will of the social partners, the basic conditions under which it could flourish needed to be promoted as well as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises. Civil dialogue needed to be clearly distinguished from social dialogue, which could only exist between social partners and governments. The Worker spokesperson commended all speakers for expressing the highest respect for basic ILO principles and frameworks that lead to at least minimum labour standards. He was therefore looking forward to those statements being endorsed in the conclusions.
45. The Employer spokesperson said that his group was sensitive to the difficulties and hardship that could result from structural changes. They recognized that effective social dialogue was an important means to address those issues and create a better understanding between social partners.
46. Mr. Rychly added that the bipartite and tripartite models of social dialogue were not mutually exclusive, but complemented each other. Collective bargaining was at the heart of social dialogue. The four main roles of governments were: (a) to adopt a legal

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framework that respected international labour standards and left room for collective bargaining; (b) to create an institutional framework; (c) to take part in social dialogue in countries where tripartism was found; and (d) to be a social partner vis-à-vis public servants.

47. Mr. Thierron agreed that social dialogue was mainly the responsibility of the social partners. So far, IFAs had only been signed with companies that had good industrial relations and a strong union representation. IFAs were the result of negotiations between management and workers. He opposed unilateral instruments, which often lacked reference to ILO core labour standards. In the IFAs signed so far, the tasks of monitoring compliance had been assigned to both social partners. One way of ensuring compliance was to include such examinations in normal quality control procedures. However, the most important element of effective monitoring continued to be local workers' representatives who were free to speak out and report deficiencies. No final assessment could be made yet, but over 20 cases existed where positive effects had been registered as a result of an IFA. There was no intention to force the European model on the rest of world. Regional forums would, however, be useful to exchange and compare working conditions in the different regions. These needed to be set up both on regional as well as international levels.
48. In response to a question raised, the Employer Vice-Chairperson explained that Tata's code of conduct had been welcomed by all unions from the various sectors in which the Tata Group was doing business.

### **Other aspects of decent work**

49. The Worker Vice-Chairperson, Mr. Soeda (Japan), opened the discussion by introducing the other panel speakers, Mr. Vermeulen (South Africa) for the Employers, Mr. Sanches (Brazil) for the Workers and Mr. Mehran for the Office.
50. Mr. Vermeulen (National Association of Automobile Manufacturers of South Africa) said the ILO had built a strong foundation for decent work. The ILO Director-General had described decent work during the 87th Session of the International Labour Conference, stating, "The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in security and human dignity". Various factors, such as globalization, rapid technological advances, consolidations, fewer vehicle platforms and the evolving role of consumers, would combine to change the automobile industry in coming years. These changes included: (a) economies of scale strategies revolving around globalization and emerging markets, the consolidation of production facilities and suppliers, and the provision of a broad product range across a smaller number of platforms; (b) changes in the structure of manufacturing; (c) changes in the traditional retail environment brought about by the advent of a direct relationship between producers and consumers; and (d) cost challenges for producers due to increased regulatory and legislative provisions, particularly in developed economies. One of the key issues facing the ILO and policy-makers was how to facilitate the sustainability of decent work given the context of globalization and the need of the automotive industry to reinvent itself.
51. Mr. Sanches (Confederação Nacional dos Metalúrgicos) reinforced the importance of the ILO Director-General's statement defining decent work. He expressed support for the 11 groups of statistical indicators for decent work, as set out in TMTEM/2005. Reliable statistical data were particularly needed for negotiations. Assemblers outsourced to reduce fixed costs, so that they no longer had to bear the risks of market fluctuations. These risks were handed down to their suppliers. At the same time, constant pressure was kept up on suppliers to lower prices. At the same time, assemblers in his country were trying to undercut each other by severely increasing working hours, which led to a vicious circle of deteriorating working conditions. Regarding the issue of safe work, recent ILO documents

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referred to concepts such as “safety culture”. This terminology seemed to indicate that safety in the workplace was simply a matter of awareness. In fact, OSH primarily required adequate equipment and workplaces. Lifelong learning was important in the context of restructuring, but it should not be limited to developing specific skills, it should also include portable knowledge. It was therefore important to promote the Human Resources Development Recommendation, 2004 (No. 195). Finally, the assessment on page 124 of the English version of the background report that most assemblers and Tier-1 suppliers would score well on any decent work index did not reflect reality.

- 52.** Mr. Mehran (Senior Specialist at the ILO’s Statistical Development, Policy Integration Department) noted that it was not only important to quantify, but also to understand the decent work concept. Decent work was a complex concept and difficult to measure. No single measure for it could be found; a multitude of sources of data was needed. Moreover, decent work was not just an outcome, it was more a process. While assessments at the national level had so far been prioritized, attention should also be given to the sectoral, enterprise and single-job level. Work on decent work indices was not conclusive. The ILO was trying to institutionalize the measurement of decent work by influencing national statistical systems such as labour force surveys which measured employment, underemployment and unemployment. Decent work could be looked at as the quality of employment. Measuring decent work required going beyond traditional data-collection methods, one of those being the creation of control checklists, which could also be used to point to trends over time. He reminded the Meeting of the limitations of the normal statistical approach that would measure the absence of negative aspects to determine the existence of a positive concept such as decent work. Qualitative indices could also be part of the measurement of decent work.
- 53.** The Employer spokesperson fully supported the concept of decent work. Since it was a broad concept, a more focused description which captured the philosophy and spiritual perspectives on decent work should be considered. Decent work could be seen as a development framework that comprised the ILO’s four interconnected strategic objectives: (a) the creation of employment and income opportunities for women and men; (b) the promotion and achievement of universal respect for fundamental principles and rights at work; (c) the extension of social protection; and (d) the promotion of social dialogue. These objectives should be coupled with a reference to working conditions in conformity with ILO fundamental labour principles. The Employers’ group had reservations regarding Chapter 11 of the Office’s report, because many of the indicators were difficult to define and measure. Consideration needed to be given to the vast differences in countries’ economic progress. Any plans to aggregate indicators to measure decent work and to rank countries or companies was not supported by the Employers’ group. Experts agreed that it was neither possible nor practicable to develop a composite index of decent work for the automotive industry and research should not be extended to include indicators, which were in some cases vague and difficult to define. Instead, national statistics offices should be encouraged to provide accurate labour statistics.
- 54.** The Worker spokesperson regretted the lack of good data. One solution to address this would be to have as much information and discussion as possible. It was critical to understand the dynamics of restructuring. All interventions and studies that could help to see through the transitions were welcome. Working conditions at Tier-1 and Tier-2 suppliers were largely inadequate and decent work deficits related to, inter alia, fair treatment, equality and OSH were numerous. These called for solutions, such as ongoing OSH programmes and lifelong learning initiatives, which would not only be for company-specific needs, but produce portable qualifications. Given the industry’s constant restructuring, such programmes needed not only to be provided by companies, but also governments.

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- 55.** A Worker member from Mexico pointed out that the main reason for decent work deficits lay with the large assemblers. The constant demand by these companies that suppliers reduce prices had led to a vicious circle with adverse effects on workers and companies. In EPZs the situation was particularly bad. A limit to indecent work should be set. To this effect, an alliance between the unions and suppliers to tackle the assemblers should be created.
- 56.** A Worker member from Japan stressed that since it was often not possible to compare statistical data between countries, further work was required to improve its compatibility. A serious example of a decent work deficit in Japan was the ubiquitous unpaid overtime work. Another problem was the difficulty of establishing minimum wages across industrial sectors maintaining the existing wage system within the industry and ensuring that the greater value added of the automotive industry would be adequately reflected in the wages vis-à-vis other sectors.
- 57.** A Worker member from the Republic of Korea said that in every country where the automobile industry was present there was a push for the extension of working hours by employers. Long working hours damaged the health of workers and decreased their life span by several years. Work-related accidents resulting from fatigue were an important cause of death. Instead of increasing working hours, governments and employers should focus on the creation of more jobs. ILO standards should be universally complied with and employers should be made responsible, since the further extension of working hours was tantamount to manslaughter.
- 58.** The Government representative of Indonesia said that the right of freedom of association was important at all levels, as was ensuring that adequate social protection for workers existed.
- 59.** An Employer member from Belgium said that the examples given by the Workers' group were horrific examples of illegal practice. The Employers' group supported the philosophy of decent work. Given that the Working Group on Decent Work Indicators had opposed the aggregation of statistics to rank countries and companies, he requested clarification on the Office's position. Moreover, data used were sometimes outdated and misleading and highlighted the difficulty to collect reliable data in this industry.
- 60.** The Employer spokesperson said that there had been a broad range of diverging views on defining and measuring decent work in scientific means and questioned whether this could be approached in a manner which was more qualitative, since decent work was an abstract, intangible concept. The Employers confirmed their support for the principles of decent work and expressed their horror at the events related by Worker members. These experiences differed very much from his own, because South Africa had endorsed a tripartite arrangement for the formulation of social policy and had a progressive industrial relations system based on the guidelines and recommendations of the ILO.
- 61.** Mr. Sanches endorsed the attempts of the Office to validate statistics to measure decent work. It was important to consolidate data that existed in most countries so that an idea could be gained of how work was organized worldwide. Workers had the same rights and needs, wherever they happened to live. His country was not only characterized by negative developments; as everywhere else positive and negative aspects existed side by side. Instead of establishing benchmarks that would be used to further lower working conditions, companies should look at best practice and follow the standards of the ILO in good faith.
- 62.** In response to a request for clarification Mr. Mehran explained that the Office was not trying to create composite indices and rank countries or companies. The aim was to look at different aspects of decent work at various levels, such as job, sectoral and national levels.

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An example of such examination was a study that had shown that hours of work summarized a number of key aspects of decent work, such as stress and income. As part of the study, a definition of long hours of work had been sought that would allow adequate comparisons.

### **Consideration and adoption of the draft conclusions by the Meeting**

- 63.** The Working Party on Conclusions submitted its draft conclusions to the Meeting at the latter's fifth sitting.
- 64.** The Meeting unanimously adopted the draft conclusions, after having agreed to a number of drafting changes.
- 65.** All changes requested by 24 January 2005 have been incorporated in the report.

Geneva, January 2005.

Mr. J. Sithole,  
Chairperson.

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## Conclusions on employment, social dialogue, rights at work and industrial relations in transport equipment manufacture <sup>1</sup>

The Tripartite Meeting on Employment, Social Dialogue, Rights at Work and Industrial Relations in Transport Equipment Manufacture,

Having met in Geneva from 10 to 12 January 2005,

Adopts this twelfth day of January 2005 the following conclusions:

### Employment development

1. The level of employment in the automotive industries is of concern in all countries. There are various approaches to addressing employment issues. The social partners should be encouraged to seek a negotiated framework that addresses employment issues.
2. Respect for the provisions of the ILO Declaration on Fundamental Principles and Rights at Work and its follow-up is the basis for the treatment of workers. All constituents should promote and realize the rights and principles contained in the Declaration, or meet national laws and regulations, whichever are higher. Decent work should be a global objective.
3. Safeguarding existing employment is a priority for all economies, as is ensuring that investment brings high quality jobs, contributing to improved social and economic conditions and development. The situation within countries may vary depending on the mix and relative size of assemblers and components manufacturers, but all are dealing with many common employment issues in the sector.
4. Generally speaking, wages are higher, and conditions of work better and/or more stable in the final assemblers than in the components sector. The Meeting notes with interest the work of the ILO Governing Body on export processing zones (EPZs) and on the social responsibilities of corporations. Also, large employers could, where possible, assist their SME suppliers in adapting to changing economic circumstances.
5. The employers reserve the right to make decisions when outsourcing or restructuring. Employers, in consultation with workers' representatives,<sup>2</sup> should as early as practical, explore alternatives with a view to avoiding, reducing or mitigating the negative impact of restructuring and/or job losses. In such cases, information, consultation and negotiated

<sup>1</sup> Adopted unanimously.

<sup>2</sup> 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 recognized 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 recognized as the exclusive prerogative of trade unions in the country concerned."

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agreements between workers' representatives and employers are essential to the process. Restructuring also has a human cost. Active labour market policies can reduce that cost.

6. Governments in consultation with the social partners have the responsibility to ensure social protection and security in the case of restructuring, as well as to implement active labour market policies, including retraining and lifelong learning throughout the entire production chain that will assist workers to be reassigned within a company or find employment elsewhere. The Meeting reaffirms the ILO Human Resources Development Recommendation, 2004 (No. 195) that calls on governments, employers and workers to renew their commitment to lifelong learning. It is particularly important that governments prevent the inequitable impact of restructuring on vulnerable groups such as women, youth, migrant workers and minorities.
7. Continuing research, data collection and monitoring of the situation should be implemented in order to provide an early warning and help to ease the social policy burden. The ILO should continue and sustain its work on a regularly maintained and updated database for the metal trades industries to support social dialogue, as agreed to by the Tripartite Meeting on the Social and Labour Impact of Globalization in the Manufacture of Transport Equipment (Geneva, 2000).

## **Social dialogue**

8. Social dialogue includes all types of information exchange, consultation, negotiation and collective bargaining between representatives of governments, employers and workers – and between the social partners themselves – on all issues of common interest.
9. Social dialogue is, therefore, a fundamental mechanism for promoting and enabling effective solutions to social and industrial relations challenges and complex issues faced by the industry that may affect workers. For this reason, social dialogue is different from a wider dialogue that involves civil society.
10. Governments, with the assistance of the social partners, have a responsibility to ensure and support the appropriate legal and institutional framework to enable and encourage true social dialogue. The parties should make efforts to promote social dialogue, the exchange of information, and good faith bargaining.
11. Respect for the ILO Declaration on Fundamental Principles and Rights at Work and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy provides an effective and appropriate framework for the sustained functioning of the principle of freedom of association and the right to organize and to collective bargaining that are cornerstones of social dialogue.
12. Freely negotiated agreements between employers and workers' organizations,<sup>3</sup> including international framework agreements (IFAs), promote social dialogue and core labour standards in accordance with the provisions of the ILO Declaration.
13. Social dialogue in the automotive industry should be a permanent feature of the industry.

<sup>3</sup> When the term "workers' organizations" is used, it refers primarily to trade unions as well as other workers' organizations.

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## Decent work

14. Decent work is a broad concept stemming from the ILO's mandate to improve social justice. It was enunciated by the Director-General in 1999 as "opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity".<sup>4</sup> It includes six dimensions: opportunities for work, freedom of choice of employment, productive work, equity in work, security at work, and dignity at work.
15. It is impossible to define decent work using a single index; a variety of sources are needed. Moreover, there are many levels at which decent work could be measured: national, sectoral, subsectoral, enterprise, job, etc. To date, the focus has been on decent work at the national level.
16. A reduction in decent work deficits, where they exist, in the industry and all its sectors is essential.<sup>5</sup> Achieving decent work is a continuous process, including creating conditions and institutions, as appropriate, leading to decent work, as well as the outcome of specific activities.
17. Statistics on hours of work, percentage of women in the workforce, union density, collective agreements, wage levels and the incidence of accidents, etc., found, for example, in national labour force surveys, could be used as proxy indicators of the degree of decent work. However, problems of timeliness, comparability and reliability associated with such data collection are known. Governments, employers and trade unions should cooperate with the ILO in making adequate data available. At the sectoral level, employers and workers' organizations could make a significant input.
18. The principle and practicality of using indicators to measure decent work should be considered in the context of the conclusions and recommendations of the Seventeenth International Conference of Labour Statisticians, and the decision of the ILO Governing Body at its 289th Session, that "the issue of decent work indicators be the subject of a debate at a future session of one of the committees of the Governing Body, as a precondition to the convening of a tripartite meeting of experts".<sup>6</sup>
19. In addition to quantitative indicators of decent work, the development and use of certain qualitative indicators could provide a more focused perspective. Such qualitative indicators should be discussed and developed in consultation with the social partners.
20. Governments, employers and trade unions should take measures to provide for health and safety at work and appropriate financial protection in the case of deterioration of health, injury and other cases.

<sup>4</sup> ILO: *Decent work*, Report of the Director-General, International Labour Conference, 87th Session, Geneva, 1999, p. 3.

<sup>5</sup> ILO: *Reducing the decent work deficit: A global challenge*, Report of the Director-General, International Labour Conference, 89th Session, Geneva, 2001, p. 66.

<sup>6</sup> GB.289/14, para. 57(b)(i).

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Part 2

**Other proceedings**

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## Panel discussion

### Presentation of a statistical database for the metals sector

<i>Moderator:</i>	Mr. J. Sithole, Chair of the Meeting
<i>Panellists:</i>	Mr. Ralph Doggett, Hagen Resources International, Geneva
	Mr. Paul Bailey, Sectoral Activities Department, ILO, Geneva

Mr. Doggett presented the history, current status and future plans of the ILO/SECTOR metal trades industry database. The objective had been to create a database with an industry-specific focus, drawing on data from existing sources. This would allow users to access a wide range of data in a uniform and consistent manner, from one single access point. During the initial phases of the project, it was decided in this first stage to focus on the automotive industry. This was because the Sectoral Activities Department (SECTOR) had a need for this information for the present Meeting and because this sector had the best information available. During upcoming phases of the project, the database would be expanded to include other metal trades industries (ISIC 27-35<sup>1</sup>), automotive sector suppliers, more industries, and additional sources of information. The database would eventually be made available on CD-ROM, as well as through the SECTOR web site.

The database drew upon information from a variety of sources. These were the ILO, UNIDO, OECD, UNCTAD, WTO, OICA, and several other motor vehicle trade associations. The data categories focused mainly on employment, earnings and working time, but also covered production and trade. The data was organized by source and then by category and can be retrieved as time series. Keyword searching aids in data retrieval.

### Discussion

Replying to a question by a representative of the Government from the Islamic Republic of Iran, who asked about the value added by the metal trades industry database, Mr. Doggett explained that the metal trades industry database was developed by the ILO Sectoral Activities Department in order to offer a unique feature that focused on industry-specific data (e.g. automobiles) while all other statistical databases were normally presented by country and for all industries. The metal trades industry database would provide broad content data at the 3- or 4-digit ISIC level in the metal trades. The metal trades industry database gathered employment data in the metal manufacturing sector, and at present, particularly in the automobile industry, by extracting numerous raw data from diverse sources such as ILO LABORSTA, UNIDO industrial statistics data, OECD structural analysis database (STAN), UNCTAD trade data, WTO commodity trade statistics, OICA (International Organization of Motor Vehicle Manufacturers) production data, IMF (International Metalworkers' Federation) data from the *Auto Report 2004*, as well as data from national trade associations. Searching each database individually would require considerable time and effort – and different techniques – to extract data, which were often complex. The metal trades industry database was tailored exclusively for use by the ILO's constituents and general users in the metal sector in a user-friendly format. It would enable the downloading of a variety of industrial data in a one-stop shop, without

<sup>1</sup> International Standard Industrial Classification of all Economic Activities (ISIC).

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having to individually visit all of the various data sources. It would also provide the capacity to easily convert these data into graphics.

Replying to a question by a Worker adviser from Japan, Mr. Doggett commented that the ILO Key Indicators of the Labour Market (KILM) relied on the same raw data sources as LABORSTA and the UNIDO industrial statistics database. However, KILM used indices instead of real numbers and aggregated data at the level of agriculture, industry and services – whereas the metal trades database looked at individual sectors within manufacturing.

The Deputy Secretary-General (Mr. Bailey) commented that the question was: What to do next? Specifically, how to distribute this information to the constituents. Eventually, the metal trades industry database would be available online at the departmental web page the one-stop window ([www.ilo.org/sector](http://www.ilo.org/sector)). Another means would be a CD-ROM. A second question concerned how often to update information. In addition, the database would be more useful when comparative data from other economic sectors such as textiles and clothing and the chemical industries, etc., would be added to the database.

An official from the ILO Bureau of Statistics requested the participants who used the database to provide the ILO with their comments and opinions for improvements on the metal trades industry database.

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## Closing speeches

The Secretary-General provided some information on the participation at the Meeting and outlined its achievements. All inputs showed the expertise and passionate concern shared by all participants. The speaker noted the overwhelming support for the principles of the ILO Declaration on Fundamental Principles and Rights at Work, 1998, and the concept of decent work and social dialogue and thanked all participants for their hard work. Throughout the discussion, and in the conclusions, the participants had shown a deep and common understanding of the sector and its issues. This expertise, coupled with the strong spirit of commitment, compromise and consensus that all groups had demonstrated in the Meeting, would allow the automotive sector to move forward and meet the challenges before it.

The Government Vice-Chairperson commended the participants and the ILO on the Meeting. This Meeting had provided a great example of successful and effective social dialogue.

An Employer member from Canada said that the Meeting had been a success and thanked all participants, particularly his group's spokesperson, Mr. Vermeulen. The Meeting had discussed sectoral trends and their implications for working conditions. It had demonstrated that through information exchange, consultations and negotiations, agreements on fundamental issues impacting on all social partners could be found. The debate had been stimulating and results achieved were an example of the positive outcomes of social dialogue. The positive and cooperative spirit had allowed for steps to be made to achieve the Governing Body's expectations in this regard. He reiterated the Employers' group's commitment to the principles of decent work and social dialogue to address the challenges facing the industry.

The Worker spokesperson said that the debates had been thought-provoking and fruitful. Although his group had had concerns about the short duration of the Meeting, it had achieved its goals. Some important issues that had been dealt with included IFAs and the importance of the principle of collective bargaining. The speaker was also pleased that the Meeting had recognized that unilateral decisions were detrimental to labour relations and emphasized that it was important that decisions that affected workers would be taken in consultation with their trade unions. Unfortunately, full agreement could not be found in regard to several important issues (e.g. EPZs and the recommendations made by the World Commission on the Social Dimension of Globalization).

The Chairperson thanked all panellists and participants for their work and enthusiasm. In most of the examples given in the discussions it had transpired that approaches to solve problems that were preceded by negotiations and consultation, had the highest chances of success. This underlined the importance and power of social dialogue and had also proved to be true for the work of the Meeting and its Working Party.

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**List of participants**  
**Liste des participants**  
**Lista de participantes**

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Members of the Governing Body  
of the International Labour Office

Membres du Conseil d'administration  
du Bureau international du Travail

Miembros del Consejo de Administración  
de la Oficina Internacional del Trabajo

Mr. Jan Sithole, Manzini, Swaziland

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

**ALGERIA ALGÉRIE ARGELIA**

M. Ahmed Labidi Trad Khodja, Directeur, ministère de l'Industrie, Alger

**ARGENTINA ARGENTINE ARGENTINA**

Sr. Raúl Ojeda, Asesor del Ministro, Ministerio de Trabajo, Empleo y Seguridad Social, Coordinador de Asuntos Internacionales, Buenos Aires

**BRAZIL BRÉSIL BRASIL**

Sr. Ricardo Andrés Cifuentes Silva, Assessor da Secretaria de Políticas Públicas de Emprego, Ministério do Trabalho e Emprego, Brasília

**CANADA CANADÁ**

Mr. Reg Pearson, Director, Labour Management Services, Ontario Ministry of Labour, Toronto

**CZECH REPUBLIC RÉPUBLIQUE TCHÈQUE  
REPÚBLICA CHECA**

Ms. Veronika Drábková, Department of Labour Law & Collective Bargaining, Ministry of Labour and Social Affairs, Praha

**INDONESIA INDONÉSIE**

Dr. Sutanto Surwarno, Head, Sub-Directorate of the Industrial Relation Institution, Department of Manpower & Transmigration, Jakarta Selatan

*Advisers/Conseillers techniques/Consejeros técnicos*

Ms. Koesprayekti Saptarina, Ministry of Manpower and Transmigration, Department of Manpower & Transmigration, Jakarta Selatan

---

Ms. Lina Domuria Siagian, Ministry of Manpower and Transmigration, Department of Manpower & Transmigration, Jakarta Selatan

Ms. Johana Jonatan, Ministry of Manpower and Transmigration, Department of Manpower & Transmigration, Jakarta Selatan

**REPUBLIC OF KOREA RÉPUBLIQUE DE CORÉE  
REPÚBLICA DE COREA**

Mr. Cho Ohyeon, Deputy Director, Labor Relations Policy Division, Ministry of Labour, Gwacheon City

*Adviser/Conseiller technique/Consejero técnico*

Mr. Seong Cheol Yeo, Deputy Director, Employment Policy Division, Ministry of Labour, Gwachon City

**ISLAMIC REPUBLIC OF IRAN RÉPUBLIQUE ISLAMIQUE D'IRAN  
REPÚBLICA ISLÁMICA DEL IRÁN**

Mr. Rashid Bayat Mokhtari, Counsellor, Permanent Mission of the Islamic Republic of Iran

**MALAYSIA MALAISIE MALASIA**

Mr. Wan Zulkfli Bin Wan Setapa, Labour Attaché, Permanent Mission of Malaysia in Geneva

**MOROCCO MAROC MARRUECOS**

M<sup>me</sup> Siham Bouassa, Conseiller, Mission permanente du Maroc à Genève

**PARAGUAY**

Sr. Francisco Barreiro, Consejero, Misión Permanente de Paraguay en Ginebra

**PHILIPPINES FILIPINAS**

Ms. Veronica A. Eastwood, Labour Attaché, Permanent Mission of the Philippines in Geneva

**PORTUGAL**

Sr. Alexandre Mata de Oliveira, Direcção de Serviços de Promoção do Emprego, Instituto do Emprego e Formação Profissional, Lisboa

**ROMANIA ROUMANIE RUMANIA**

M. Vasile Mirciu, Directeur général adjoint, Direction générale de la politique industrielle, ministère de l'Economie et du Commerce, Bucarest

*Adviser/Conseiller technique/Consejera técnica*

M<sup>me</sup> Christina Leucuta, Conseillère technique, Direction générale de la politique industrielle, ministère de l'Economie et du Commerce, Bucarest

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**RUSSIAN FEDERATION FÉDÉRATION DE RUSSIE  
FEDERACIÓN DE RUSIA**

Mr. E. Sulyagina, Deputy Head of Department, Federal Labour & Employment Service Moscow

*Advisers/Conseillers techniques/Consejeros técnicos*

Ms. S. Puzanov, Head of Division, Federal Labour & Employment Service, Moscow

Ms. Y. Tomilina, Deputy Head of Division, Federal Labour & Employment Service, Moscow

**SOUTH AFRICA AFRIQUE DU SUD SUDÁFRICA**

Mr. T. Mkalipi, Executive Manager, Labour Relations, Department of Labour, Pretoria

**SUDAN SOUDAN SUDÁN**

Mr. Abdul Azim Altayeb Zamrawy, Director of Labour Affairs, Ministry of Labour and Administrative Reform, Khartoum

**SYRIAN ARAB REPUBLIC RÉPUBLIQUE ARABE SYRIENNE  
REPÚBLICA ARABE SIRIA**

Mr. Mohamadia Alnasan, Permanent Mission of the Syrian Arab Republic in Geneva

**THAILAND THAÏLANDE TAILANDIA**

Mr. Pakorn Amornchewin, Minister Counsellor, Permanent Mission of Thailand in Geneva

**UKRAINE UCRANIA**

Mr. Ivan Gnybidenko, First Deputy Minister, Ministry of Labour & Social Policy of Ukraine, Kiev

**VENEZUELA**

*Adviser/Conseiller technique/Consejero técnico*

Sr. Rafael Hands, Misión Permanente de Venezuela en Ginebra

**Members representing the Employers  
Membres représentant les employeurs  
Miembros representantes de los empleadores**

Ms. Dinah Caverson, Human Resources & Administrative Manager, Toyota Ghana Company Ltd., Accra

M. Pierre Chartron, Directeur d'analyse des emplois et de l'organisation du personnel, Union des industries et métiers de la métallurgie, Paris

*Adviser/Conseiller technique/Consejera técnica*

M<sup>me</sup> Marie-Pierre Roiland, Directrice des affaires européennes et Internationales, Union des industries et métiers de la métallurgie (UIMM), Paris

---

Mr. Uwe Combüchen, Secretary General, Council of European Employers of the Metal, Engineering and Technology-Based Industries (CEEMET), Brussels

Mr. Hiroyuki Kato, Assistant General Manager, Global Human Resources Planning, DENSO Corporation, Kariya-Shi, Japan

Ms. Jirina Ledvinová, HR Manager, TRW Automotive, TRW Autoelektronika S.R.O., Benesov, République tchèque

Mr. Mathias Link, Heenan Blaikie, Toronto, Ontario

Mr. Werner Löchel, Manager International Social Policy, BMW Group, München

Sra. María Juliana Rico Ospina, Coordinadora, Comité Automotor, Asociación Nacional de Industriales, ANDI, Bogotá

Mr. Prakash Telang, Senior Vice-President (Operations), Tata Motors Ltd., Pimpri Pune, Maharashtra, India

Mr. Nico Vermeulen, Chief Executive, NAAMSA (National Association of Automobile Manufacturers of South Africa), Automotive Industry Export Council, Arcadia, South Africa

### Members representing the Workers

### Membres représentant les travailleurs

### Miembros representantes de los trabajadores

Mr. Steven Beckman, Director, International Affairs Department, International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW), Washington, DC

Mr. Robert Chernecki, Assistant to the President, National Automobile, Aerospace, Transportation & General Workers Union (CAW-Canada), Willowdale, Ontario

Sr. Alejandro Rangel, Secretario General, Sindicato de Trabajadores de la Industria Metal-Mecánica, Automotriz, Similares y conexos (SITIMM), México

*Adviser/Conseiller technique/Consejera técnica*

Sra. Catalina Guerrero Rodríguez, Sindicato de Trabajadores de la Industria Metal-Mecánica, Automotriz, Similares y conexos (SITIMM), México

Sr. Valter Sanches, Organising Secretary, Confederação Nacional dos Metalúrgicos (CNM-CUT), São Paulo

Ms. Nina Skakun, President, Factory Union, Diesel Equipment, Automobile & Farm Machinery Workers' Union (AFW), Moscow

Mr. Mikio Soeda, Confederation of Japan Automobile Workers' Unions, Tokyo

*Advisers/Conseillers techniques/Consejeros técnicos*

Mr. Kazunori Yamamoto, Assistant Director, Confederation of Japan Automobile Workers' Unions, Tokyo

Mr. Yasuhiko Sato, President, Union of NOK Group, Tokyo

Mr. Shigetoshi Asai, Chief Assistant Director, General Policy Bureau, Japan Council of Metalworkers' Unions (IMF-JC), Tokyo

Mr. Hubert Thierron, Chief Department – International/Europe, Industriegewerkschaft Metall (IG-METALL), Frankfurt/Main

Mr. Samuel Tsiane, Trade Union National Coordinator, International Metalworkers Federation (NUMSA), Pretoria

---

Mr. Sang Wook Lee, President (HMWU), Korean Metal Workers' Federation (KMWF), Seoul

*Advisers/Conseillers techniques/Consejeros técnicos*

Mr. Sung Mok Shin, Policy Director, MMWU, Korean Metal Workers' Federation (KMWF), Seoul

Mr. Yoon Youngmo, Korean Metal Workers' Federation (KMWF), Seoul

M. Nasreddine Yahyaoui, Syndicat national des travailleurs des industries métallurgiques, mécaniques, électriques et électroniques (SNTIMMEE-CDT), Casablanca

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 (CIOSL)**

Ms. Anna Biondi, Director, Geneva Office, Geneva

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

Mr. Marcello Malentacchi, General Secretary, Geneva

Mr. Ronald Blum, Director, Automotive Department, Geneva

Mr. Natesa Devarajan, Secretary, INMF India, Padi Chennai

Ms. Delphine Moeckli, Geneva

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

Mr. Jean Dejardin, Adviser, Cointrin/Geneva