

TUAC trade union advisory committee to the
OECD organisation for economic cooperation and development
■ CSC commission syndicale consultative auprès de
OCDE l'organisation de coopération et de développement économiques

OECD Panel on ICTs and Globalisation: China and India **2 June 2006**

Comments by John Evans
TUAC

Summary

The acceleration of international offshoring^o and the relocation of industrial and service sector activities have heightened the sense of job insecurity amongst many groups of workers. Offshoring is only one factor amongst many in explaining the lack of job growth or job losses in some OECD countries. Lack of reliable data also makes serious analysis difficult. But the threat by employers of relocating activities to other countries, together with hype by many commentators in the business world about the scale of changes taking place, is creating a breakdown of confidence in the long-term relationship between companies and their employees. In addition the *laissez-faire* approach of some governments to the offshore outsourcing of jobs threatens to undermine support for the multilateral trade and investment system.

The international trade union movement has not called for national borders to be permanently closed to flows of physical capital or goods. But trade unions cannot passively accept the working of economists' "relative price effect" in terms of labour, leading to a "race to the bottom" in employment standards.

Rather unions have called for a "whole of government" policy response to the employment consequences of offshoring that also encompasses the international institutions. Governments must guarantee core workers' rights on a global basis. A specific focus is needed on stopping the proliferation of labour rights abuses in export processing zones and ensuring the respect for workers rights in China which has become a magnet for foreign investment. OECD governments must encourage dialogue and negotiations between trade unions and businesses, supported by targeted regional and industrial policies along with active labour market policies to help those communities whose jobs may be affected by change. The OECD Guidelines for Multinational Enterprises should be observed as a benchmark for good practice in managing change. Trade unions and forward-looking employers are negotiating these issues both at the national and international level through the sectoral Global Union Federations leading to the conclusion of global framework agreements. The focus of such agreements must be to achieve early negotiations to maintain sustainable employment, avoid compulsory lay-offs, and to promote internal firm-level redeployment and up-skilling, whilst at the same time ensuring that workers rights are respected and developed everywhere and that companies recognise and negotiate with trade unions in their different locations. Governments have a role to support the outcome of negotiations and to ensure that advance notice is given of change. Sufficient time must be allowed for the socially acceptable management of change.

^o Offshoring is defined as the transfer, through foreign direct investment or sub-contracting, of all or part of the production of goods and services to another country with the intention to re-import them to the home country.