

Submission from the International Metalworkers' Federation
***Employment and social aspects of the present Steel Recession: a Trade Union
Perspective***

1. The International Metalworkers' Federation and TUAC are major stakeholders in the steel industry. We are passionate about steel and want a future for this great industry. We believe that nobody did more to save the industry during its last period of economic uncertainty than the workers and trade union movement. Whether in Europe, North America or elsewhere often it was the union movement and the commitment of its members that acted as the guardians of the steel industry and fought for its survival. This is a role that we are prepared to take up again today as we fight for the survival of the industry and our member's jobs. The IMF believes that two priority issues are essential:
 - Securing jobs in the industry (and securing the industry itself).
 - Cushioning the effects of labour market measures on our members.

2. The steel industry is amongst the hardest hit of all industries a huge drop in demand has led to a huge drop in production: up to 50% in Europe and equally as bad elsewhere. Steel companies have cut production in significant volumes and it is likely that more action will be required. Ongoing restructuring actions are being undertaken by steel companies with many temporary idling of steel operations in order to match supply and demand. This has inevitably resulted in companies approaching unions and employees in attempts to reduce benefits and conditions of employment. Many companies were slow to reward employees during the recent peak demand but have quickly tried to claw back benefits as a result of the slow down.

3. In many cases unions have taken the approach that governments can help by funding temporary lay-off programmes as well as funding for re-training of employees for alternative employment. However an ageing workforce means that skills lost to the industry now can not be easily replaced in the future. Unions have also argued that often during peak demand it is not possible to run training and maintenance programs due to production pressures. As plants are idled it provides an ideal opportunity to carry out these activities so that companies are well placed during an eventually upturn.

4. From an employment perspective, there are several factors which distinguish the steel industry and trade union organisations in it. Because of the relatively large scale of most steel installations and usually their close connections with the communities near which they are sited, in nearly all significant steel producing countries the rate of trade union organisation is higher in steel than in all other industrial sectors. In most OECD countries and India, South Africa and most other countries in which there are significant steel industries, the right to freedom of association and to take part in basic trade union activities are practised freely though serious problems remain in some new member countries of the OECD.
5. The right to form and join an independent trade union and to take part in its activities are basic human rights which all working people should be able to practise whatever the level of economic development in the country concerned. In a period of economic uncertainty respect for these basic rights assumes particular importance in forming perceptions about competition in international trade.
6. Trade unions have played an active role in arguing that liquidity has become scarce in the market as well as credit insurance for steel customers at reasonable prices. We believe a top priority for governments and banks is to provide improved access to financing and credit and affordable credit insurance for steel customers.
7. Many governments have taken various initiatives to stop the downward spiral of the financial crisis, improve short term liquidity and restore confidence in the banking system. However specific support is also required for car companies such as GM, Ford and other tier one and two suppliers of the car industry and many other smaller companies in other industries.
8. Since the G20 pledge to resist protectionism in November 2008 we have witnessed an explosion of steel trade restrictive and distortive measures by virtually all major steel trading partners in response to the contracting global steel demand.

9. It is important that competition is not distorted in these challenging times. Both Eurofer and the United Steelworkers of America have presented studies which show that Chinese steel plants do not have a real cost advantage but rather benefit from significant government subsidies ranging from cash benefits, tax exemption, free land transfers ect..

10. Due to the reduced steel demand and production in China, the Chinese government has decided to increase export rebates on certain steel products from April 2009. The OECD needs to discuss urgently with the Chinese government its policies of stimulating steel exports in the current economic downturn and try to maintain a level playing field. Failure to do so will mean all possible trade measures need to be explored in order to maintain a fair market such as anti-dumping measures.