

SUBMISSION FROM THE INTERNATIONAL METALWORKERS' FEDERATION (IMF)

1. The International Metalworkers' Federation and the OECD's Trade Union Advisory Committee (TUAC) are major stakeholders in the shipbuilding industry. We are passionate about shipbuilding and want a bright future for this great industry. We believe that no important manufacturing industry has been written of so often as shipbuilding. Given that shipbuilding is a capital intensive industry is no surprise that it has been hit by the global economic crisis. Whether in Europe, North America or Asia it is the trade union movement that has acted as the guardians of this industry and fought for its survival. This is the 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); and
- cushioning the effects of labour market measures on our members.

2. Until recently shipbuilders had been enjoying generally rising demand and for good reason the world needs ships, shipping capacity has grown in line with world trade. In particular the shipment of raw materials such as iron ore has nearly doubled in recent times fuelled by growth in China. The movement of dry bulk imports had almost doubled between October 2008 and April 2009, led by record-breaking iron ore and coal volumes.

3. For many developed countries product innovation has been a key strategy in responding to greater competition in the global market place. Continually product innovation has meant that not only has the shipbuilding industry been alive and well but has been a key provider of decent wage manufacturing jobs. However after a veritable shipbuilding boom in recent years with strong demand growth for new ships globally and the building up of substantial new shipbuilding capacities particularly in Asia, freight rates have sharply and abruptly declined as a result of the crisis.

4. The demand for ships in the so called mass market (tanker, container, dry bulk *etc...*) has dried up and is expected to remain very weak. Concerns have been raised that the collapsing mass market will cause Asian shipyards to move into all niche markets. The results could be a price war and a subsidy race as experienced in the end of the 1990s-a race that many countries would be unable to sustain. The threat of a repeat of past mistakes should create new impudence in trying to revive the suspended OECD negotiations for a global shipbuilding agreement on pricing and subsidies. ***However, if state support leads to unsustainable capacity increases, subsidy races and price war all shipyard workers globally will suffer from such competitive distortions. A future OECD agreement on pricing and subsidies must lead to a level playing field and create the right framework conditions for a sustainable recovery of the global shipbuilding sector.***

5. Shipbuilding workers have found themselves victims of a crisis far from their own making. Unlike previous occasions when shipbuilding overcapacity triggered a downward cycle this time it is a financial crisis that has impacted on the shipbuilding industry. Governments have handed hundreds of billions of dollars and Euros to banks and have effectively told working people that they must pay the price for the crisis.

6. The trade union movement believes that the burden of the crisis should not be put on workers, and that's why we are working to ensure that there are no forced redundancies in the industry. In many developed countries the shipbuilding industry has almost reached a critical mass where if it declines further it will cease to exist as the skills needed are lost for ever.

7. Avoiding a social recession and keeping a skilled workforce safe ready for a recovery should be a key ingredient in radical strategic and coordinated policy measures. These policy measures must also ensure decent wages and working conditions, instead of increasing precariousness at work. Contract workers are 2-3 times more likely to be killed in workplace accidents than regular employees due to lack of training and adequate personal protective equipment.

8. In the short term, full use should be made of cushioning labour market measures available in the different countries to maintain and support the workforce, whether directly employed or agency and sub contracted. A level playing field for temporary labour market measures is necessary to ensure that short-time work is combined with appropriate training and guarantees for wage levels. Wage moderation will intensify the crisis further. Maintaining the purchasing power is of central importance, therefore workers should be compensated fairly for productivity gains achieved. Workers should also be compensated for any loss of salary, in case of short term arrangements or temporary lay offs, through social security systems.

9. The fact that whole sectors are affected by the crisis means that fired workers, are finding it increasingly difficult to find employment in their field of activity and they may find that other sectors require different skills, making it difficult for them to enter a new sector. This reinforces the importance of education and training in transition phases. As part of an anticipation agenda, periods of lower production should be used to invest in workers' education and training to ensure long-term employment security.

10. The overall maintenance of employment should be ensured, therefore, companies should ensure that retiring workers continue to be replaced with new staff and apprenticeship programmes should be maintained.