

## CEC Bulletin

(June, 2005)

### CEC Participates in ILO Tripartite Transport Equipment Manufacturing Sector Meeting

The CEC was nominated as the Canadian employer group delegate to participate in the first Sectoral ILO Tripartite Meeting on Employment, Social Dialogue, Rights at Work and Industrial Relations in Transport Equipment Manufacture held in Geneva on January 10-12, 2005.

The focus of this sectoral meeting was the evolution of employment and working conditions in the automotive components supplier and assembler industries. Three days of discussion and debate centred around a background report prepared by the International Labour Office entitled *Automotive Industry Trends Affecting Component Suppliers*. Among topics addressed by the report were the following:

- Emerging markets continue to increase their share in the global components production market. This will happen chiefly through increase in automotive assembly in Central and Eastern Europe, India and China.
- Vehicle assemblers (such as Ford, General Motors and DaimlerChrysler) who market the final product can dictate requirements to suppliers, *inter alia*, in terms of costs, quality and the location of production.
- To match the consolidation in the assembly sector, more and more tier one suppliers, such as Robert Bosch, Johnson Controls, and Canada's Magna International are expected to merge with or swallow up lower tier suppliers.
- Assemblers are passing more and more responsibility and risk to supplier firms, in areas as diverse as product liability, research and development and stock-keeping. This shift in turn affects the position of workers within those firms.
- The pressure to continuously reduce costs, diversify and deliver to increasingly just-in-time schedules will invariably impact on working conditions at supplier firms and require even further flexibility on the part of the work force.

The outcome of the conference proved to be a successful one, with the three parties reaching conclusions on the meeting's three main themes:

### Employment Development

- Challenges arising from the likely implications of restructuring and an ever larger number of jobs being shifted to the supplier industry.
- The nature of employment and conditions of work in suppliers as compared to that in the final assemblers.

### Social Dialogue

- Examining different methods and forms of bipartite or tripartite communication involving employers, worker groups and governments, with specific focus on the fact that union density tends to be lower in suppliers than in final assemblers with issues such as freedom of association, trade union recognition and collective bargaining being particularly pertinent suppliers located in developing world countries.
- Particular attention was paid to the phenomenon of international framework agreements (IFAs) signed by automobile manufacturers and tier one suppliers in Europe having application not only to employees based in Europe, but to employees at all production facilities around the world.

### Decent Work

- Focusing on the ILO's Decent Work Agenda and the possible development of statistical indicators for decent work in countries and in particular industries.

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