

The sub-sectoral social dialogue in the European shipbuilding industry¹

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The framework for the European social dialogue

Sub-sectoral social dialogue as a facet of European industrial relations is embedded in overlapping frameworks which are recognised by the actors involved. First of all, sub-sectoral social dialogue is part of the European integration process. Secondly, industrial relations at inter-sectoral as well as sectoral level are influencing the structures, manners and topics of social dialogue. Industrial relations take place within a given economic context and therefore the economic circumstances of the sector concerned have to be taken into consideration. Social dialogue in a specific sub-sector needs therefore to be examined in its wider context.

Sectoral social dialogue, not only in the shipbuilding sector, but in the entire metal industry, is a relatively recent development. Although it is still underdeveloped, the sectoral social dialogue has enormous potential to improve. At the same time, patience and continuity are required to accompany the process of constructing the framework and structures for social dialogue.

The European metal industry is one of the oldest industries and a cornerstone sector as it encompasses a large number of jobs. It also involves a large number of suppliers and networks and is composed of large-scale transnational firms and groups. Nevertheless, or even because of these characteristics, it took a long time for the social partners to agree to engage in dialogue.

The metal industry has undergone large-scale restructuring during the last decade. The social partners started with an industrial policy dialogue that, at the employers' demand, explicitly excluded binding agreements. In the last two years the employers have shown increased willingness to address social policy issues. Industrial policy bridged the gap between the social partners at the beginning of the dialogue.

As EU integration has proceeded there has been an evolution of the framework within which the dialogues operate. The Lisbon agenda, as well as its confirmation and the subsequent evaluations of it, provides a basis for such a dialogue and for its development,

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¹ The shipbuilding sector comprises seagoing vessels, repair and conversion, naval ships, inland vessels and scrapping. For further definition see European Commission (2001).

moving beyond industrial policy issues to focus on more social and collective topics, including education and training. The Single European Market has been achieved but economic performance, namely growth and employment, as well as the social and the political dimension of the integration process, linger behind. Trade union federations acting in the field of European industrial relations have to deal with these elements as well.

Another framework in which the social dialogue at the sub-sectoral level takes place is the cross-sectoral social dialogue. The work programme of the ETUC and UNICE offers the basis for the joint goals and topics, for the contents and structures of the sectoral and sub-sectoral social dialogues, and for the coordination of strategies. In addition, social dialogue at sectoral and sub-sectoral levels provides the opportunity to achieve greater agreement between unions and employers' associations as it allows for specialisation and the delineation of areas of competence. Results can be more far-reaching and more concrete due to the goals having been made explicit. Synergies between the cross-sectoral, sectoral and sub-sectoral levels on the one hand, and the national and/or company level on the other, can only be reached through sharing experiences and information.

After a short introduction to the special situation in the shipbuilding sector as one of the sub-sectors of the metal industry, this report focuses on the results of social dialogue achieved so far and evaluates the first stage of the process.

The shipbuilding sector and its situation

Due to the enormous costs of producing highly specialised products, the general unfeasibility of achieving economies of scale on research, testing and parts fabrication, its reliance on new technology and its dependence on a large network of suppliers, the shipbuilding sector was affected early and profoundly by globalisation. Since the 1970s, the European shipbuilding sector has been undergoing heavy restructuring with massive job losses for the shipyards² and their suppliers. Competitors, particularly in South Korea and increasingly in China, are challenging the European maritime industry. Although its share of the world market fell from 19% in 2000 to 7% in 2002 (European Commission 2003a: 6), the sector remains one of the key European industrial sectors in terms of jobs, GDP and infrastructure development. The maritime industry continues to be one of the most important strategic industrial fields because of the widespread impact of technical innovation for other industries and because of its complex ties to other firms and institutions, including suppliers, transport, researchers and developers, and the finance sector. In addition, the issue of maintaining domestic ability to produce naval vessels is of particular concern to many European governments.

2 The workforce in the 25 EU Member States decreased from some 461 000 to 100 000 between 1975 and 2003 (European Commission 2003a: 25).

Social dialogue in the shipbuilding sector – finally on its way?

One of the most important reasons to break down social dialogue schemes to a sub-sectoral level lies in the specifics of the European shipbuilding industry, not only in the economic speciality, but also the highly diverse configuration of actors involved. One of the forces that has promoted cooperation between the European Metalworkers' Federation (EMF) and the Committee of EU Shipbuilders Associations (CESA) has been the joint action against unfair competitive practices of the Korean shipbuilding industry. The dialogue between EMF and CESA commenced in response to the challenges posed by South Korea's unfair competitive practices, the cuts in EU subsidies to the sector and the end to European trade protection for the shipbuilding industry. Faced with the potentially high costs and low potential for success if they sought individually to lobby for relief, employers had to decide whether they would cooperate with each other and take joint action. The national employers concluded that European-level employers' organisations should lobby the European institutions for compensation for damages caused by the unfair practices of international competitors. Strong competition schemes between the shipyards are a factor that impedes cooperation, making it more difficult for employers to find a joint position vis-à-vis the trade unions.

During the same period at the EMF congress in 2003, the European Commission gave the green light for the commencement of the social dialogue in the shipbuilding sector. The social dialogue committee for shipbuilding was established in September 2003 by the EMF and the CESA after step-by-step negotiations and after the joint work on the industrial policy project LeaderSHIP 2015 that included the development of social dialogue as one of its issues.

Work in progress: the state of the art

In the social dialogue with CESA, the EMF wishes to concentrate on themes that reflect the 'modern type of future-oriented industrial relations', namely, industrial development and employment, labour conditions, restructuring and competitiveness, lifelong learning and sustainability. The work programme of the social dialogue committee foresaw four concrete topics, which would be devised and elaborated by four working groups.

After six months of negotiations between the social partners on themes for a questionnaire, a European-wide survey of management and workers in the shipyards is taking place. The findings will be presented to the European Commission and will help the first of the working groups to draw conclusions and to make recommendations for the further work of the social dialogue committee.

A second working group is dealing with the image of the shipbuilding sector, seeking to improve the attractiveness of the sector, particularly in regard to its strategic role and environmental responsibility. The first initiative to impart the message that European

social partners focus on the future will be the organisation of a public image campaign starting with a shipyard week in spring 2006. It thereby includes all levels: the regional, national and European.

Within the European shipbuilding sector the profusion of different national certificates and diplomas, the widely varying content of training programmes and even the differing skills acquired on-the-job make it virtually impossible to compare the professional qualifications of individuals. The third working group therefore focuses on the issue of qualifications. Since its inception, it has concentrated upon gathering information on existing training and qualification programmes, in order to develop a standard on the comparability of qualifications. This will also provide a basis for developing a joint agenda for improving apprenticeship and training programmes and for developing re-training and skills diversification programmes that are particularly crucial for addressing cyclical downturns.

The task of the fourth working group has been to develop an assortment of policy recommendations, the 'tool box', which can be used by the social partners to manage change in the European shipbuilding sector. This working group's recommendations constitute an attempt to address the problems of workers *and* employers, as they seek socially responsible ways to adjust production capacity in response to cyclical and structural changes. The recommendations will contain expert advice on how instruments for cyclical and structural change can best be utilised and serve as a reference for good practice at national and company level.

The first meetings of the committee were informative but produced few conclusions and no concrete results. The recent formation of the four working groups with their narrower focus has dramatically improved efficiency.

The European Commission supports the dialogue first and foremost by being involved with and co-financing joint projects. In addition to its role as an observer and as a financier, it also provides legal support when necessary, and has a mandate to apply pressure to ensure that the committee's work is continuous and forward looking. At the same time, and with increasing impetus, the European Commission has always emphasised the importance of the social partners remaining autonomous.

All of this leads to the conclusion that there have been some points of agreement and cooperation between the social partners and that their work has led to some progress, difficulties and pitfalls withstanding. These experiences may make it easier to identify problems and best practice, formulate solutions and exploit synergies.

Barriers and problems, perspectives and consequences

As mentioned above the shift to a process whereby small groups prepare activities for the whole committee has proved to be an appropriate and efficient working structure for the social dialogue committee. But other problems remain. Such difficulties will have to

be taken into consideration when planning future activities. The European Commission has emphasised the increased autonomy of the social partners and has made a commitment to support the development of social dialogue. This statement is ambiguous. Autonomy also exposes the social partners to the temptation to delay action by prolonging discussion and debates on contentious topics. Therefore the European Commission should demonstrate more explicitly its willingness to monitor and exercise its right of initiative if necessary, to reinforce financial support for joint follow-up actions, to promote good practices in implementation and monitor follow-up. In addition to the ongoing activities of the European Commission there is potential to improve flexibility and responsiveness via greater cooperation among the Directorates General and through recognition of the importance of the social partners and dialogue for information and consultation.

The classification of the various social dialogue instruments and results by the European Commission already provides a good guide for the work of social dialogue committees and promotes transparency. The European Commission also stated in its last Communication concerning social dialogue that the greater autonomy of the social partners would be an 'application of subsidiarity in practice'. But it ignores the risk that such autonomy might lead to weak agreements with weak implementation rules undermining existing contractual relations. Voluntary agreements would undermine the role of contractual negotiations. Undermining the established industrial relations systems must be avoided in any case.

A further problem is the organisational weakness of the social partners themselves, which renders negotiations laborious and slow. Employers' organisations have long been unwilling to introduce a structured framework for institutionalised social dialogue. Competition between firms has also made it difficult for employers' organisations to agree upon common goals and sharing information. Some company-level trade unions share this interfirm competitiveness and find it difficult to find common ground with their fellow trade unionists. This is made more problematic by the complex and diverse nature of this sector as described above.

The issue of mandating has long been a particular impediment to shipbuilders' social dialogue. It is only the cooperation of the EMF and the European shipbuilders' organisation CESA that has helped to establish an awareness that there is a need to overcome old disagreements, in order to foster coordinated action in the sector. Step by step, shipbuilders in Europe have become convinced that they will not be able to compete internationally unless they make common cause to address the problems facing the sector. Thus, exchange and information have been used to overcome this problem of collective action.

Additional strategic flaws and unacknowledged questions lie in the various levels of action of shipyard policies. Company-level social dialogues could profit from a more defined negotiation framework as shown for example in the case of Germany's and France's shipyards and the restructuring cases in Spain where visions and talks in terms of a European orientation fall far short of the ideal.

The connection between inter-sectoral and sectoral levels of social dialogue could be improved, a problem addressed by the agreement between the inter-sectoral organisations ETUC and UNICE, which provides a tool box of policy recommendations for addressing restructuring. The social partners need to draw on recognised best practices to address issues together across the sectors and sub-sectors, so as to distribute information more efficiently and better to exploit possible synergies.

Another obstacle to social dialogue in the shipbuilding sector lies in the different working structures within the national trade unions. In practice, these different structures mean that joint action at European level requires lengthy preparation and negotiations to get the disparate actors to work together. In addition, national as well as European trade unions are working on the field of social dialogue at the macro level with very restricted resources.

Because of its attention to the interests of all national and regional trade unions and their federations, the EMF is confronted with the particularly difficult problem of melding widely divergent interests and ideologies into a common agenda. Despite the difficulties of this agenda, the work of the European trade union federations is vital. The stakes are high. The entire European shipbuilding sector is faced with serious challenges from outside of Europe. A cooperative solution for the whole sector might help European shipbuilders better respond to these challenges. National, regional and company-level representatives may lack the longer time horizon that is necessary to develop an agenda that maximises potential earnings and employment over the long term. Furthermore, in a classic ‘tragedy of the commons’³ situation, national, regional, or company-level negotiators would be likely to pursue individual solutions that reduce the earnings and employment potential of the European shipbuilding sector as a whole. Finally, these national, regional, or company-level representatives may lack the organisational power quickly and efficiently to pursue their interests at the European level. By acting together at the European level via the European federation, labour can potentially both avoid the pitfall of ‘the tragedy of the commons’ and benefit from economies of scale by sharing the costs of lobbying EU institutions.

Such an understanding of the potential benefits from cooperation to find a European solution, rather than a more parochial solution, could provide the basis for the implementation of joint European-level agreements by the national, regional and company-level social partners. Nevertheless, achieving this understanding will remain difficult. It is not just the national, regional, and company-level trade unions that will need to be convinced of the benefits of cooperation at the European level. It will also be necessary to win the hearts and minds of shop stewards and the workers in the shipyards, who are first and foremost interested in protecting and improving their individual jobs.

Coming now to the framework, which was the starting point of this report. As long as the Lisbon strategy is in uncertainty and the finality of EU integration is unpredictable, the social dialogue can be auspicious under the preconditions of industry policy issues. The

3 The ‘tragedy of the commons’ is a metaphor used to illustrate the conflict between individual interest and the common good.

social dialogue is not the only feature of European industrial relations. As shown above, social partners currently cooperate in a patchwork-like scattering of issue areas in industrial relations. Social dialogue remains a comparatively weak limb in the 'European negotiation area' of the European Single Market. Nevertheless, its use of 'soft power' to gain compliance has brought about some notably successful results in dampening the pressure of globalisation and restructuring as shown by the example of the development of sectoral social dialogue in the shipbuilding sector. Here the social partners started with dialogue on industrial policy and industrial policy issues still seem to outweigh the 'social' dialogue, but, considering the initial unwillingness of employers' organisations to engage in social dialogue at the European level, progress to date has been remarkable.

It will be up to the trade union organisations, especially the EMF, to maintain and develop the dialogue while working to convince their counterparts to include more and more social aspects in the dialogue. Seeking to integrate industrial policy and social regulation by focusing on education and training and by means of the agreed 'toolbox for restructuring' may be a fruitful means to pursue this goal. With luck and persistence, these negotiations may reach the stage where binding agreements become attainable.

At this stage of the process it is not yet possible to draw final conclusions as to the sub-sectoral social dialogue in the shipbuilding branch. Much will depend on how social partners can solve the problems mentioned here and manage forthcoming developments.

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