



## Governing Body

310th Session, Geneva, March 2011

GB.310/STM/6

Committee on Sectoral and Technical Meetings and Related Issues

**STM**

**FOR INFORMATION**

SIXTH ITEM ON THE AGENDA

### **Report on the Action Programme on Transport Equipment Manufacturing: The employment relationship, rights at work and social protection (automotive sector)**

#### **Overview**

**Issue covered**

The paper contains an overview of the outcomes of the ILO's Action Programme on Transport Equipment Manufacturing: The employment relationship, rights at work and social protection (automotive sector).

**Policy implications**

None.

**Legal implications**

None.

**Financial implications**

None.

**Action required**

The Committee is invited to take note of the information provided.

**References to other Governing Body documents and ILO instruments**

GB.300/16.



1. At its 300th Session (November 2007), the Governing Body approved an Action Programme on Transport Equipment Manufacturing,<sup>1</sup> which took into account the conclusions of a Tripartite Meeting on Employment, Social Dialogue, Rights at Work and Industrial Relations in Transport Equipment Manufacture held in January 2005.
2. The Action Programme aimed at starting activities in two countries in 2008 and in two more countries in 2009. The constituents had agreed that the scope of the Action Programme would be the auto industry, that is, the manufacture of motor vehicles and auto parts. However, by September 2008, suitable countries had not been identified. Moreover, the global economic crisis started to have major influence on the automotive industry.
3. In consultation with constituents, and taking into account the impact of the economic crisis in the sector, the Office adjusted the focus of the Action Programme, so that it would consist of a regional workshop for Asia and the Pacific in 2009 and a global study on the automotive industry with case studies on selected countries.
4. The global study on the automotive industry was conducted and five country studies were prepared: Australia, India, Republic of Korea and Malaysia, for the workshop in Asia and the Pacific, and Brazil for a national workshop.<sup>2</sup>
5. A three-day workshop for Asia and the Pacific was held in Tokyo on 7–9 December 2009 with the participation of 26 delegates and 19 observers from all eight invited countries,<sup>3</sup> together with ten resource persons, members of the ILO Governing Body and a number of ILO officials from Geneva, Bangkok and Tokyo.
6. The workshop consisted of six sessions:
  - (a) Automotive industry today: Presentation of the global study.
  - (b) Automotive industry in selected Asian countries.
  - (c) Employment relationship and rights at work in the automotive industry.
  - (d) How have the automotive enterprises reacted to the crisis?
  - (e) Social dialogue in the automotive industry: Its role in tackling the crisis and reshaping the industry.
  - (f) ILO Global Jobs Pact: How to apply to the automotive industry?
7. The workshop arrived at the following points of consensus. They deal with sustainable industry, response to the economic crisis, irregular workers, training, social dialogue and the Global Jobs Pact:
  - (a) The automotive industry faces a triple challenge: How to overcome the systemic problems of the past, mitigate the impact of the global economic crisis of today and prepare itself for the low-carbon future.

<sup>1</sup> GB.300/PV, para. 315(b) and GB.300/STM/1, paras 18–20.

<sup>2</sup> The workshop in Brazil was planned for 2010 but could not be organized due to lack of agreement at national level.

<sup>3</sup> Australia, India, Indonesia, Japan, Republic of Korea, Malaysia, Philippines and Thailand.

- (b) A sustainable automotive industry, with greener production and greener products, requires an increase in research and development. A highly skilled workforce is instrumental in this change.
- (c) The workforce in the automotive industry needs enhanced training and skills development. Transferable skills would mean better employment security for the workers.
- (d) Training of workers is costly and needs to be undertaken at industry level. A high level of skills is a public good and governments have a role to play in helping the workers to improve their skills.
- (e) Governments in many countries in the Asia–Pacific region have played an important role in the development of their domestic automotive industry. Automotive industry – assemblers, suppliers and services – is an important source of employment in all eight countries present at the workshop. Small and medium-sized enterprises play an especially important role in providing employment.
- (f) During the economic crisis many of the participating governments have alleviated the crisis by subsidizing employment preservation, improving social safety nets and by supporting skills development.
- (g) Automotive enterprises in the countries have responded to the crisis by implementing a wide range of cost-reducing measures.
- (h) The use of irregular workers – agency and non-permanent workers, contract workers, etc. – increased during the decade preceding the crisis. While acknowledging the needs of the industry for flexibility and the preference of some workers for a temporary job, attention should be given to ensure that the use of irregular workers does not undermine productivity.
- (i) Irregular workers play an important role in the automotive industry, therefore it is important that they have access to training and develop the skills needed for the future industry.
- (j) Productivity and competitiveness go hand in hand with good industrial relations. Social dialogue is based on a common approach to solving problems. It is based on mutual respect and trust. Information exchange is useful for promoting mutual understanding of the parties and partners should have access to relevant information.
- (k) During the economic crisis social dialogue has, in many countries, been used to overcome impacts of the crisis. The ongoing structural change of the industry calls for long-term dialogue.
- (l) ILO Global Jobs Pact is a toolkit which can be applied to the automotive industry. Use of its elements may facilitate social dialogue and enable timely solving of problems concerning the automotive industry.
- (m) Each government should decide and implement the most appropriate policies depending on its own situation with the help of the Global Jobs Pact. The ILO can assist it based on its request.

8. The five country studies were published in 2010 as part of the Sectoral Activities Department working paper *The Global Economic Crisis Sectoral Coverage – Automotive Industry: Trends and Reflections*.<sup>4</sup>
9. During 2010, discussions were held on following up to the Asia and the Pacific workshop with activities in the Philippines. A concept note outlining a skills development programme in the Philippines was prepared and discussed in October 2010 with representatives of the Government, Employers and Workers, during a planning mission to the country. Activities are expected to commence in 2011. It is proposed to continue and possibly expand these activities in 2012–13 and to explore possibilities of using public–private partnerships.

Geneva, 17 January 2011

*Submitted for information*

<sup>4</sup> I. Graham: *The Global Economic Crisis Sectoral Coverage – Automotive Industry: Trends and reflections*, Working Paper No. 278, Sectoral Activities Department, ILO (Geneva, 2010).