

**OECD Steel Committee – 23 March 2017 – Presentation during
“Steelmaking capacity developments” section on “examples of social
dialogue in the context of structural adjustment in the steel sector”**

My name is Adam Lee and I am intervening here on behalf of the TUAC, the Trade Union Advisory Committee to the OECD. I'm the Director for Base Metals at IndustriALL Global Union. IndustriALL Global Union represents 50 million workers in the mining, energy and manufacturing sectors in 140 countries, including all countries that are members, associates and participants of the OECD Steel Committee. I want to thank OECD Steel Committee for this opportunity to present on social dialog in the context of structural adjustment in the steel sector. Steel workers and their unions are critical stakeholders in the industry. Structural adjustment can only take place in a fair and sustainable way if workers and their unions have a voice in the process.

I want to make three key points.

Point number 1. The primary aim of steel workers around the world is to keep and improve their jobs. Their primary aim is NOT to reduce the negative impact of losing their jobs from structural adjustment. Many steelworkers have lost their jobs in recent years due to imports of unfairly or illegally priced and subsidized steel. The primary focus of OECD Steel Committee when it comes to structural adjustment should be to encourage capacity reductions in countries where market-distorting steel policies have resulted in excess capacity. It should also be to prevent the development of new excess capacity resulting from market-distorting policies.

This Committee and our governments must do more to highlight where market distortions occur and develop coordinated strategies to prevent them. National governments must recognize the rights of affected workers and communities to seek relief through laws against unfair competition. We also call on our governments to adopt active and sustainable industrial policies including massive investment in sorely needed infrastructure and training that will support more steel jobs.

This Committee should NOT in any way facilitate a shifting of the burden of adjustment from countries that have engaged in destructive competition to countries that have played by the rules. This would violate the Committee's mandate to, quote, ensure that markets for steel remain as open and free of distortion as possible, end quote. Steel workers' unions do of course fight to lessen the impact of plant closures and job reductions on workers. IndustriALL is

interested to work with the Committee to encourage best practices in that area. However that should not be our primary focus.

The second key point I want to make is, there are cases where social dialog in the context of structural adjustment has lessened negative impacts on workers. However these practices cannot easily be adopted in nations where social dialog is not a prominent feature of industrial relations.

Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. The main goal of social dialogue, according to the ILO, is to promote consensus building and democratic involvement among the main stakeholders in the world of work.

So social dialog involves empowering workers and their unions to have a real voice and input into how the economy is run, including how restructuring is carried out. Outside of Western Europe, social dialog is often not a widespread procedure to develop public policies. Nonetheless, promoting real social dialog is a worthy aim for OECD Steel Committee.

The International Labour Organization recently produced a working paper on restructuring enterprises through social dialogue. It focused on socially responsible practices during crisis, including in the steel industry. The ILO identified a number of examples of companies in which management, in collaboration with workers' representatives, designed and implemented enterprise restructuring plans that aimed to ensure the long-term viability of the enterprise and employment stability for workers.

A number of measures were identified by the ILO and have been reported to us by our steel affiliates in Europe. These include negotiated pay cuts or pay freezes; short-time working; partial unemployment; temporary lay-offs; incentives for early retirement; partial early retirement; voluntary dismissal and severance pay; dismissal and transition within the same company; and training for transition to different employment.

The large majority of the cases the ILO was able to identify were in Europe. The explanation given for this is that, in much of Europe there are industrial relations systems with well-established collective bargaining mechanisms and a strong culture of labour-management consultation and workers' participation. The ILO also found that many of the job-saving measures identified that helped minimize the impact of restructuring on workers depended on public funds, such as for

income support. Governmental support for threatened industries and companies headquartered in their countries was also identified as an enabling factor.

Clearly, Europe has played a leading role in minimizing impacts of restructuring on workers through social dialog. However even when the impact is minimized, European steel workers have made it CLEAR that their primary aim is to keep their jobs. 15,000 steelworkers marched through Brussels last November to demand action to maintain and protect the steel industry in Europe. Their demands included fair competition through measures against dumping.

Japan is a case where a kind of social dialog produced large-scale programs for minimizing employment impacts of industry crisis. In Japan, dialog between unions, management and the government led to the creation of the Employment Adjustment Subsidy Program. Through this program, companies that seek to preserve employment are eligible for programs that cover part of the employment costs. Measures that companies use to preserve employment include temporary operations closures, vocational training, and the transfer of employees to other companies. Adjustment programs are financed from an employment insurance fund paid into by companies and workers.

The South African case is also worth mentioning. South African steel unions and a steel industry association submitted joint demands to the government in 2015 for protection from Chinese exports that had caused extensive job losses. Last month, the South African government agreed to a program including both increased tariffs and expanded local procurement. The government also attached what it called reciprocal conditions that mandate steel producers to invest, maintain output, and retain jobs. In this case, a kind of social dialog has resulted in both trade defense instruments and government mandates on business that could prevent the need for further structural adjustment.

In some countries, there is little possibility for social dialog to lessen the impact of structural adjustment on workers.

For instance, in South Korea, labor laws consider restructuring as a managerial prerogative and not a valid topic for collective bargaining. In Brazil, restructuring is imposed by companies on steel workers who have little voice in the process. In the U.S., the government has not provided the kind of support that could enable social dialog to minimize impacts on workers. The U.S. has an inadequate patchwork of chronically underfunded governmental programs to deal with worker displacement.

Those are a few regional and country-level examples. How about at the global level? What opportunity is there at the global level for social dialogue in the context of structural adjustment in the steel sector? Unfortunately, very little.

The Global Forum on Steel Excess Capacity has met three times including its first meeting in December 2016. Governments have had a seat at the table. Non-governmental parties referred to as experts have had a seat at the table. Global unions have NOT had a seat at the table. The Trade Union Advisory Committee of the OECD has not been invited to participate in Global Forum.

This raises serious questions about the commitment of conveners of Global Forum to social dialog in the restructuring process. In fact it raises serious question about their commitment to workers and their unions having any voice in this process whatsoever. We call on this Committee to ensure that the Trade Union Advisory Committee of the OECD is invited to participate in future meetings of Global Forum.

Now for my final key point. Real social dialog is not currently possible in the country where structural adjustment in the steel sector is most urgently needed, namely China. Free and independent unions are not permitted under Chinese law. Chinese steel workers therefore have no legitimate representative body to participate in social dialog with the Chinese government and steel companies.

IndustriALL stands in solidarity with Chinese steel workers. We demand that China respect freedom of association and collective bargaining rights, and allow independent and democratic trade unions to operate. We demand this of all countries. This Committee should do the same. This Committee should also demand that all multinational steel corporations active in China operate in accordance with the OECD Guidelines for Multinational Enterprises, including by respecting Chinese workers fundamental organizing and bargaining rights.

With so much structural adjustment still to be done, it's vital that China adopt policies that minimize the impact of restructuring on Chinese steel workers. OECD Steel Committee should support that process. IndustriALL is willing to work with the Committee in providing that support.

In conclusion, TUAC and IndustriALL Global Union are happy to work with this Committee and with Global Forum to ensure that workers have a meaningful voice in a fair and sustainable restructuring of the global steel industry. Thank you.