

## **EMF New Year's Event 2008 Press conference and reception**

The European Metalworkers' Federation (EMF) invited members of the press to a press conference on 24 January 2008. The press conference was on the theme '*R&D in the European metalworking sector*' and was followed by a reception which colleagues from the trade union world, members of the European Commission, the European Parliament and employers' representatives were invited to attend.

### **Press conference**

The press conference was introduced by the EMF General Secretary, Peter Scherrer, who spoke on the theme of innovation and its crucial role in the future of the metalworking industry.

After his short introduction, Peter Scherrer continued by introducing the speakers.

The first speaker was Dirk Bergrath, a Policy Adviser at the EMF, and he spoke on the theme '*Innovation policy for the European metal industry: An EMF perspective for 2008*'.

Dirk Bergrath began by stating that Innovation Policy has become one of the keywords on the political agenda in Brussels and therefore for the EMF too. Innovation is not just traditional Research & Development; Innovation requires pre-conditions like education and training, funding (risk capital), forming clusters of actors, transferral of innovation into production processes, regulatory framework and finally ensuring that demand is supportive of innovation.

The main point of Dirk Bergrath's speech was that competition should not be based on *wages*. EU countries cannot compete on wages and it is therefore essential to have a highly-motivated and trained workforce in Europe. It is worth noting that up to 40% of labour productivity growth is generated by R&D. However, EU expenditure on R&D has remained, on average, under 2% for several years, whereas in US and Japan the level is much higher. China and India are also forging ahead. In some EU countries, in Sweden and Finland for example, the figure is higher. An overall effort is needed in the EU to catch up the leading countries: the US and Japan.

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Dirk Bergrath went on to say that a new focus on traditional industry is needed. The European Commission focuses on high-tech industry while not clearly defining them. In areas that are traditionally regarded as mid-tech industries, in the mechanical engineering and the automotive sectors for example, the EU is in fact a technological leader and produces high-technology goods. Nevertheless, more investment is needed.

The role of the EMF in innovation includes the workers' dimension, which needs to be included in innovation policy; Technology Platforms like *Manufuture* and *Electra* as well as social dialogue and collective bargaining.

There are many opportunities for the EU in the field of CO<sub>2</sub> reduction. New technologies in energy, production and machinery, better products in the automotive industry (reduction in CO<sub>2</sub> and increase in fuel efficiency) and anticipation of change are needed.

The Technology Platforms include steel, a sector where there is a need for a technological breakthrough as a pre-condition for further emission reductions. *Manufuture* is a combination of traditional manufacturing and ICT and *Electra* (electro-technical), which focuses on energy efficiency, are examples of Technology Platforms. In the sector of white goods for example, there is fierce competition from cheap, low quality, non energy-efficient products

Innovation is more than R&D; it is combining practical experience with scientific knowledge and successful cluster policies including stakeholders. R&D should be combined with the production mix. Without production, R&D will move outside the EU. There are synergies to be gained in R&D and an example of this is individualised mass-production like in the car industry with customer tailored production. Innovation can also be cooperation-based, with employees' involvement in company decisions and the revision of the EWC Directive. Audi is an example of idea management, which allows the workers to be innovative. The outcome of the cooperation shows saved costs, a better return and increased motivation. Motivation is the key.

Training and Education is also crucial. The EMF Common Demand, which ensures the individual right to training, is guaranteed by collective agreements and provides certification for qualification and is a big step in the right direction. Social Dialogue is the third dimension of workers' involvement and it manages the issues of training and education both on a sectoral and sub-sectoral level.

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Dirk Bergrath closed his speech with the following remark: the keywords are *Work better instead of cheaper*, focus on a capable workforce – the pay is justified by the quality we produce.

The second speaker at the press conference was Liv Christiansen from Fellesforbundet in Norway. She gave a presentation on Aker shipyards and the Norwegian shipbuilding industry.

Currently the shipbuilding industry is at an all-time high with too many orders and not enough skilled workers. It was a different story a few years ago when both jobs and orders were lost.

When it comes to productivity, the industry does not compete on wages or working hours. Norway is a high-cost country and therefore it competes in terms of high competitiveness based on a highly-skilled workforce. Long-term competitive framework conditions, like clusters and cooperation of all stakeholders are very important. Employee competence is a key management focus to ensure growth and a future-oriented industry. This includes worker participation, competence enhancement and long-term perspectives (not short-term profits). National governments must be involved in creating long-term framework conditions around Europe. The Norwegian *working life model* includes worker involvement in day to day decisions.

Shipyards are niche production sites. They are centres of knowledge in high technology; there will be no return to mass production in Norway. This is for the low-cost countries.

New products and new markets include offshore production and platforms in the form of offshore windmills. The result of adapting to new opportunities will be a robust industry capable of successfully tackling restructuring. It will also result in environmentally friendly and fuel efficient products like the LNG-powered ferries.

*Lean shipbuilding* means that the methods of building ships have changed. There is better involvement of sub-contractors in main management decisions. The innovation process centres in longer-term capital investment and ship-owners must have long-term perspectives not only for investing in innovation but also when putting this into practice.

Investment in the shipbuilding industry based on short term financial market expectations is of no interest to the trade unions. The trade

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unions are keeping a watchful eye on the Korean acquisition of Aker yards. The unions are waiting for the European Commission's response on the acquisition. The destruction of Norwegian industry (for instance ships being built in Korea) cannot be allowed.

After the two speeches there was time for questions and answers.

One question was raised on immigrant labour in Norway: Is it of help or is it a challenge to the Norwegian model?

Liv Christiansen said that workers arrive from Eastern Europe, especially from Poland, at the shipyards and building industry in Norway. In some places, up to 80% of the workforce is foreign workers. There is a problem of social dumping. Norwegian trade unions have committed resources to tackling the problem by trying to give the collective agreement legal force and thus protecting these workers.

### **Reception**

The press conference was followed by a reception. Peter Scherrer welcomed the guests to the first thematic-based EMF New Year's reception with trade unions and outside guests.

The evening's theme, *R&D in the European metalworking sector*, is a main focus for the EMF following the resolutions made at the Lisbon Congress in June 2007. The European metalworking industry relies on innovation and the Lisbon Agenda allocated money for R&D and innovation thus confirming the importance of these topics.

The main address of the EMF New Year's reception was given by European Commissioner Janez Potočnik.

Initially, the Commissioner commented that we are living in a changing world filled with interconnections around the globe. We must take this into account but not forget that globalisation is generally a positive force. It is right to want to grow and globalisation brings new challenges and opportunities.

The current issues of environment and climate concern the whole globe and we need to cooperate to handle them and solve them. The fragility of the planet means we have to find new solutions and seize opportunities to work together. An aging population and short learning cycles suggest that

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we have to focus on lifelong learning. Flexibility and flexicurity are therefore important issues.

The Lisbon Strategy poses the question: Are we really able to sustain our quality of life? The answer is to cut costs, cutting wages is not. Social security is not the right path either, so what is the future path? It is the path of education, research & development and innovation. We must change from a resource-based economy to a knowledge-based society. There is a need for a consistent approach to manage that change. That is why the European Commission has called for national implementation programmes. Twenty-seven countries are heading in the same direction in energy, environmental and competition policies, despite the difficulties. Innovation is therefore high on the agenda. Until recently, Europe and the world suffered from illusions (e.g. fossil fuels being sustainable, and climate change considered not to be a threat). World opinion has changed in the last 10 years.

In the short-term, there must be a focus on energy efficiency, market mechanisms and CO<sup>2</sup> reduction. Existing technologies are not economically practical. The solutions are carbon capture and storage, 3<sup>rd</sup> generation bio-fuels, renewable energies and hydrogen fuel cells. There is a possible future for power grids and major research projects in nuclear science.

The EU is pushing for an international agreement on the trading of emission rights. It is currently funding projects to achieve better results in emissions from industry. The Steel Technology Platform and these types of multi stakeholder partnerships are very important. The EU needs EMF support.

Commissioner Potočnik closed his speech by saying that Europe today is an economic power, but it is potentially also a political power. The EU, however, does not force solutions; it believes in pragmatism and partnerships. Our common experience of living together means that we are a potential world policy leader, especially with regard to climate change and social security. Therefore, we must remain credible. The EU is a model for regional cooperation elsewhere in the world. We are a team of stars and each country is a star. Knowledge is the way forward.

Peter Scherrer thanked the Commissioner for his inspiring speech. Although no official Q&A session was scheduled the Commissioner said he would stay for a while and would be happy to talk to people.

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The second speaker at the reception was Lydia Jerkic, President of the Slovenian trade union SKEI. She started by introducing herself and continued by saying that the Slovenian EU presidency in the spring of 2008 focused the attention on her country. She wanted to talk very briefly about the situation in Slovenia and the metalworkers' point of view on innovation.

Slovenia is now a star in the EU team. The eyes of Europe are on a small country, which only became independent in 1990. Slovenia cannot compete in mass-produced goods, innovation is therefore very important. However, there is a low level of investment in innovation. There has been a decline in production and the metal and electrical/electronics industries have lost markets and jobs. First to go were the engineers and development sector. Efforts are now being made to develop production in Slovenian companies. Companies are mainly Slovenian but multi national companies (MNC) tend to establish business departments in Slovenia as well, which means added value. Liv Christiansen from Fellesforbundet stated at the press conference that *"We cannot work cheaper, but better."* This is also true in Slovenia.

The latest events in Slovenia include strikes and a general strike was announced for 6<sup>th</sup> February. The private sector is hampered by low wages, high costs and a rise in the cost of food. There has already been a big demonstration with over 70,000 people out on the streets. Negotiations with employers are taking place but they are dragging their feet.