Europäischer Metallgewerkschaftsbund
European Metalworkers' Federation
Fédération Européenne des Métallurgistes

Conference report

Closing seminar of the EMF China project:

China and the EU
"Research on the future of European metal industries-
steel, auto and shipbuilding"

Date: 6th-7th November 2006

Place of venue: Elewijt Centre in Brussels

6th November 2006

Peter Scherrer, EMF General Secretary
In his welcome address, Peter Scherrer, General Secretary of the European Metalworkers Federation (EMF), stated that the discussion about the future development in the auto, shipbuilding and steel sectors with regard to the development of the potential market in China, and also the development of Chinese companies as competitors on a global market, were among the reasons why the EMF carried out the present research project.

It is of no surprise that many people working in the automobile, shipbuilding and steel industries fear that competitive products from China will conquer the home market.
The trade unions clearly have to ask questions about the future of European industry, and evidently about the future of jobs in European manufacturing industries.

Of course, with regard to China's political constitution one can hardly talk about fair competition. Massive violations of basic human and trade union rights, enormous problems with regard to health and safety standards and environmental protection are facts which influence economics, trade and business.

Since an unregulated global market determines the agenda of the strategic policy of many of the multinationals, ethical and social values are often regarded as an obstacle for successful company policy.

Fierce competition on a global market consequently puts the trade unions and their members under pressure. Wage dumping and relocation are only two catchwords in this context.

The EMF study tries to give answers to the important question *"Where does European industry benefit from an increasing engagement with Chinese companies and in China itself?"* We also raise the question about the threats to the metal industry in Europe and evidently to employment in the three sectors. The debate will certainly continue and the EMF will closely monitor the development in the respective sectors. The EMF will continue to raise awareness about the risks for a social Europe when there are insufficient guarantees regarding the aspect of employment given global players are only interested in markets and profits but not in people.

After years of a blossoming economy, China still reports impressive growth rates. There are various reasons for investors to be active in business relations with China. Some are only looking for short-term profit and others regard it as a huge market with endless potential.

Increasingly China is also seen as a strategic option for investing in production sites, investing in an environment where the dynamic economy promises long-term growth.

China is also developing well as a WTO member and constant government reforms ensure foreign business partners of a successful future ahead.

Peter Scherrer closed by thanking all the people who contributed to the study and who were generous in sharing their knowledge about China. The EMF thanks in particular the researchers of Syndex, the University of Bremen and the Istituto per il Lavoro.

Philippe Morvannou, Syndex
Philippe Morvannou from Syndex was the co-ordinator of the research work. He continued with a brief presentation of the industrial development in China and an introduction of the project.

China is the new industrial continent of the world. China has shown impressive growth for a long time and this has contributed to the decrease of poverty, an increase in the world's working population and in world exports. The growth factors the study has taken into account are productivity, number of workers and hours worked. There has been a shift from agricultural production to industrial production in China.

During the interviews the researchers were met with surprise among the interviewees concerning the trade union interest in China as well as the problem of confidentiality when providing information in the interviews.

Presentation of research results
Sector Auto
Chair: Bert Keulen, De Unie
Bert Keulen introduced the automotive sector by saying that the Chinese automotive manufacturers are entering into the European market, and the question at hand is only the tempo of their market expansion. But besides threats China can also be an opportunity especially for suppliers regarding our technological knowledge in important fields such as environmental issues and safety aspects in the automotive sector.

Francesco Garibaldo, Istituto per il Lavoro
Francesco Garibaldo was in charge of the research in the automotive sector. He introduced the research results by saying that China is the second market in volume with seven million cars sold per year. The Chinese market is a must for the European automotive manufacturers to survive. All prognoses about the Chinese automotive development will become a reality and probably faster than first thought. Technical and a managerial transfer of knowledge are managed by the joint ventures. This has been a

strategy by the Chinese. China is able to enter not only into the European market but also the world market with an equivalent standard of production. The "fat" US market is no obstacle for the Chinese. An inflow of parts into Europe is expected. The policy recommendations are taking advantage of the OES opportunity to grow, harden the core business and focus on specialisation in a new generation of engines. As for the OEMs, the strategy should be to utilise the Chinese car market opportunity to finance a broad shift in product concepts toward the sustainable mobility paradigm. The European Commission, national governments and organisations are the actors making the change in the automotive sector.

Discussion

What are the expectations for the US market?

The interviewees had two different opinions. One was more optimistic in saying that the Chinese will enter into the US market in five years time. Another opinion was that this will happen already in two or three years time.

How is R&D developed in China?

R&D is performed by universities and research institutes, but the innovators in China are also studying in Europe and returning home to China with the same knowledge as the Europeans possess.

Stephanie Mitchell, DG Enterprise and Industry, European Commission

Stephanie Mitchell started on a personal note and talked about her experiences in China in the early eighties. At that time Chinese development was measured by the level of nutrition in food, imports of fertilisers and the amount of calories a person would eat per day. A century before that, there was a saying in England back then that if only the Chinese would lengthen their gowns by an inch, the English cotton mills would never stop running, which evidently did not result.

From a demographic point of view the aging population in China is a problem that will become noticeable within ten years. This will be enhanced by the one child policy and an increase in social unrest. The bad working conditions in factories in the coastal area is causing many people to go back home and to tell their family members not to move from the inland and western regions. Domestic awareness is growing and the wage pressure is going up.

There is a lack of market control in internal investments in China, with central regulators not able to control provincial and local level manufacturing and capital allocation. On the other hand, the control of foreign investment is rigorous. Many of the goals set out in the Eleventh Five Year Plan have already been met and China is still pushing forward. Are the Chinese trading on fair terms? This question is one which the European Commission is following closely as well as violations of WTO law and practice.

Oscar Marchisio, Fuzzy Net Beijing

The Chinese strategy is affecting the whole world – the ASEAN countries, Africa and Europe. China is playing a leading role and will continue to do so when it comes to economy of scale, work organisation and the continued speed of growth. In the automotive industry assembly plants will be organised in China and this will keep Europe out of direct input and knowledge of the life cycle of cars and future models. The Chinese are currently importing design, systems and engines but this is already changing. Two models, Cherry and Gili, two companies solely owned by the Chinese, have also complete control over the design, engines and systems. There is no European knowledge or influence in these companies.

The key questions for the automotive industry in China are petrol usage and US petrol shortage and how the annual 20% automotive growth in China will affect worldwide petrol supply. What is the strategy for energy supplies in China? The link to Africa is very strong and this is demonstrated by the recent agreement between China and African states concerning raw material supplies. The European geopolitical approach to this development is vital because the world is already at its limit of supplies.

Lars Holmqvist, CLEPA

Lars Holmqvist continued on the same topic by saying that the world is running out of fossil fuels and China has put the issue on the table. He continued his presentation about the automotive suppliers by saying that 75% of the car's value comes from the suppliers, 50% of the R&D spending comes from the suppliers and a majority of patents are also from the suppliers.

European Automotive Manufacturing Industry (in €)

Official number of employees	2.1 million
Industry estimates	6.5 million
Where of Suppliers	5.2 million
Manufacturing output	700 billion
R&D spending	24 billion
Whereof Suppliers	12 billion

European companies' share of the world market is 31.7% and out of the ten biggest producers in 2005, four were European (three Japanese, two American and one Korean).

Production trends in Europe

	2005 *	2006 **	2010 **
Cars (millions)	17,6	17,9	19,0
Light Commercial Vehicles (millions)	2,4	2,5	2,7
Heavy Trucks (thousands)	684	695	690
Buses (thousands)	76	82	85

Production trends in China

	2006 Jan-June	Change in % from last year
Total passenger Cars	2,958,375	35.7%
Total Commercial Vehicles	1,163,787	8.1%
Total Trucks	792,821	7.8%
Buses	112,436	14.1%

Lars Holmqvist gave the following reasons to invest in China. The domestic market is huge, there is a cheap cost base (Chinese labour costs approximately 5% of those in Germany and 20% of those in Eastern Europe). China imposes tariffs of 25% on imports of car parts, constituting over 50% of fully-constructed cars, from EU, US and Canada, therefore it is better to produce there.

It is difficult to get access to the Chinese market. There are trade barriers and the regulations are unfair. The Chinese accept Europe as a trade partner as long as Europe is needed for China's own development and the Chinese are interested in maintaining good relationships. Intellectual Property Rights (IP) is the major problem and it is important to maintain discussions with the European Commission on this topic.

European suppliers are often saying that Japanese Toyota is an exemplary business partner and the Japanese set minimum standards on its suppliers when it comes to the rate of factory accidents, values. This may be the reason why the Japanese are easier to work with than the Chinese.

Vital factors for survival are research and development, innovation, education, regulations, co-operation between customers and suppliers and finally protection of IP.

Presentation of research results
Sector Steel
Chair: David Worgan, Community
Daniela Gradinaru, Syndex

Daniela Gradinaru presented Syndex research work on the steel sector. She divided her speech into the following sections: Chinese growth, access capacities and long term growth.

Since 2003, Chinese steel production has witnessed remarkable growth, over 22% per year. Today, China is the first producer and accounts for a third of the world's steel production. This growth was necessary to satisfy the internal demand mainly driven by the construction and public works, but also by the investments realized and the necessity to substitute the imports for high quality products. A new increase is estimated for 2006, but it will be a little lower (around 20%) than from the last three years.

Up until 2005, China was a net importer (mainly flat products where China is poor). From 1 Mt of net imports last year, China will become a net exporter in 2006, with almost 10 Mt.

We can say that since 2002, China did not have the sufficient capacities to satisfy its huge internal demand. Investments in steel capacities were realized in a very short time, without any central control and without foreign investments or technology transfer.

Today, the Chinese steel industry could be characterised by a self-centred development. It faces: overcapacity caused by irrational investments, lack of industrial concentration, imbalanced product mix, poor industry layout, very hard conditions combined with small production units often equipped with obsolete tolls and waste of natural resources and energy, pollutant emissions.

For these reasons, the Chinese Government launched in 2005 a restructuring strategy which aims: to settle the overcapacities, to accelerate the concentration, to eliminate obsolete installations; to eliminate obsolete installations, to modernize the steel industry by the application of new standards for the steel facilities which also respond to environmental questions and to reduce energy, water consumption and pollution, to improve quality of steel products to enable China to be among powerful countries in the field of iron and steel transformation.

But it seems that the application of this strategy is more difficult than expected due to the following two factors: the local authorities which try to save regional industry and employment and the growth in price that encourages producers to invest more.

We can say that up until now, the Chinese steel industry's boom has had positive effects on the world and European steel sector. Prices increased, which had not been the case for a long time, and the steel producer's profits are very high.

However this eruption has modified the fundamentals in the steel industry and Europe must be attentive to new topics such as:

The raw materials - The buoyant Chinese demand introduces tensions on the raw materials markets, with very high prices increases. The competition to accede raw materials supplies at good prices will be more difficult and Europe must assure its access. On the other hand, this situation will reinforce the risk of the hot part steel production's relocation.

The sustainability - The question today is not the problem of satisfying the interior demand. The principal question is the excess of exports (permitted by the support obtained by the steel industry for the Government) which will substitute the modern capacity by obsoletes.

The overcapacities - In 2006, the effective phenomena of overcapacities did not appear for the following reasons: the prices had risen in the second half of 2005, the steel producers are profitable, the surplus of Chinese steel production was consumed by the internal demand, the other world producers did not complain about a massive invasion of importations and the utilisation rate of capacities is in agreement with international rates. In the future, the demand in the world and particularly in China will grow and the additional capacities should satisfy it. But Europe must be attentive to the development of Chinese capacities if the Chinese Government does not succeed in its restructuring process.

Enrico Gibellieri, EMF Steel expert

The European Union experience is that steel has been undergoing a positive development for five years. The rise in prices of steel products, despite the raw material price increases, resulted in positive economic results from the European steel companies. Chinese steel is still produced on several low volume production sites. There is an ongoing restructuring process for the concentration and modernisation of state owned enterprise in the Chinese steel sector, which has heavy social consequences such as redundancies. Although this process is promoted by the Chinese central government there is resistance from the local authorities that have a certain level of autonomy and influence. In addition the spontaneous organisation of steel workers is causing social unrest with the consequence that many outspoken people are imprisoned. An industrial policy exists in China, but the details are unknown to the outside world and it is difficult to contact employees to learn about circumstances at workplaces. The industrial structure is closed to foreign direct investment and the only possible European response is to engage in dialogue with the Chinese government. There are no other instruments in place in order for Europe to face the development within the steel sector in China.

Christian Mari, EUROFER

Christian Mari talked about the world steel consumption and said that it is not the same as in China. In the last ten years the consumption has increased by more than 70%. The apparent consumption (AC) in 1980 was 33 million tons (Miot) and in 2005 it had risen to 327 Miot. The production capacity is higher than the consumption and production will keep rising. In the 1980s the crude steel production was 50 Miot, in 2005 it was 349 Miot and for 2006 it is estimated at 413 Miot.

Steel production is facing problems of energy and water supplies. These are part of the risks that are threatening Chinese steel production along with the level and behaviour of investment activity, which poses the biggest risk. A collapse in investment spending could be triggered by a collapse in investor confidence, by a banking crisis due to non performing loans, a change in exchange rate policy as well as political and social instability.

A policy response is required from the Chinese government to meet these problems. For instance:

- People's Bank of China (PBC) raised bank lending rates by 27bp on 27th April.
- PBC increased reserve requirements by 0.5% effective as from July 5th, which implies large state and commercial banks now need to hold 8% in statutory reserves with the PBC.
- The National Development and Reform Commission (NDRC) announced measures to rationalize capacity in aluminium, cement, coke and ferroalloy sectors. (end-April)
- Greater planning regulations plus proposals for more stringent application of property taxes and increased controls on mortgage lending / larger mortgage down-payments (May 17th)

The world faces overcapacities of 300 million tons by 2010 if regulations are not met.

- 265 MT new capacities in China
- 125-175 Mt capacity closures would be needed
- 50 – 90 MT closures envisaged at this moment
- China's steel exports would reach 40 Mt in 2006
- Growing further next year

The drawbacks for China are amongst others the fact that labour migration between inland and coastal regions is destabilising. There is tension in the rural community caused by the land formerly used by farmers, which is now used for sky scrapers. The environment is also under constant pressure and there is a problem with the water supply and air quality in many places.

Discussion

Reconstruction of the Chinese steel industry:

Consolidation of the Chinese steel industry is underway. There are several sources that say that this process is not under state control, but the process is underway separately in provinces and in individual mills. The problem is also that there are no regulations concerning the process which means that bad, low producing plants can not be closed down easily. The measures imposed by the Chinese government are rarely implemented and there is rather a deconcentration than a concentration of production in the country. Low cost steel producers are not found in China. The cost of labour is low, but the efficiency is not as good as in other places and this makes production more expensive. The fragmented structure of decision making in China, meaning that the Communist Party is not absolute in its decision making efforts, can cause global destabilisation in the steel sector. The competition between Chinese companies and companies in the rest of the world is unfair as well. The Chinese government protects its companies through subsidies and the EU needs to set up anti dumping measures to protect itself from increased consumer prices.

Presentation of research results
Sector Shipbuilding
Chair: Heino Bade, Chairman of EMF Sector Committee Shipbuilding
Sector Shipbuilding by Dr. Jochen Tholen &. Thorsten Ludwig, University of Bremen

Thorsten Ludwig started the joint shipbuilding presentation with a general overview and presenting statistics of shipyards in China, their capacity and so forth.

There are 2000-3000 shipyards in China, out of which 600 of them build ocean going ships. 60 shipyards are producing ships for export. This number will decrease since not all companies are able to compete on the world market. 80% of all production is made for foreign customers. The EU has 6.9% market share of world shipbuilding production, while China has 13.9%. The Chinese production capacity has increased by 52% from 2002 to 2007.

Regional ship production world wide in 2004

China	**287,702**
South Korea	**71,781**
Europe (without Russia and Ukraine)	**154,872**
Japan	**40,264**

Dr. Jochen Tholen continued by presenting political issues in the shipbuilding industry.

In 2015 China will be the world's largest shipbuilding nation, followed by South Korea, Japan and CESA countries. The Chinese shipbuilding industry faces many problems, such as technology, import quotas, local financing problems, and changes in shipyards, wage competition with Vietnam, the Philippines and India as well as unclear WTO regulations.

What are the consequences for European shipbuilding? The European shipbuilding industry will have to concentrate on high technology shipbuilding as well as container shipbuilding within special size classes, horizontal co-operation (co-operation between yards), vertical co-operation (co-operation between yards and the maritime equipment industry – supply chain - as well as scientific institutions), pre- and after sales service including finances, Leadership 2015 (adopted by the European Commission), EU Social Dialogue Shipbuilding (employers association and trade unions), co-operation in Research & Development, qualification of staff and technologically advanced efforts.

Dr. Reinhard Lüken, CESA
Dr. Lüken started by listing the main considerations related to China with regard to shipbuilding. These are:

- Key demand driver
- Massive capacity increase
- Competitive factors
- Threat or opportunity?
- Response from yards
- Policy response

China is the world's main manufacturer: It has moved from being a net exporter of energy sources and raw material to a net importer. This has strong impact on the demand for shipping, e.g. the tight supply and demand situations for oil products have led to strong growth in ton-miles (consumption +1%, ton-miles +14%). Looking at the forecast for shipbuilding supply and demand we see a supply of 35 mcgt in 2006 but the production capacity in 2010 could be as high as 50 mcgt. The forecast for demand expects an average of approx 25 mcgt, thus, even if forecasts in the past were often proofed wrong, we must expect dramatic overcapacities. While many countries contribute to this increase, China is growing by far at the fastest rate and will increase five times its current volume.

The competitive factors to be taken into account for the Chinese shipbuilding industry are low labour cost, but also low labour productivity (fluctuation), weak infrastructure (supplier base, energy shortages etc.), access to technology, market distortion (including direct state support and unsustainable business practices when it comes to the environment and social aspects).

Does China pose an opportunity or a threat? China is the driving force of the current shipping boom and has thus created enormous opportunities also for equipment demand. How long will this opportunity last? Shipping could be faced with over-supply, equipment will be sourced domestically in China and the question whether or not there will be equal treatment for direct foreign investments is not clear.

Market distortion in China is an overhanging threat to the business. The distortion comes in the form of state funds, intransparent procedures, and government interests in companies and unsustainable business practices related to social and environmental factors.

How should Europe respond to the developments in the Chinese shipbuilding industry? The approach of the industry includes the following aspects:

- LeaderSHIP 2015
- Innovation is key
- No alternative to European co-operation
- Must ensure critical mass to maintain infrastructure
- Combination of different competitive advantages in Europe (including low labour cost in Eastern Europe)

Europe must also react in its policies:

- Europe must develop a realistic and practical approach to China including the preparation to counteract on shortcomings
- Not to trade protectionism but protection against the undermining of minimum global standards
- Major role for Unions – not against globalisation but in favour of global rules

Heino Bade, Sector Committee Shipbuilding

Heino Bade gave a brief statement but one which was to the point on what he thinks Europe needs to do to survive in the global shipbuilding industry.

Europe must take China seriously. Shipbuilding is a key sector for China and it receives state support. Shipbuilding is a driver behind the industrial growth in China and it is an export market for the Chinese. It also covers its own domestic demand, which means it does not need to import. There is cut throat competition between China and Europe when it comes to access capacities and prices.

Europe should not only focus on high tech ships, this assumption is wrong. There should be a broad mix of products among value added products. Europe needs to produce better ships and better products in general. Innovation and R&D are the key areas.

Discussion

What is the trade union role?

A trade union should not remain neutral. It should suggest methods and mobilise the employees.

Political conclusions:

Horizontal co-operation between shipyards is a recommended policy approach in Europe. This includes small and medium sized companies. The co-operation could co-ordinate and organise research, that otherwise would be too expensive for an individual yard.

Cost mix:

The situation between China and Europe can be compared with the situation between Eastern and Western Europe. The cost mix between Eastern and Western Europe is different. There are different interests, higher wages and lower productivity. Eastern Europe can not compete with Western Europe.

Social Dialogue:

There should be an agreement between the social partners that the future challenges should be solved jointly. To act on time is a key point for the partners.

Podium discussion of Conclusions & Results
Chair: Peter Scherrer, EMF General Secretary

The Podium consisted of:
Anita Gardner, IMF
Jyrki Raina, Nordic IN
Bert Keulen, De Unie
David Worgan, Community
Heino Bade, Sector Committee Shipbuilding

Conclusions, results and policy recommendations from the research team by Philippe Morvannou, Syndex

Philippe Morvannou concluded that the three sectors auto, ship and steel have three common points. The first being the fact that industrial growth in China has been remarkable and never seen before. The Chinese industrial policy is proactive and governed by the central government. The second being foreign direct investment transfers R&D into China. Finally the third concerns capacities. The European response to these three points should be at the same level as the Chinese threat. Europe needs an industrial policy to meet the challenge of China. Raw material needs to be given renewed attention and overcapacity is a global problem which needs new forms of regulations in order to be managed.

The panellists were invited to deliver final remarks for the three sectors.

1. Automotive

The trade union response to secure the automotive sector in Europe is to strive for and support innovation. Regarding the ongoing shift from OEM to OES, the suppliers are given a more important, leading role. The OEM must think globally and under a different agenda when considering where to produce at a low cost and with a higher profit. The agenda for EMF and CLEPA has more in common, which could be a basis for co-operation. There must be investments in innovations created by the suppliers. Protection of innovations is of benefit to Europe. Action programmes can be created between the employees and the employers especially in the field of employee development to support and contribute to this innovation process. There should be a joint address to the European Commission demanding a joint European strategy for sustainable growth involving the social partners to enhance the car 21 initiative.

2. Steel
Steel is a key industry in Europe. To prevent steel from disappearing, the Chinese must be put under the same pressure Europe is currently under. Rationalisations and mergers are part of the current developments in the sector and third world mills are taking over. Europe must participate on this new level playing field. The trade union voice should be heard and lobbying the European Parliament as well as national parliaments is part of the trade union possibilities in changing the agenda. Europe needs to meet the challenge head on.

3. Shipbuilding
The order books are full in the shipbuilding industry in China but there are also threatening overcapacities. To monitor the threat of overcapacities there should be a dialogue on this matter between CESA and the EMF.

The discussion on the developments in China and in Asia should be rational. Journalists in the past few years have been proven to be completely wrong. The expected threat of the so called "Five Tigers" (South Korea, Taiwan, Singapore, Hong Kong and Macao) turned into bankruptcy and a major financial crisis in Asia. Europe can not afford to focus its resources on such misconceptions. Europe must defend itself against low cost solutions and the neoliberal way of focusing business opportunities on low cost – low wages countries.

The European industrial policy must be put into practice. Europe is weak as it is and has no mission statement. What are the real objectives of European shipbuilding?
The Social Dialogue in Europe must become stronger. One way to facilitate this is through the EU funded programme Euroship 2015. The European transport system can also be modified to change road transport into waterway transport. The maritime contribution has not been examined thoroughly and the potential savings in environment and energy resources has not yet been fully explored. A tri-party dialogue is needed on a European level and it has to be followed up on a national level to be able to be implemented. The European Union can contribute with innovation grants.

Jyrki Raina, Nordic IN
Jyrki Raina presented the Nordic point of view. He started by comparing the situation in the white goods sector and the relocation process to Central and Eastern Europe. Nordic trade unions had accepted that change has become part of everyday life and some jobs would disappear. We have to handle individual problem cases at the same time as we invest in proactive industrial policy. This applies also to the growth in China.

Basically, Nordic trade unions see globalisation and free trade as positive elements, even though trade is not so free and WTO regulations do not include trade union rights. We must continuing working on these two issues. Europe can not compete with labour costs. Hence we must invest in R&D, innovation, training and qualifications of workers to meet the challenge of the Chinese industrial growth.

Economic growth in China is a positive thing for the Chinese people and for European exports. According to studies, the total relocation of jobs is small; job loss and job gain are natural processes. Europe needs to treat China with respect but should not be naïve. We have to be tough on the respect of Intellectual Property Rights (IP) and WTO rules.

Trade union policies can not be avoided when talking about China. It is time to move to away from drinking tea and study trips to the Great Wall to doing real work. As an example, Nordic and German unions have organised training for local level representatives at European-owned companies in China.

The European trade unions should:

1. help Chinese workers to create real trade union representation at the local level, which would lead to real collective bargaining
2. maintain a critical dialogue with ACFTU (All China Federation of Trade Unions) to support the fledgling reform process
3. Monitor multinational companies (MNC) everywhere and intervene when necessary
4. Keep pressure on the Chinese government concerning the question of freedom of association

The EMF should react against the current race to the bottom campaign, run by American companies in an attempt to block the new labour law draft, which gives increased rights for workers.

Discussion
European Social Model:
The European Social Model is under pressure. It should be clear that there is an alternative to the American model and this gives room for the trade unions to react. It is difficult to surpass the ACFTU, but it is important to maintain the dialogue.

Anita Gardner, IMF
Anita Gardner described the work that the International Metalworkers Federation in Geneva is pursuing. The activities mainly focus on three activities. Information gathering is one important part. This includes the website with news stories about labour violations, links to research and also affiliates' activities in China. A second part is research in sectors with particular focus on transnational companies (TNC). A third part is a planned workshop which is to be held in Shanghai 2007. The preparation of the workshop started with a mission to China which included talks with the ACFTU. The mission explored what possibilities there are for the workshop, what issues should be discussed and which workers should be present.

There is an incentive to bring trade unions together to work on the issue of China through structured co-operation with other unions. The EMF study is an important starting point.

European unions are well placed to put pressure on the Chinese and on European companies in China to ensure workers' rights are respected. There should be continuous discussion about labour conditions in China.

Discussion
Is Europe assisting China in outdoing the European companies?
Is China a risk? It appears Europe is actually helping the Chinese to out do Europe. Europe is training Chinese managers and the managers then return to China with new

knowledge. Why is this done? The trade unions should be asking questions about this and about labour and co-operation between themselves. Trade unions should make demands to the European Commission and to companies and not be so slow and careful when it comes to protecting its interests. The development is serious and evasive answers from neither companies nor the European Commission should be accepted.

The new Chinese Labour Code:
There is currently debate around the world concerning the new labour law that is about to be approved in China. The new law has caused many international companies to react saying that if the Chinese government increases the rights of the Chinese workers they might withdraw from China. Trade unions around the globe are reacting strongly against this approach. It is important that trade unions speak out against the companies and support the Chinese reforms.

Closing remarks by Peter Scherrer, EMF General Secretary
In conclusion there are a few points that should be stressed.

Co-operation between the EMF and the IMF:
The study has been a starting point for relations and co-operation between the EMF and the IMF on China related issues. This co-operation continues also after the conference in the form of EMF representation in the IMF China working group. The co-operation between the EMF and other trade unions can also be developed into a network.

International Framework Agreements (IFA):
Trade unions should put pressure on multinational companies (MNC) to implement IFA and act in accordance with international labour conventions. For MNC to comply with IFA strong trade unions are needed.

Innovation initiatives:
For Europe to be able to survive in the automotive and shipbuilding sectors, steel innovation and R&D are vital components. The dialogue concerning these items should be maintained with the European Commission and the employer organisations. The possibility of increased WEU funded grants should also be a topic of discussion.

Fair trade:
It is important that European and Chinese companies play the market on equal terms. Questions of regulations on imports, exports, tariffs on trade and intellectual property rights should be governed in accordance with international regulations.

Environment:
Just like trade regulations, it is also important that environmental standards are maintained. The development of the Kyoto protocol is one example and the political pressure must be kept high to ensure the future development of environmental protocols. The trade unions can contribute by speaking with one united voice on this matter.