Observatoire Social Européen (2010) *European Sectoral Social Dialogue Factsheets.* Project coordinated by Christophe Degryse
www.worker-participation.eu/EU-Social-Dialogue/Sectoral-ESD

SHIPBUILDING

Workers' representatives	**European Metalworkers' Federation (EMF) (1971)** http://www.emf-fem.org
Employers' representatives	**Community of European Shipyards' Associations (CESA)** www.cesa.eu

Sectoral Social Dialogue Committee (SSDC)

Informal working group:	
SSDC:	17 September 2003
Rules of procedure:	26 November 2003
Work programme:	2007 – 2008

GENERAL OVERVIEW OF SECTOR

The shipbuilding sector, an extremely diverse industry, is highly cyclical and has, overall, seen an almost continuous decline in employment. The issue of state aid and international competition, especially from Asia, is key to this sector. The industry has been badly buffeted by the global economic and financial crisis since 2008, with an unprecedented collapse in the demand for new vessels – around 90% – and almost 15,000 jobs under threat across the EU.

The shipbuilding sector – also covering ship repair and breaking – encompasses the construction of commercial vessels, warships, fishing boats, pleasure craft, etc. It is an extremely diverse industry, in terms of both company size (ranging from a few dozen to several thousand workers) and structure: some shipyards specialise in building new vessels, others in repair and maintenance; some work only for commercial clients while others are under contract to governments, etc. Furthermore, given the geographical requirements of shipyards (coastal regions with access to deep water), this industry does not exist in all Member States. It is mainly to be found in what are known as the EU-14 (Germany, Netherlands, United Kingdom, Denmark, Poland, Finland, France, Italy, Croatia, Malta, Spain, Portugal, Greece and Romania).

Business in this sector has traditionally been rather cyclical. Many large oil tankers and bulk carriers were built in the 1970s, then during the 1980s shipbuilding suffered a severe decline around the world and in Europe, but activity picked up again in the 1990s when the fleet needed to be replaced. Over and above this cyclical dimension, employment in shipyards has been shrinking almost continuously since the mid 1970s (down by 70% according to the European Commission, in "Recent developments in the European Sectoral Social Dialogue", DG Employment 2006). This can mainly be explained by the huge growth in foreign competition, especially from Asia: Japan, South Korea and China. Nowadays there are still approximately 300 shipyards in Europe, directly employing around 150,000 highly skilled workers. (The total number of direct and indirect jobs, including subcontractors, is estimated at 600,000.) Globally, the EU is most competitive in passenger ferries and cruise ships, while the Korean shipyards focus more on oil tankers and container vessels.

The issue of state aid has long been key to this sector, in other words aid granted to shipyards and ship-owners for the building, repair or alteration of vessels. An agreement was reached at the OECD in 1994 on "normal competitive conditions" in merchant shipbuilding but did not enter into force because it was not ratified by all the signatories. The European Commission then decided to push for the adoption of stringent European regulations. In 1998 the Member States agreed, with some difficulty, to put an end to operating aid as from 2001. This agreement divided the EU between countries in favour of the ban on aid (United Kingdom, Netherlands, Scandinavian countries) and those against it, representing 70% of European shipbuilding (Germany, France, Spain, Italy, Greece). But the agreement was reached subject to negotiations then underway with South Korea, accused at the time of unfair competition (a study by the shipbrokers BRS revealed that South Korean shipyards had won 43% of worldwide orders in 2000). Moreover, the agreement was roundly criticised by the social partners in the sector, who had been calling for an extension of the state aid scheme “until such time as the conditions for global competition have been re-established” (Agence Europe, 20 November 2000).

Operating aid did come to an end on 1 January 2001, despite everything, but that was followed in 2003 by the adoption of a "Framework on state aid to shipping" relating to special provisions such as aid for investment in innovation, closure aid, export credits, development aid and regional aid. Ultimately, although the European shipbuilding industry has held on to about 20% of global capacity, there can be no denying that it faces a considerable number of challenges.

A high-level advisory group, LeaderSHIP 2015, was set up in 2003 to address these challenges and the associated need for restructuring. The group comprises business leaders, the social partners and members of the Commission and the European Parliament. In 2006-2007, after many difficult years of orders drying up, the shipyards experienced a real boom in construction work (CESA, annual report 2007). But since 2008 they have been badly buffeted by the global economic and financial crisis, with an unprecedented collapse of around 90% in the demand for new vessels and almost 15,000 jobs under threat across the EU.

PARTICIPANTS AND CHALLENGES

Shipbuilding, the first subsector of the metalworking industry to organise itself into a Sectoral Social Dialogue Committee (SSDC), has developed a social dialogue that is mainly geared to lobbying the European institutions. It brings together the European Metalworkers' Federation (EMF) for the workers, and the Community of European Shipyards' Associations (CESA) for the employers. One of the main topics addressed to date is vocational training and skills, with a view to improving the sector's image among young people.

The LeaderSHIP 2015 initiative launched in 2003 (see above) specifically advocated a strengthening of social dialogue in the shipbuilding sector so as to enable industries in the sector to meet the need for new skills.

It was in this context that the Sectoral Social Dialogue Committee (SSDC) was set up in 2003. At that time it was the first SSDC in the metalworking sector. Its objectives, as set out in its rules of procedure, mainly revolve around lobbying the European institutions. The CESA and the EMF hope to influence European and national debate, put forward recommendations, monitor the effects of European policies on the sector, monitor implementation of their opinions, guidelines and recommendations by the European institutions, and so on. The SSDC also intends – albeit apparently as less of a priority – to carry out bilateral projects and, where appropriate, to "embody the results of their dialogue into a European framework agreement".

The topics addressed in the shipbuilding social dialogue are fairly limited for the time being. They mainly have to do with vocational training and skills, with a view to improving the sector's image among young people and thereby remedying skills shortages. The initiatives undertaken by the SSDC on this topic are as follows. An initial study on shipyards in Europe was carried out between 2003 and 2006 in association with the University of Bremen (Shipbuilding in Europe -West and East- in a Global Context - Structure, Employment, Perspectives, University of Bremen, Institute of Labour and Economy). This study was subsequently updated and presented in April 2008 at the European Shipyard Week (the first Shipyard Week was organised by the social partners in 2006). The theme of the 2008 Week, organised by the social partners, was "Sea Your Future". Its main aim was to promote the image of the sector, its enterprises and its jobs.

This was the background to the social partners' formation of a working group on training and skills. The very first joint document issued, apart from the rules of procedure, was adopted on 6 June 2008 in the form of a human resources study entitled "Demographic Change & Skills Requirements in the European Shipbuilding & Ship Repair Industry". It analyses the current situation and puts forward changes that are needed in the shipbuilding and repair sector in Europe. The social partners' aim is to improve expertise in personnel management. Other initiatives and programmes to promote good practice were to be discussed in the SSDC based on the study's findings.

The social partners were also planning to do further work on one of the main challenges confronting this sector: how to cope with the major fluctuations in demand caused by the cyclical nature of business, while preserving skills and jobs. This issue is more topical than ever now, in view of the global economic crisis.

OUTCOMES

The range of topics covered by sectoral social dialogue in the European shipbuilding sector has so far remained very narrow: indeed the sole topic is human resources. The objectives set for social dialogue in the SSDC rules of procedure remain a long way off. Whereas the trade union side would like to see a stepping up of dialogue, internal splits on the employers' side appear to be hampering progress.

Although shipbuilding was the first subsector of the metalworking industry to establish a Sectoral Social Dialogue Committee, its outcomes appear for the time being to be rather limited. This applies both to the topics addressed and to the output of joint documents. Only two texts have been signed: the rules of procedure and a study on human resources.

On the trade union side, the EMF would like to enhance the social partners' capacity to adopt joint declarations and joint opinions, particularly concerning the need for qualifications and skills, but also on European policies (especially the Commission's Green Paper on maritime policy). The EMF would also like to embark on talks about social standards in the sector.

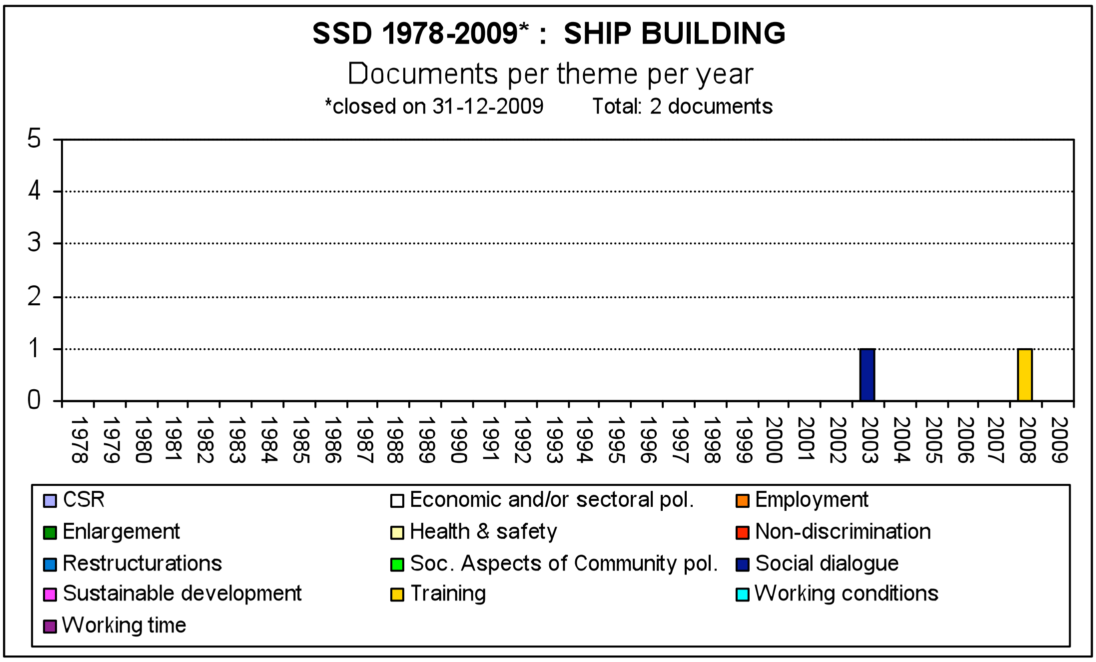
On the employers' side, the CESA appears to be suffering from internal splits over whether or not to hold, or even continue, certain discussions within the SSDC – for example about a "toolkit" containing information on good practices recorded in the EU. The CESA would prefer to tackle topics such as migration and health and safety at work.

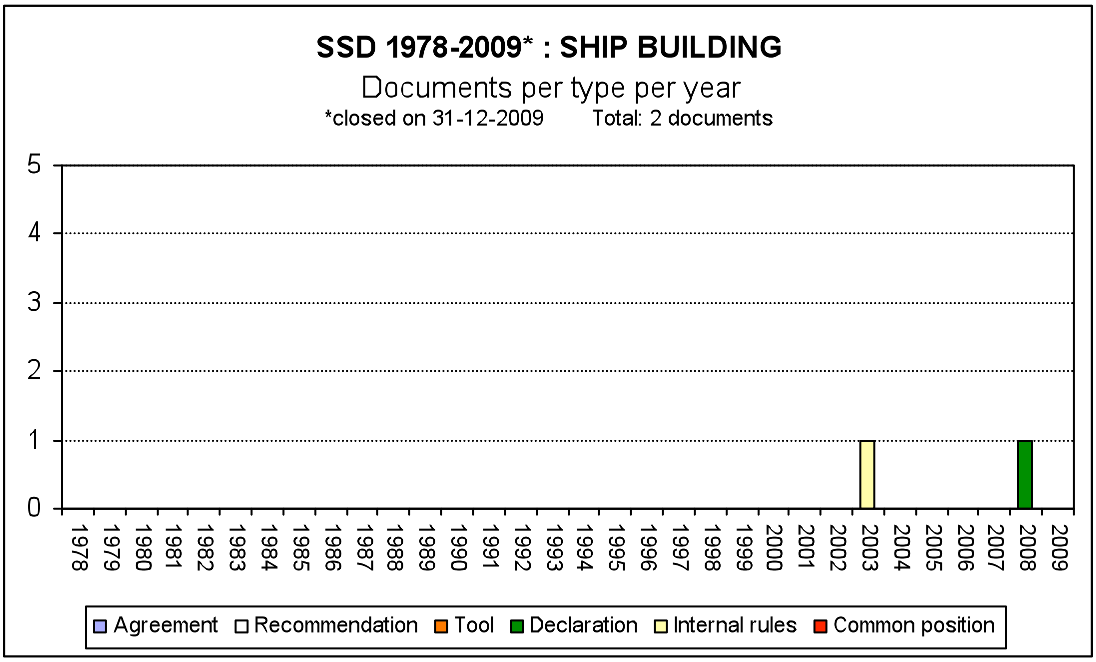
For now, therefore, the establishment of fully-fledged social dialogue in the sector would appear problematical. This state of affairs undoubtedly has to do with the specific nature of European shipbuilding: the diversity of enterprises, fierce international competition, the absence – so far – of common international (OECD) rules on competition, and the need for European companies to emphasise their distinctiveness from their Asian competitors: research and development, innovation, vessel safety, environmental aspects, etc.

All in all, the SSDC currently remains a long way from achieving the aims it set itself in its 2003 rules of procedure.

JOINT TEXTS

The “shipbuilding” sectoral social dialogue has resulted, since 2003, in the adoption of 2 joint texts.





Date	Title	Theme	Type	Addressee
06/06/2008	Demographic Change & Skills Requirements in the European Shipbuilding & Ship Repair Industry	Training	Declaration	European social partners
17/09/2003	Objectives and rules of procedure	Social dialogue	Rules of procedure	European social partners