

Ripping the heart out of the UK's motor industry



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Foreword



Unite has the gravest concerns about the continuing crisis in UK manufacturing.

This is a sector which is vital to the economic wealth of the country - no modern economy can be successful without a strong manufacturing industry.

The figures speak for themselves. Manufacturing generates 15% of the UK's GDP and £147 billion in exports. Yet over 300,000 jobs have been lost in manufacturing since 2005 alone, making nearly two million since Labour came to power. There are now just over 3 million jobs remaining.

There is no sign of this stabilising. The British Chamber of Commerce reported in mid January that in the first month of 2007 there were a staggering 8,000 jobs lost in manufacturing.

Of course, it is not all doom-and-gloom. The motor industry, for example, is producing vehicles at a rate of 1.6million units per year, which is close to the peak of the early 1970s.

The automotive manufacturing sector alone contributes around £9bn added value to the economy, and accounts for 11% of total UK goods exports. Some 210,000 people remain employed in the design and manufacture of vehicles and components.

The UK remains a competitive manufacturing location for automotive products, due to the skills of the workforce and the industry's capacity and willingness to adapt to new challenges.

Yet too many factories are closing, sometimes with companies turning their backs on this country in search of cheaper labour elsewhere. Peugeot shamefully abandoned its Coventry workforce, the Rover plant at Longbridge has all-but closed and a shadow now hangs over the Jaguar and Land Rover factories, as Ford prepares to sell up.

There are many factors behind this – but UK employment law is one of them. These laws make British workers the easiest to get rid of in Europe. The failure of the government to adopt the Working Time Directive and the slow progress on giving better rights to temporary and agency workers underline our concern.

This must change.

Unite also believes the Government should do more to protect our manufacturing base, extending the same sort of assistance that would be taken for granted in other European countries and has paid off in terms of a much stronger sector, generating jobs and exports alike. Government procurement policy that prioritised British jobs would help.

Unite, Britain's biggest trade union, will make fighting for the retention and development of our manufacturing industry one of its top campaigning priorities.

Derek Simpson
General Secretary

Tony Woodley
General Secretary

Outsourcing

We are continuing to see increasing levels of outsourcing and export of UK Motor Industry Jobs.

The economic growth of Eastern Europe and the Far East with countries like Turkey, Romania, India and China pose now even greater challenges for unions, companies and governments alike.

With countries like China and Turkey receiving huge government investment into infrastructure and training together with local sourcing agreements to allow sales of the final products, UK companies are struggling to compete.

Each manufacturing plant in the UK continually has to compete against the lower costs of designing, developing and manufacturing in these emerging economies.

The multinational companies cannot be allowed to walk away from their loyal employees in the UK who have delivered many years of profitability to those companies just because it is cheaper to design and manufacture elsewhere.

It must also be taken into account that the UK car market is the second biggest in Europe and these multi-nationals must be encouraged to maintain a manufacturing presence where their main markets are.

The motor manufacturing companies hold a social responsibility to the UK workforce and the communities that support their business. These companies must be encouraged to develop investment strategies for skills, innovation, research & development and capital equipment expenditure to ensure competitiveness in the future.

We need this government to assist and review their policies of business support in the UK with increased support for research and technology, repayable investment funds to support and modernise the manufacturing base and an investment in training and skills to encourage the British manufacturing base to compete and grow their business here in a tough global market.



National Officer for Unite, Roger Maddison says

“Ask the ex-Peugeot employees about loyalty after delivering all that was asked including healthy profits, Peugeot moved production East in an attempt to secure higher profits.”

Beauty Contests (site selection)

We are now faced with another addition to the ever increasing list of things that drive down wages or increase hours in our work places. The commonly used name for this phenomenon is the "Beauty Contest".

This allows a Company when introducing a new vehicle to its model range, the chance to push down terms and conditions of its employees by pitting Country against Country or Plant against Plant. In return for what could be described as a horror catalogue of changes, the site will be entered into a beauty contest along with other sites to decide which ultimately gets product allocation.

This decision is inevitably determined by how much of the horror catalogue is conceded by a site, or sites. This is a practice which must not be allowed to continue and the only way to succeed in halting this morally corrupt practice is by all sites concerned showing solidarity and agreeing to no changes on an individual site basis.

A good example of this is the recent Delta case within General Motors co-ordinated by the EMF. This has shown that results can be achieved by the Unions and employees concerned acting jointly in not allowing the Company to divide and conquer. There was total solidarity between all concerned.



Unite Convenors Phil Allman and Peter Fildes pondering the future at Vauxhall Motors Ellesmere Port plant

National Officer for Unite, Tony Murphy says,

"It is vital that the European unions learn from the G.M. case that standing together is the only solution that will halt the abuses by the multi nationals chase of more profit."

Multinational Pressure on Components Supply

Many companies are now either in Eastern Europe or planning how to move production there. Many of these companies have received grants and subsidies from the British taxpayer. Some of these companies are left with no choice but to leave because of the massive pressure put on them by their multi-national customers to go to low cost economies and where wage rates are minimal.

If Ford, Peugeot, TRW, Continental Teves, GM, Montupet, BMW and MG Rover but to name a few were made to repay even a small amount of their grants or subsidies back, then maybe they would reconsider moving to a country where they can use cheap labour without thinking about their safety or the future of the British workers that they leave behind. Many companies have suffered and are still suffering because of the greed of the few.

We believe the time is now right for the government to put into place something that will stop this blackmail and allow the British worker to have the same rights and opportunities as every other worker in Europe.



Determined Unite Jaguar and Land Rover reps facing possible threats from venture capitalists

Montupet production moved to France and new plant being built in Bulgaria

Delphi work gone to Romania

Longbridge SHUTS

Continental Teves work transferred to Poland and Slovakia

Ford Dagenham assembly and Vauxhall assembly both moved to Germany

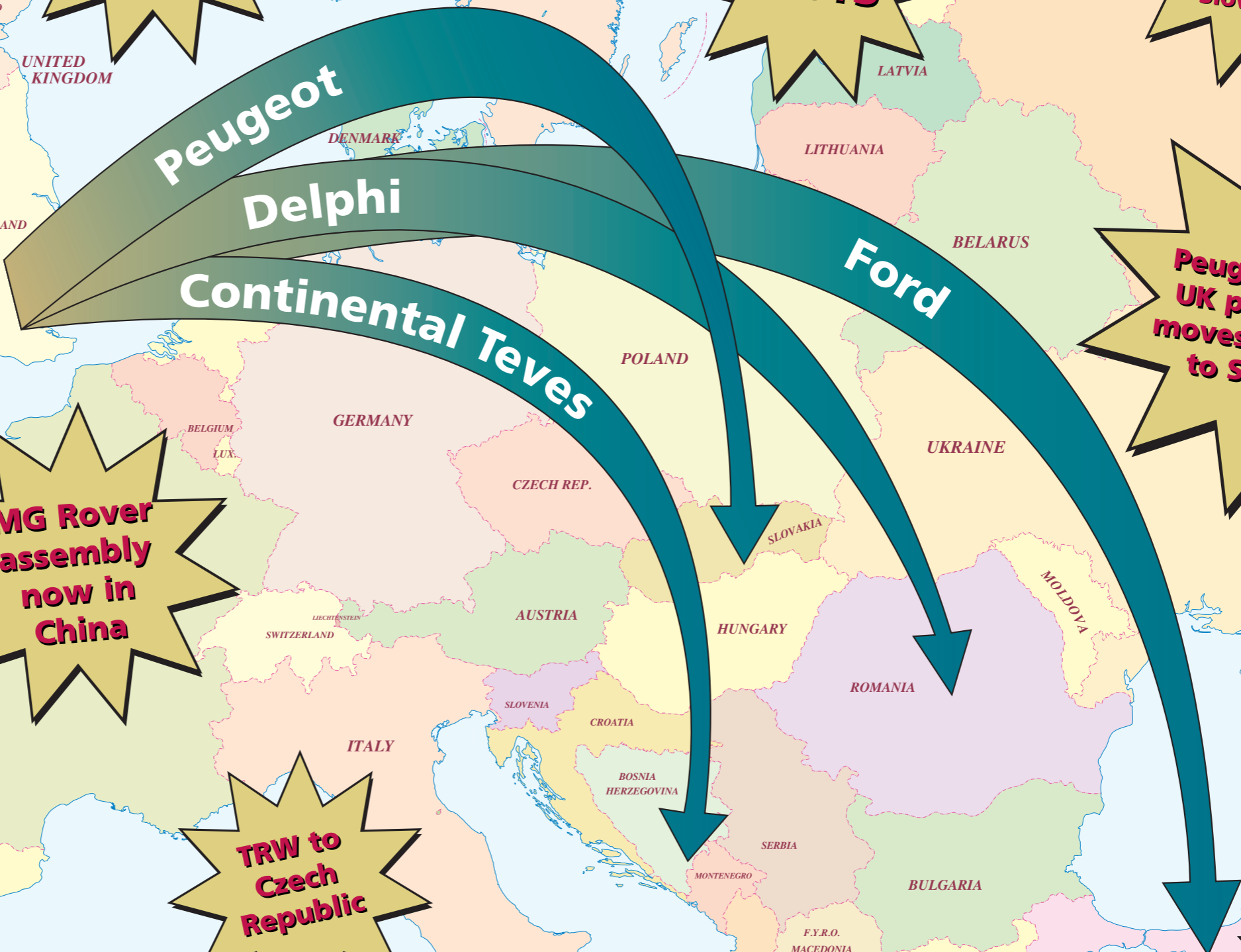
MG Rover assembly now in China

Peugeot closes UK plants and moves assembly to Slovakia

Vauxhall at Luton SHUTS

TRW to Czech Republic

Ford vans to Turkey



Where next - China - India - Russia!

Agency labour

Casual and insecure work is now common in the UK and Ireland. More than Two million workers are now employed on a `temporary `(not including fixed – term work) basis.

Agency staff were once considered as people standing in for full time staff during holidays and usually covering mundane tasks. However now agency staff perform a wide range of tasks from technical and admin work and production jobs, working in finance departments, IT and computer specialists and covering many production jobs in the car industry.

In a changing world where full time contracts are very rare, where people change jobs several times during their careers and where the days have long gone when people stayed with the same company until they were ready to draw their pension are not here any more.

There is a need to protect agency workers, including migrant workers from exploitation in areas such as pay and conditions and ensure equal treatment and prevent discrimination.

Temporary, agency and migrant workers should have similar rights as permanent staff on pay, hours, holidays, training and pensions.

In a complex survey carried out in the motor industry, 80% of the companies represented used agency workers. A further 72 % reported that the use of agency work had increased over recent years. What was surprising and worrying was that 81% of trade unions in those firms had no say in the decisions to introduce agency work.

Unite remains of the belief that the casualisation of work in manufacturing should be resisted. However, agency work is now a common place in the motor industry and both the government and trade unions should fight for equal rights of these people in pay, hours, holidays, training, terms and conditions.



Tony Murphy and Dave Osborne, Unite National Officers, speaking up for the UK at the IMF World Auto conference

Procurement and the UK Economy

In the context of the procurement process, the most important parameter is that of obtaining 'best value for money'. This does not mean the lowest bid is accepted but means that the bid that offers 'the optimum combination of whole life costs and benefits to meet the customers requirements'.

In the UK, Central Civil Government spends £125 billion each year on procurement, manufacturing accounts for one third of this total.

Why do we need a Procurement Policy?

The present government is focusing on the long term benefits to the UK economy of savings generated via the procurement process. The long term sustainability of improvements in value for money depends on constantly improving the procurement capability of government departments.

Examples of Positive Procurement Strategy

The Defence Industrial Strategy

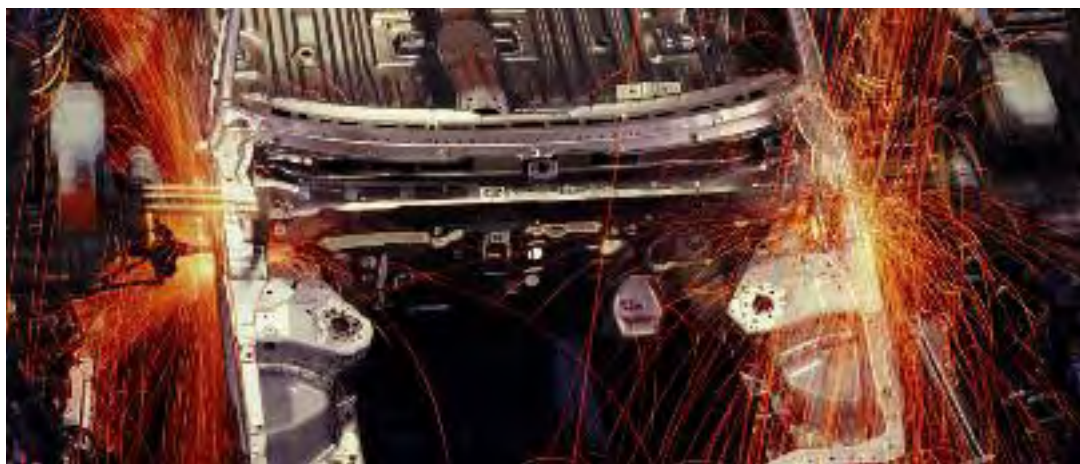
This document came about in direct response to a situation where the trade unions, government departments and the defence contractors agreed that there was a need for a long term plan to enable the government get the defence equipment that it needed and the UK defence industry to have a long term plan of work.

The plan has enabled UK companies to invest in its products, plan for the future in a strategic way and has ensured the workforce enjoys job security, training and development and economic security for the local community that long term contracts can bring to a workforce and the community they live in.

The procurement process allows UK companies to show their products and capabilities to a much wider audience, especially countries within the European Union.

The long term strategic planning involved in the procurement process has a positive impact on skills, training and development for workers within the company. New projects enable workers to re-train or up-skill to add to their commercial development.

Procurement contracts can encourage supply chain purchases from smaller UK companies. This ensures that UK workers are benefiting from government procurement contracts right through the supply chain.



Tony Murphy, the National Officer for Unite says

"Its an absolute disgrace that the U.K. government continue to procure vehicles, trains etc from overseas rather than support U.K. manufacturing."

Training, Skills and Education

Many of our economic competitors invest far more in higher education.

The government has to recognise that if it is to achieve its goal of a manufacturing sector based on a highly skilled workforce it has to recognise that its higher education system is fundamental to providing the appropriate and relevant skills, stimulate innovation and support competitive productivity levels.

Additional resources will be needed if the UK is going to compete globally.

Access to higher education must expand to meet the rising skill needs and provide the vital vocational skills that the UK economy needs for future success.

We are being technically challenged all the time and it is important to invest in training, skills and education to keep research and development ahead of that in China, India and the rest of Europe.

Vehicle and component manufacture needs both basic and specialist engineering skills to compete.

A recent CBI report has shown that since the mid 1990's the number of students obtaining a first degree in engineering and technology has fallen by 11%.

Provision of skills and training should be a shared responsibility between employers, individuals and governments and employers should be offering or assisting individuals to access training that will help their long term employability.

The government has to react to the market failures and gaps in the education system where the employees are unable to find that appropriate training in the universities and colleges.

Gordon Brown regularly tells us that we need a high skilled workforce so that we can concentrate on the new creation of manufacturing and production skills.

Manufacturing has been given a lower priority in the education industry compared to say the arts. In local colleges it is cheaper, easier and more attractive to train hairdressers than to train engineering craftsmen. It takes less resource from the budgets and you can turn them around quicker.

Global companies are now finding it easier to outsource work to other global economies like China and Turkey where it is cheaper to recruit lower paid skilled workers who have received government assisted higher education blaming a skill shortage in the UK for the need to do this.

Continual investment in skills, training and innovation is essential to gain higher productivity and competitiveness within the global market place and maintain our jobs.



Closure of Pension Schemes

The number of final salary schemes that have either closed to new members or wound up altogether, has reached a critical point. They have been replaced by inferior direct contribution schemes or members have been left to find their own provision. This cannot be allowed to continue unabated.

Stake holder, Direct Contribution, PPP or the lottery a difficult choice or decision to make when your direct benefit scheme is wound up.

Also, the gap continues to widen between the public and private sector and now this seems to be changing with the introduction of CARE schemes (career average re-valued earnings) creeping into the medley of ever growing number of schemes being offered to us, all inferior to the final salary schemes that gave so many of the previous generations a dignified retirement.

We need to campaign to ensure that the dignity of our retired members is maintained for the future.

National Officer for Unite, Tony Murphy says

“It is unbelievable that some major multinationals are still taking a pension holiday – It should be made compulsory that Companies contribute to an Employees Pension Fund.”

Effect of high energy costs to manufacturing

Companies are competing across Europe and beyond, where relative prices are much lower and where companies are therefore able to operate within much wider margins. As a result UK companies may be forced to either shut down or consider outsourcing production to countries where energy prices are lower.

Unite recognises that national governments have limited control over world energy prices and that any external source of energy can be vulnerable to supply disruption. EU competition rules make it hard for the UK government to unilaterally offer direct short term relief on the cost of energy to the worst hit industrial sectors. We also recognise that the cost of gas is also linked to the high cost of oil which currently stands at around \$60 per barrel.

In 2003 the cost of electricity for a year at the Nissan Sunderland plant was £6 million. In 2006 it was £17 million.

Unite is calling on the Government to reduce our dependency on imported gas and oil for the generation of electricity, invest in clean coal technology, renewables and replace the existing nuclear power station capacity for generating electricity in order that in the medium to long term we protect our manufacturing sector against escalating costs.



Summary

Job security is the single biggest worry of those employed in manufacturing in Britain today. A claim that weak employment legislation in the UK brings work into the country is little comfort to those losing their jobs. Our survey on MG Rover proves that finding a job with similar terms and conditions was almost impossible to the overwhelming majority of our members, leaving them for the first time in decades with a massive drop to their standard of living.

It is therefore clear, that the British worker will continue to suffer more than others, by decisions made by multi-nationals in the USA, Germany, France etc. which affect plants in the UK, unless we stop them now. The Peugeot's of this world will continue to close profit making plants in the pursuit of even greater profits in low cost economies leaving the UK tax payer to subsidise low wages and pensions in the future for those left behind.

Manufacturing is the backbone of British industry, we can not allow the haemorrhage of skills and well paid jobs to continue and urge the government's full support.

Manufacturing recognises the need to compete, we know we need to be, leaner, more productive, we know we need to look at alternative patterns of work and to be more flexible. But we also need Government help, we can't compete on wages, or the obscene hours worked in other countries, nor should we want to, what we do need is:

- The appointment of a minister for manufacturing.
- Investment in an effective training programme for manufacturing industries.
- The strengthening of the information and consultation rights to include negotiation with trade unions backed up by legislation and meaningful fines for those who refuse to comply.
- Increased redundancy protection and a social compensation plan for employees.
- Increased employment protection for all workers.
- A procurement policy which supports UK jobs as agreed in Warwick.



Another factory bites the dust! Who's next?





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