



The Quarterly Magazine of the
International Metalworkers' Federation

No.3 / 2007

METALWORLD



METALWORKING IN BRAZIL

IMF NEWS
Brunel IFA signed

Mexico audit:
no missing funds

SPECIAL REPORT
The Mercosul

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PRECARIOUS WORK

THE GS'S
CORNER

Marcello Malentacchi / IMF General Secretary
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You have in your hand the latest issue of IMF's quarterly magazine, Metal World. As you can see the design and format is different from previous issues. Having listened to your views on what you want from Metal World, we have redesigned our journal to ensure it contains useful information in a more modern format. I hope you like the results and find the content relevant in your work.

The feature in this issue is devoted to Brazil and the metalworkers of this huge country. It's intended as an introduction to the country where the next IMF Central Committee meeting will take place.

The main theme of the discussion at the Central Committee in November will be on precarious work and the increasing prevalence of non-permanent, temporary, casual, insecure and contingent employment, often not covered by labour law and social security protections.

In some regions of the world and in some industrial sectors, the majority of workers have individual job contracts that guarantee a job for only a few weeks. In some cases, a worker with a short-term contract may get a better salary, but this is usually at the expense of social protections or contributions to retirement funds.

In the last few years in Brazil, many white-collar and skilled metalworkers remaining in the exact same job have been reassigned as self-employed with reduced access to social benefits. This year, the Brazilian Congress tried to change its tax laws to prohibit tax collectors from deciding whether a self-employed professional could be considered a firm or a regular individual taxpayer, effectively limiting ALL workers that have no clear employment relationship to an employer from accessing social benefits.

This practice is designed to maximize employer profits and flexibility and to shift risks onto workers and is happening in many other parts of the world. If we don't take strong action at the national and international level on this issue, I am quite sure this situation will only get worse everywhere.

The Brazilian trade unions, like others, are giving this particular issue the highest priority in their struggle. Their example, I hope, will be a leading light for the rest of us.

METAL WORLD

Published four times a year
in English, Russian and Japanese
by the International Metalworkers'
Federation (IMF)

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www.lannooprint.com

Cover photo: Roberto Parizotti

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METALWORKING IN BRAZIL

Participants attending the IMF Central Committee in Brazil later this year will find a very strong trade union movement particularly in the metalworking sector.

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METALWORKERS AND THE MERCOSUL

In 1991 Argentina, Brazil, Paraguay and Uruguay began establishing a common market in a process closely monitored and influenced by trade unions.

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ALEXEI ETMANOV

Alexei Etmanov went to Brazil as a member of a trade union delegation in 2005 and returned to his job at a Ford plant in Russia with a totally new concept of unionism.



International Metalworkers' Federation

The International Metalworkers' Federation represents the collective interests of 25 million metalworkers from more than 200 unions in 100 countries.

The IMF represents blue- and white-collar workers in industries such as steel, non-ferrous metals and ore mining, mechanical engineering, shipbuilding, automobile, aerospace, electrical and electronics.

The IMF aims to improve metalworkers' wages, working and living conditions and to ensure that metalworkers' rights are respected.

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INTERNATIONAL FRAMEWORK AGREEMENTS

IMF signs IFA with Brunel

GLOBAL. The IMF and the Australian Manufacturing Workers' Union (AMWU) have signed an international framework agreement (IFA) with Brunel, a Netherlands-based international recruitment and service provider that deploys skilled workers in the fields of engineering, ICT, legal, finance and insurance and banking.

By signing the agreement, Brunel formalised its commitment to ensuring fundamental human rights by working with trade unions. The agreement includes specific reference to the core labour Conventions of the International Labour Organisation (ILO) on freedom of association, the right to collective bargaining, the right to equal pay, no forced or child labour and no discrimination.

The IFA came in response to the Australian Government's use of temporary migrant labour to undercut wages and conditions in Australia. "Under the Howard Government, temporary migrant labour has been terribly exploited. While strongly supporting immigration on the basis of full citizenship and other rights, the AMWU has sought to expose the plight of these migrant workers and tried to reach collective agreements with companies involved," explains AMWU president Julius Roe.

"Given the international nature of employment in this sector, an international agreement with the support of the IMF was essential," he said.

A copy of the agreement is published on the IMF website at:

www.imfmetal.org/ifa

Rheinmetall IFA stalls

GERMANY. Union representatives from Rheinmetall and union officials from Austria, Brazil, Germany, France, Italy, Spain

"Grupo Mexico and the Mexican government must be held accountable to the law, the very law they so blatantly manipulate to their advantage and profit at the expense of workers' lives."

Marcello Malentacchi / Mexico audit page 7

“Under the Howard Government temporary migrant labour has been terribly exploited... the AMWU has sought to expose the plight of these migrant workers and tried to reach collective agreements with companies involved.”

AMWU president Julius Roe / Brunel IFA page 4

and Switzerland met in Germany in June to discuss implementation of the IFA agreed between Rheinmetall, the IMF and the European Works Council. In spite of IMF's and IG Metall's endeavours to open a dialogue with the company on implementing the IFA, management refused to support the meeting or address participants.

Jürgen Peters, president of the IMF and IG Metall publicly criticized this lack of support as “a breach of the agreement concluded”.

At the meeting, delegates exchanged information on the current situation in Rheinmetall, including a report from Brazil on serious breaches concerning health and safety standards at the company's plant in Nova Odessa, São Paulo.

It was agreed that the IMF jointly with IG Metall and the EWC would seek to approach management again in an effort to discuss the implementation of the IFA at the company's facilities and its supply chain.

Rheinmetall is a German-based manufacturer of automotive components, weapons equipment and electronics. The IFA was signed in 2003 and covers 25,000 employees at 20 production facilities around the world. More information on the IFA is at: www.imfmetal.org/ifa

AUTO

AvtoVAZ assembly shops strike for better wages

RUSSIA. 300 workers of Togliatti auto-giant's assembly workshops laid down tools on August 1. Their main demand — to raise wages up to 25,000 rubles (\$1,000USD).

AvtoVAZ is the largest automobile company in Russia which employs over 110,000 people. The monthly wages at the plant, 7,000-10,000 rubles (\$275- \$393USD), is low even by generally modest Russian standards.

The workers have elected an independent strike committee. There are two unions acting in the plant — AutoSelhozMash (Automobile and Farm Machinery Workers' Union -AFW), an affiliate of the IMF, and Edinstvo, which has applied for affiliation to IMF. The AFW did not support the strike, arguing that discussions with the employer were under way and the workers' protests were politically inspired.

Management together with police and company security have put pressure on the strike committee. One of the committee's members, Anton Vechkunin, was held under arrest for three days. Edinstvo has provided legal support to the strike action and has helped to

keep dialogue with the company's management.

Ford announces job cuts in Australia

AUSTRALIA. Ford Australia announced in July its intention to discontinue the production of a six-cylinder engine at its plant in Geelong by 2010.

According to the Australian Manufacturing Workers' Union (AMWU), the announced 600 jobs losses would also result in at least 3,500 more additional jobs disappearing in local car parts and service industries.

The company claims the closure is due to low sales, the exchange rate, new tougher car emission standards and a cut in tariffs on imported cars from 10 per cent to 5 per cent by 2010.

The union called on the Australian government to negotiate with Ford a package to save the jobs and to support industrial and trade policies to strengthen Australian manufacturing.

UAW begins contract negotiations

USA. National collective bargaining talks between the United Auto Workers (UAW) and the U.S “big three” automakers kicked off on July 20 in Detroit, Michigan.

The current four-year contracts, which cover more than 720,000 active and retired UAW members, will expire at midnight on September 14, 2007.

UAW president Ron Gettelfinger and his bargaining teams met with Chrysler on July 20, and General Motors and Ford on July 23.

At a news conference following the Chrysler meeting, Gettelfinger was quoted as telling reporters, “We're going into these negotiations as we do every set of negotiations, which is to look out for the interests of our active and retired membership,” noting, “job security is very important to us, and the American automobile industry is very important to this country. So when we fight to preserve jobs, it helps our nation as a whole.”



Hoping for a better future

Children of Indian shipbreaking workers at school are hoping the European Union green paper on better ship dismantling will include IMF recommendations for Europe, which calls for working towards a sustainable industry which improves workers' rights and health and safety conditions by introducing enforceable standards for shipbreaking. Shipbreaking is a dangerous activity and between 2001 and 2003, 14% of the ships scrapped flew flags of EU member states. Workers in India earn \$1-\$2 a day and employers' expenses are negligible.

NEWS HEADLINES

Top headlines from affiliate websites around the world

CANADIAN AUTO WORKERS' UNION

www.caw.ca

- > Jobs not Takeovers, says Desnoyers
- > Protecting the Right to Strike in Nova Scotia Health Care
- > CAW Members Ratify First Contract with Serco
- > CAW Unveils Policy on Protecting the Environment and Canadian Jobs
- > CAW Ratifies New Agreement with VIA Rail

TRANSPORT & GENERAL WORKERS' UNION - T&G

www.tgwu.org.uk

- > Unite urges Sainsbury's board to block takeover
- > 'Let's secure jobs for Great Yarmouth,' says Unite
- > Biscuits not crumbs as Wirral biscuit factory saved
- > Heathrow cargo workers strike as Nippon Express refuses to talk
- > Chopper factory strike solid over pension cuts

NATIONAL UNION OF METALWORKERS OF SOUTH AFRICA – NUMSA

www.numsa.org.za

- > Embattled tyre and rubber industry concludes historic agreement
- > A landmark collective bargaining agreement in the Automotive Industry
- > NUMSA go on strike to demand recognition from the PE car-racing manufacturer
- > Arbitration award reinstates 49 BMW workers
- > Sacked HIV/Aids sufferer let off after NUMSA intervention



Metalworkers celebrate the 20th anniversary of the National Union of Metalworkers of South Africa (NUMSA)

Photo: Jenny Grice / NUMSA

STEEL & METAL

Court rules Mittal Steel Zenica strike illegal

BOSNIA. 3,300 workers at Bosnia's largest steel maker, Mittal Steel Zenica, who went on strike on August 1, were ordered back to work two days later after a municipal court ruled that the union had not met all legal conditions before proceeding to strike. Members of the Trade Union of Metalworkers (TUM) launched the largest strike Bosnia has seen since the 1992-95 war after collective bargaining talks that started in June broke down. Workers are demanding a minimum wage of 2.50 Bosnian marka (\$1.83 USD) per hour, up from the current 2 marka hourly wage. The union also wants night and overtime bonuses in line with a regional collective bargaining deal.

The court denied management's move to have the strike deemed "unfounded", which leaves a window of opportunity for the union to correct any illegalities and restart the strike.

HUMAN & TRADE UNION RIGHTS

Grupo Mexico linked to murder of miner

MEXICO. On August 11, at 8:30 pm near La Caridad copper mine in Nacozari, Sonora, Reinaldo Hernandez González, a miner and member of the Sindicato Nacional de Trabajadores Mineros, Metalúrgicos y Similares de la República Mexicana (SNTMMSRM) was fatally shot by hired thugs working for Grupo Mexico.

According to reports, about 90 workers were holding a meeting near the mine when several buses branding Grupo Mexico's

logo ambushed the workers. Individuals from the company buses began throwing stones at the group of workers and a moment later gunshots were fired. Workers then tried to flee the area in vehicles only to be intercepted again by the company hired men. It was during this second confrontation that gunshots were again fired, which is when the workers noticed that González had been fatally shot by a bullet to the forehead.

The union noted that police were absent during the 2 hour long confrontation in which 20 workers were wounded and González was killed. The SNTMMSRM also reports that at least 15 SNTMMSRM members are currently being held by authorities and that there are reports of torture being used against some of the detainees.

Contract workers begin violent strike at Codelco

CHILE. Approximately 28,000 workers employed by contractors and subcontractors of Codelco divisions at El Salvador, Andina, El Teniente and Ventana went on strike on the morning of Monday June 25. The workers are demanding an end to differences in employment conditions between themselves and other workers on the Codelco payroll. They want the same production-related bonuses, which can total as much as \$2.4 million per year. They are also demanding compliance with the Law on Subcontracting.

The day witnessed violent incidents, especially on the so-called Copper Highway that provides access to the El Teniente Division, where workers blocked access to the mine by burning tyres and erecting barricades, as well as setting fire to buses. These were the most violent clashes in recent times at the state mining company. Twenty-one contract workers employed at the Chuquicamata and Radomiro Tomic mines were detained. At least 50 other workers were

detained after disturbances around the El Teniente mine.

The workers' trade union central, the Central Única de Trabajadores, gave full support to the contract workers and announced that the strike is aimed at forcing the state copper company to the negotiating table.

Indonesian workers fight for back wages

INDONESIA. 1,300 members of Federasi Serikat Pekerja Metal Indonesia (FSPMI), are fighting PT Livatech to pay outstanding wages of four months salary and termination bonuses, as stipulated under Indonesian labour law. PT Livatech owner, Mr. Goh Sing Hing, has closed the factory located in Batam, Indonesia and moved to Malaysia. He is refusing to settle any outstanding balances with the workers.

The IMF sent a letter of appeal to the Indonesian President Susilo Bambang Yudhoyono and Malaysian Prime Minister Mr. Abdullah Badawi. "The IMF is deeply concerned for the welfare of the workers and their families, and asks that you urge Mr. Goh Sing Hing to settle all outstanding balances immediately and fairly," stated Marcello Malentacchi to the heads of state.

According to FSPMI, PT Livatech has used police and military forces to attack and intimidate workers rather than settle their debts. This is in direct conflict to a decision handed down by the Indonesian labour court ruling that workers receive the four months salary and bonuses.

Lawyer for Pasta de Conchos families assaulted

MEXICO. On June 19, Dr. Cristina Auerbach Benavides, a member of the Mexican Pastoral for Workers, and a lawyer for the families of the miners who died

in the Pasta de Conchos tragedy, was the victim of an assault outside her home. After returning from the bus terminal in the north of Mexico City, Dr. Auerbach was dragged from her car by armed men. They then drove her car away, taking personal property (identity cards, credit and bank cards, a Nextel, a micro-insulin injector, a key-ring with all her keys), important documents on the Pasta de Conchos case and a memory stick (USB) with copies of the Pasta de Conchos dossier.

No jewels or other valuable objects were stolen even though the attackers could easily have done so. As they drove away, they were escorted by a silver Ford Focus.

During the last two months, Dr. Auerbach has been followed by a black Expedition van, a gold Focus, and a silver Focus. In recent months, the families of the miners who lost their lives in the Pasta de Conchos tragedy have been fighting against Grupo Mexico's suspension of the recovery operation, the sacking of most of the workers, and the failure of the Secretary for Labour and Social Welfare to respect

agreements with them about the recovery of the bodies.

The Pastoral for Workers and the Diocesan Centre for Human Rights have denounced the attack on Dr. Auerbach and are taking urgent action to ensure that it does not go unpunished. The regional IMF office has written to the President of Mexico, calling for an investigation and the punishment of those responsible for the attack.

INTERNATIONAL SOLIDARITY

Mexico audit

GENEVA/MEXICO. An audit of a \$55 million fund owned by the National Miners' and Metalworkers' Union (SNTMMSRM) in Mexico shows all funds are accounted for, exonerating SNTMMSRM general secretary Napoleón Gómez Urrutia of all charges of theft or misappropriation of funds.

"This is a powerful affirmation for Napoleón, the union, and labour leaders around the world who have repeatedly denounced the false charges levied against Napoleón," said IMF general

secretary Marcello Malentacchi. "Not only does this audit prove that the charges raised against Napoleón are unfounded and fraudulent, but it highlights just how far Grupo Mexico and the Mexican government will go to seize control of the SNTMMSRM."

The audit was commissioned by the IMF and conducted by Horwath Berney Audit S.A. in Geneva, Switzerland.

The audit is in response to a government investigation into illegal use of the funds. In February and March 2006, the Mexican government used falsified documents to publicly accuse Gómez of embezzling an unspecified amount from the \$55 million fund owned by the union. The government removed Gómez from his position as general secretary, imposed an appointed replacement, and seized all personal assets and those of the SNTMMSRM.

The multi-million dollar fund is the result of an agreement made dating back almost 20 years. In 1989 and 1990, the Mexican government sold three mines to Grupo Mexico. The deal included payment to the SNTMMSRM, which at the time totalled US \$31 million. For 15 years, Grupo Mexico refused to honour the deal. Then, in January 2005, the company was finally forced to pay an adjusted amount of US \$55 million. To date, accounts remain frozen and charges are still pending against Gómez at the state level. However, similar charges filed in federal court against Gómez have been dropped.

"It's criminal," Malentacchi added. "Grupo Mexico and the Mexican government must be held accountable to the law, the very law they so blatantly manipulate to their advantage and profit at the expense of workers' lives." The IMF is demanding that all charges against Gómez be dropped immediately, frozen assets be immediately returned to the union and Gómez, and that those involved in the corruption of documents and facts be prosecuted in a court of law immediately and transparently.



"Not only does this audit prove that the charges raised against Napoleón are unfounded and fraudulent, but it highlights just how far Grupo Mexico and the Mexican government will go to seize control of the SNTMMSRM."

Marcello Malentacchi / Mexico audit

Photo: SNTMMSRM

Cochlear workers' fight for union representation

AUSTRALIA. Cochlear Ltd., a world manufacturer of state-of-the-art hearing devices, is using Australia's anti-union industrial relations laws to deny 260 workers at its Sydney manufacturing plant the right to be represented by their union, the Australian Manufacturing Workers' Union.

The AMWU has represented Cochlear workers for over a decade, delivering a high standard of wages and working conditions. This year Cochlear management initiated a union-busting campaign. Despite workers voting for a union-negotiated collective agreement in two separate secret ballots, the company has refused to bargain. Recently Cochlear management moved to use Australia's unfair workplace laws to force employees into a non-union agreement, conditions the workers have repeatedly rejected. These unfair working conditions will come into effect on the 6th of November.

As part of the global campaign to support Cochlear workers' right to union representation, the IMF, to which the AMWU is an affiliate, and Public Services International, which represents workers at clinics where Cochlear hearing devices are distributed, are urging

affiliates to take action and join the Listen Up Cochlear campaign.

For more information and to download campaign resources visit:

www.imfmetal.org/ListenUpCochlear

TRADE

WTO NAMA proposals bad for development

GLOBAL. Trade unions opposed new proposals in World Trade Organisation (WTO) talks on manufactured goods in July, arguing the new "coefficient" for developing countries would seriously impact on employment and sustainable development.

The proposal would lead to average tariff cuts of around 60 per cent for developing countries, bringing the average tariff levels down to 12 per cent, a level so low as to undermine prospects for industrial development in many developing country economies.

In addition, the proposed flexibilities on tariffs that would allow developing countries to shield and develop specific labour intensive sectors, such as textiles, plastics, paper, rubber, metals, automobile and furniture, are so minimal they would provide little employment protection for vulnerable workers, further reducing development prospects.

A copy of the joint statement by trade unions is published on the IMF website:

www.imfmetal.org/NAMA

KMWU strikes against FTA

SOUTH KOREA/US. 110,000 members of the Korean Metalworkers' Union (KMWU) held strikes and protests against the Korea-US Free Trade Agreement, downing tools at metalworking sites across Korea in the last week of June. Unions in the U.S. also continued their action opposing the FTA, including lobbying Congress.

The Kor-US FTA, which was signed on June 30 but is yet to be ratified by the US Congress and Korean National Assembly, will pit both Korean and U.S. workers against one another in a race to the bottom.

Unions in both countries are opposed to the agreement. In a joint statement, United Autoworkers' President Ron Gettelfinger and KMWU President JUNG Gab-Deuk wrote, "The FTA will lead to an acceleration of capital mobility and financial speculation, thereby pitting American workers against Korean workers in unlimited restructuring and driving down wages, employment stability and working conditions."

Speaking in support of the unions, IMF general secretary Marcello



Workers rally against the Kor-US FTA in central Seoul on June 29, 2007

Photo: KMWU

Malentacchi said, "In negotiating this deal, neither government has evaluated the likely economic and social impact the deal will have on workers."

The International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee to the OECD (TUAC), joined with the IMF and several of its affiliates and others in sending letters of solidarity to the KMWU.

AFFILIATE NEWS

KMWU wins wage gains

SOUTH KOREA. About 22,000 members of the Korean Metalworkers' Union (KMWU) went on strike for two to six hours during July 18-24, demanding improvements in the minimum wage, collective bargaining power, trade with subcontractors and labour security.

Agreement was reached on July 25. Worker gains include:

- An 8 per cent increase in the minimum wage, set for next year at 900,000 won (\$985 USD). The new wage applies



The AMWU has represented Cochlear workers for over a decade, delivering a high standard of wages and working conditions

Photo: AMWU

to all employees, including temporary and migrant workers.

- Management agreed to inform the union 70 days before any planned corporate division, merger or sale and execute the plans with the consent of the union.
- Companies agreed to provide fair terms to subcontracting firms.
- The union and management will set up a joint committee to secure employment in the metal industry.

The KMWU is positioning itself for industry-wide negotiations, but four automakers, Hyundai Motor, Kia Motors, GM Daewoo and SsangYong Motor, which account for about 60 percent of the 143,000-strong membership, have refused to engage in recent discussions for fear of "double bargaining."

New Engineering Agreement in South Africa

SOUTH AFRICA. A new three-year collective agreement was reached by metal unions and employers in South Africa on July 13, after protracted negotiations and three days of strike action by 260,000 metalworkers across the country.

The agreement was reached by IMF affiliates the National Union of Metal Workers (NUMSA), representing the majority of the workers, and the Metal and Electrical Workers' Union (MEWUSA), and four other metal unions with the Steel and Engineering Industries Federation (SEIFSA), which represents 9,000 engineering companies.

A significant victory for workers in the engineering, auto, tyre and rubber sectors, the agreement paves the way for the implementation of a new five-grade job structure, an employees share ownership scheme and will generate more employment opportunities and skills development.

The employers' federation also agreed in principle to increase wages, effective from July 1, by 9 per cent for the lowest paid



South African metalworkers rally for a new collective agreement in the engineering sector

Photo: Jenny Grice / NUMSA

workers and 8 per cent for the advance A grade level, and by 8.1 per cent and 7.1 per cent in the year 2008 and 2009 respectively.

IMF MEETINGS

IMF communicators meet

SWITZERLAND. Mobilising workers against precarious work was one of the key issues of the IMF Communicators' Forum held in Geneva on June 20 and 21. At the meeting, delegates heard reports on how precarious employment increasingly affects metalworkers in many parts of the world and debated how trade unions can best mobilize workers against precarious work.

A report on the communication strategy behind the Australian trade union movement's "Your Rights at Work" campaign was discussed and using short films to communicate on trade union issues was also included in the agenda, followed by a special evening presentation of Labour Film Shorts at a local cinema.

A lively discussion was also held on trade union journals and on the future of trade union access to mainstream news media.

IMF delegates from 17 countries participated in the meeting, along with communication representatives from several other Global Union Federations and the European Metalworkers' Federation (EMF).

IMF holds meeting on Chinese trade and investment in Africa

SOUTH AFRICA. The IMF hosted a regional workshop in South Africa in June to bring together African affiliates, trade experts and IMF secretariat and regional staff to discuss the impact of Chinese trade and investment in southern Africa.

The workshop's aim: to provide metalworker unions, especially those in South Africa Development Community (SADC) countries, with an opportunity to learn from experts about the

reality of China's expansion, particularly, though not exclusively, in Africa; compare trade union experiences in different regions and different sectors; and collect information on and analyse the fast growing Chinese presence in SADC countries with attention to the impact of Chinese investments on employment, workers' rights and development.

Delegates put forth the recommendation that affiliates must commit to organizing all kinds of casual workers for the survival of the trade union movement, recognizing that the increasing phenomenon of casualisation of work will erode their membership unless they are able to reach out to these workers.

Next issue...

METAL WORLD No.4 / 2007

A spotlight on global steel giant BHP-Billiton will be featured in the next issue of Metal World, out in December 2007. Full coverage of the IMF Central Committee in Salvador, Brazil will also be included.

Precarious work on the rise in the metal sector

GLOBAL. Temporary, casual, insecure and contingent work is on the rise in the metal working sector, according to an IMF survey on changing employment practices and precarious work. The survey found that:

- Ninety percent of respondents said precarious work has increased in the last five years,
- Two-thirds of respondents indicated precarious workers are paid much less than permanent workers, and
- Two-thirds of respondents said companies in their country were shifting from directly employing temporary workers to hiring them through agencies or brokers.

The survey also found that metalworkers' trade unions are using collective bargaining to respond to precarious work, are mobilizing for legislative changes for better protection of workers' rights and believe that precarious workers should be recruited into existing unions.

Taking global action against precarious work will be discussed at the IMF Central Committee meeting taking place in Brazil on November 28 and 29.

In preparation for the meeting, the IMF surveyed its affiliates in 2007 and 2008 about the prevalence of precarious work in the metal sector and on how trade unions are responding to



Thousands of Brazilian metalworkers were in Brasilia, the capital of Brazil, in August calling for the ratification of ILO Convention No. 158, which concerns the termination of employment at the initiative of the employer. It was approved in Brazil in 1995, but one year later, the convention was suspended after a claim by an employers organisation.

Photo: Valter Bittencourt / CNM/CUT

the problem. A total of 54 unions whose combined membership represents 62 per cent of the global IMF membership responded to the survey, including unions from all five continents. For more details and a copy of the results of the survey go to:

www.imfmetal.org/CC2007

New workers' guide to private equity

GLOBAL. With private equity funds spending over US\$725 billion on company buyouts in 2006, the International Union of Food and Agricultural Workers (IUF) has published a booklet entitled "Workers' Guide to Private Equity."

The brochure is aimed at trade unions and their members around the world and sets out in accessible language what private equity is, how it operates and the dangers it represents to workers and unions.

The IUF points to possible strategies in bargaining with the private equity funds who are becoming increasingly significant players as owners and employers. It explains how a specific political environment of deregulation has made it possible for the funds to expand globally, and how political action can contain the funds.

The IMF works with the IUF and other global union federations on the issue of private equity. Copies of the guide and further information on private equity can be found at the IUF website at:

www.iuf.org/buyoutwatch

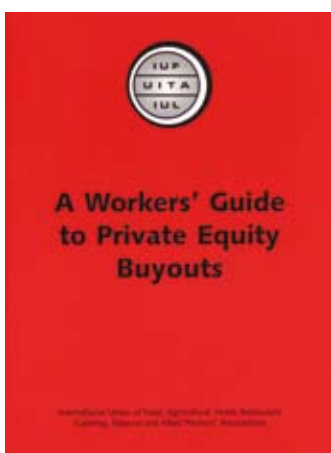
CENTRAL COMMITTEE 2007

IMF Central Committee 2007

BRAZIL. At the IMF Central Committee, taking place in Salvador, Bahia, Brazil on November 28 and 29, IMF affiliates will discuss taking global action against precarious work.

Precarious work is typically non-permanent, temporary, casual, insecure and contingent. Workers in these jobs are often not covered by labour law and social security protections. Precarious work is caused by employment practices designed to maximize employer profits and flexibility and to shift risks onto workers.

Other issues on the agenda of the IMF Central Committee include



preparing for the IMF Congress in 2009 and the designation of an Assistant General Secretary.

On Monday November 26, the IMF women's workshop on precarious work will hear reports from different regions on how women are affected by precarious work and prepare for the discussion at Central Committee.

At the conclusion of the meeting, delegates and local trade union activists will converge in downtown Salvador to protest against precarious work. IMF affiliates are encouraged to participate in the march with their trade union banners.

Further information can be found at:

www.imfmetal.org/CC2007



IMF Central Committee 2007 poster

CALENDAR 2007

SEPTEMBER

04 - 06

SKF World Union Council
Gothenburg, Sweden

10

IMF Eastern Europe Workshop on organising women in electronics supply chains
Budapest, Hungary

12 - 14

IMF sub-regional meeting for Southeast Europe
Sarajevo, Bosnia and Herzegovina

16 - 18

Mittal Arcelor World Steel Conference
Montreal, Canada

18 - 19

Implementation of International Framework Agreements in Brazil
São Paulo, Brazil

20 - 21

Volkswagen Steering Committee Global Works Council
Kassel, Germany

26 - 28

IMF working party on trade and development
São Paulo, Brazil

OCTOBER

8 - 10

IMF co-ordinating workshop for Russian Autoworker unions
St Petersburg, Russia

9 - 11

BHP Billiton Global Conference
Brisbane, Australia

15 - 16

APREC Coordinating Committee meeting
Ha Noi, Vietnam

23 - 24

Meeting on Gerdau Group
Rio de Janeiro, Brazil

NOVEMBER

26

IMF Women's Workshop on Precarious Work
Salvador, Bahia, Brazil

27

IMF Executive Committee Meeting
Salvador, Bahia, Brazil

28 - 29

IMF Central Committee Meeting
Salvador, Bahia, Brazil



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FEATURE



METALWORKING IN BRAZIL

Text / **Valeska Solis**

Photos / **Roberto Parizotti, Iugo Koyama & Raquel Camargo**

Translation / **Chris Whitehouse**



Participants at the IMF Central Committee, to be held in Brazil later this year, will find a very strong trade union movement particularly in the metalworking sector. →



To be a metalworker is no mean feat in Brazil, a country with more than 1,700,000 metalworkers and where the current President of the Republic, Luis Inácio Lula Da Silva, was a metalworker and trade unionist until he came to office in 2003.

Lula was president of the ABC Metalworkers' Union, a founding member of one of the country's national trade union centres – the Central Única dos Trabalhadores (CUT). He was also president of the Workers' Party and a candidate at four presidential elections until the Brazilian people finally elected him in 2002.

The news that a metalworker and not a businessman had been elected astonished many people, nationally and internationally. The inauguration ceremony was attended by thousands of people, including many metalworkers, one of whom was Julio Cesar Gonçales. Julio, who works at DaimlerChrysler, wanted to be present at Lula's inauguration because, "I wanted to see with my own eyes a worker, a metalworker, inaugurated as president. This was a very unusual thing to happen, because people always preferred the wealthier candidates."



President Lula addresses the recent CNM/CUT Congress, June 2007

Photo: Roberto Parizotti

The life of Julio Cesar, or "Julinho" as he is known to his friends, has many similarities with that of Lula. He is a metalworker, employed by DaimlerChrysler at its São Bernardo do Campo factory, and an activist with the ABC Metalworkers' Union. His union is affiliated to the national metalworkers' confederation of CUT, the Confederação Nacional de Metalúrgicos (CNM), which is affiliated to the IMF. Like Lula, poverty also forced Julinho's family to emigrate to the São Paulo region. "I was 13 when I arrived from Minas Gerais with my parents and 11 brothers and sisters in 1978 to live in a house that had only one bedroom."

The family set up home in the area known as the ABC region of São Paulo, which includes seven of the 33 municipalities that form the São Paulo metropolitan region. The ABC region is the country's industrial heartland and it takes its name from the initials of the three local municipalities – Santo André, São Bernardo do Campo and São Caetano do Sul.

Julinho lives in Mauá, one of the seven ABC municipalities, in a poor neighbourhood, with his wife Deborah and two sons, seven-year-old João Victor and Pedro Henrique, who is 18 months old.

José Pereira Miranda works at the MWM engine plant and is an activist in the union affiliated to the metalworkers'

confederation of the national trade union centre Força Sindical, the Confederação Nacional de Trabalhadores Metalúrgicos (CNTM), also an affiliate of the IMF.

José is the oldest of eight brothers. His family also emigrated from Minas Gerais and when he was 14 arrived in São Paulo with his family to live in a shanty town. He now lives on the outskirts of the city, with his wife Mirley and three-year-old daughter Milena. He is building his own house, where he intends to start an internet services business aimed at young people in the neighbourhood who have no access to computers. "Thanks to God, I am just finishing my house. I bought a plot of land for my family and little by little began to build my house. I have completed the kitchen, a bedroom, the bathroom and the laundry room and I am building a second floor, which will be the library."

José and Julinho endured an extremely poor childhood. However, becoming metalworkers has led to a considerable improvement in their living conditions. Julinho started work at the DaimlerChrysler factory in São Bernardo do Campo in 1999, after working in several small factories as a teenager. Getting a job at Daimler made it possible for him to marry Deborah that same year and to finally build a home for them. He is currently a logistics operator and works from 5:45 a.m. till 3 p.m. for an hourly wage of 13 reais and 45 cents (US\$7.05). Speaking of his wages, he says, "the way things are today, it's a fairly good wage. It was worse under previous governments. Inflation has stabilised under Lula and the prices are the same when I go to the supermarket. Prices used to go up every month when Fernando Henrique Cardoso was president. I can afford to buy much more food now. I used to go only to small markets but now I can go to the major supermarkets and shopping malls where rich people go."

In 1988, after advice from a friend who worked at MWM, José called at the engine plant to leave his resumé. "I thought the work looked great and decided that I wanted to work there, and that is exactly what happened," he said. He works from 6 a.m. to 2 p.m. assembling engines and his monthly wage is approximately 1500 reais (US\$785).

IMPORTANCE OF THE UNION

Workers in the ABC region are active in the trade union struggle on a daily basis. The metalworkers' unions have negotiated significant benefits for them and workers at DaimlerChrysler are no exception. Julinho believes the union is very important and that it was thanks to the union's efforts that he still has a job.

"to have a metalworker as president makes all the difference because Lula takes every opportunity to show he is on our side."

Valter Sanches, CNM/CUT General Secretary

He recalls a time when he became ill in 2000 and was unable to work for four months. "When I returned to work, I was on the list of workers to be sacked. I went and spoke to the local union at the plant and it gave me full support, saying that I should not be sacked for being ill. I was laid-off for one month but the first thing the union did was to ensure I was paid normally. Then I received a call telling me I had been reinstated."



José at his work station in MWM

Photo: Iugo Koyama

According to Julinho, the benefits provided by the company, such as health insurance and country club and food vouchers, were won by the works council (Comissão de Fábrica).

Works councils consist of representatives of the workers at the plant and are usually organised by a union. They offer facilities for workers, such as cafes, computers and games, although some are better equipped than others. At DaimlerChrysler the works council is staffed by members who work full time for the union.

For José Pereira, "the unions are extremely important and provide an organisational base that keeps us united inside and outside the factory. The union's presence inside the company is very important. We are now more aware about wages issues, we respect agreements and we defend our interests."

Among the benefits provided by MWM, which he argues are the result of the works council's work, are transport, improved canteen, health care, schooling and education agreements. He emphasises that, "I myself am a beneficiary. I am studying to be a teacher and aim to get a qualification in teaching Portuguese." He also said he wants to improve his English because, "the labour market needs skills and metalworkers need to study and specialise more these days. I feel the need to learn and I intend to work as a teacher in the afternoon or in the evening. There is a lot of demand because, in Brazil, you have to go to private schools to get a good education."

THE TRADE UNION STRUGGLE

Latin America has endured military governments in many countries in recent times, including Brazil, where the dictatorship lasted from 1964 until 1985. This was a period of repression, murders and human rights abuses.

At the end of the 1980s and the beginning of the 1990s, trade unions became stronger and the metalworkers were among the first to reorganise. It was at this time that the two unions, CNM/CUT and CNTM/Força Sindical, emerged. Both confederations are currently fighting for the same things,

however CNM/CUT is more closely linked to one of the parties in the government, as more than 80 per cent of CUT's leaders are members of Lula's party, the Workers' Party.

The election of a trade union leader and metalworker as president raised expectations about Brazilian government policy on labour issues. However, in practice, what has having a metalworker as president meant for Brazil? Have workers and trade unions benefited?

Eleno Becerra, CNTM/Força Sindical President, says, "everybody thought that the Lula government would solve most of the problems of Brazilian workers, for example, trade union reform, legalisation of the trade union centres and reduction in working time. This has not happened but this government has been a bit better than previous governments."

Valter Sanches, CNM/CUT General Secretary, says, "because of Lula's personal history and commitment, government policy is focused on improving the situation of the poorest people. For example, its policy of increasing the real value of the minimum wage, which was negotiated with the trade unions, has doubled the purchasing power of the minimum wage in four years." He explains that, "the country has begun to grow and develop again, but with better distribution of income. The poorest regions are growing faster than the average for the country as a whole. The domestic market is growing and has created almost eight million jobs between 2003 and 2006, including 400,000 in the metalworking industry."

He adds, "to have a metalworker as president makes all the difference because Lula takes every opportunity to show he is on our side. However, as the government is a coalition government composed of political forces that want to promote policies favourable to capital, the trade unions are more conscious than ever of the need to maintain their independence and fight for workers' interests."

Both leaders agree that wage increases have been the biggest achievement for metalworkers. In the last four years, the growth in employment, especially in the metalworking industry, has resulted in a reduction in regional wage differences, a 12 per cent real increase in wages and a 40 per cent increase in the basic wage rate.

They also agree about the problems faced by workers and their unions. Outsourcing is one of them, especially in the more far-flung cities in Brazil.

"There is a big difference between regions with a greater or lesser tradition of trade union organisation. Companies



José with his wife Mirley and three-year-old daughter Milena

Photo: Iugo Koyama



often pay workers in some regions of the country up to four times less than they do in the regions with higher wages," explains Sanches.

"There are two different situations in Brazil. In the south, unions are better structured, are stronger, stand up to the companies in negotiations and prevent outsourcing. In the north, unions find this more difficult to do. So we are conducting a campaign to combat this difference," said Becerra. The aim is to conclude agreements that cover metalworkers in all regions of Brazil. Sanches explains that, "the central focus of our campaign is to achieve a national collective agreement aimed at reducing these regional and sector differences. Our main slogan is to campaign for a Unified National Wage Campaign in September."



Eleno Becerra,
CNTM/Força Sindical
President

Photo: Iugo Koyama

REFORMING THE LABOUR LAWS

In Brazil, the Consolidated Labour Laws (CLT) do not provide for the existence of trade union centrals. So the trade union structure and legislation on collective bargaining hold back the unions. "Many companies do not respect the right to trade union organisation. It is very common for trade union leaders to be sacked if they begin to fight for the rights of their colleagues," explains Sanches.

That is why the confederations are pressuring the National Congress to vote for a Trade Union Reform Bill and protesting against attempts by the right in Congress to introduce legislation to make employment more "flexible".

Eleno agrees that employment legislation needs modernising but argued that this should not result in the elimination of workers' rights. He added that the 1988 Constitution made industrial relations more difficult in Brazil because it allowed the creation of unions for each type of job, which weakens unions. For example, a company employing 500 workers may have 200 separate categories of workers and so the workforce cannot be represented collectively. "The trade union movement in this country today is one of the strongest in the world, but it could be a lot stronger," Eleno added.

Unions are also campaigning on the issue of working time. Studies carried out by the trade union research institute, DIESSE, show that the average working week of a metalworker is 42 hours in São Paulo, 44 hours in Salvador

and 47 hours in Recife, with 65.1 per cent of workers exceeding the number of hours permitted by the law. The metalworkers' confederations are working together to reduce the working week from 44 to 40 hours. They aim to organise a campaign to reduce working time, which will encourage the creation of new jobs and avoid exploitation of workers.

POVERTY, THE VALUE OF EDUCATION, CHILDREN

Julinho and José are aware that there are significant differences between the different regions of Brazil. The wages and working time of people in São Paulo are very different to those in the interior of the state or in other states like Minas Gerais, where people must work harder but receive lower wages.

"A lot of my friends find it very difficult to earn a living and are very poor", said José. He speaks of how poverty led, for example, to mothers giving their children away for adoption because they cannot afford to look after them. José knows about this from personal experience because he adopted his daughter Milena. He and his wife tried for a child for around ten years, but despite treatment, this did not happen, so they decided to adopt. They waited for two years before adopting Milena. The baby's biological mother gave her away for adoption because she already had two children and was living in extreme poverty.

The metalworkers' trade union movement, especially in São Paulo, has managed to achieve better working and living conditions after much struggle. Its biggest achievement is participation in company profits. Workers receive an annual amount negotiated by the union. Thanks to the profit sharing scheme, Participação nos Lucros e Resultados (PLR) - as it is called in Brazil, Julinho and José have been able to build their own house, buy a car and make their families more comfortable. "Before I started working at DaimlerChrysler, I only had a plot of land. Now I can go to the beach, and enjoy myself more," said Julinho.

Both workers have a lot in common. They emigrated with their families to escape poverty and spent their childhood in great need. So when they talk about their dreams, they focus on education.

"I dream that trade unions will always be here, so that I will feel secure that I can work for the company until I retire. Many workers would be unemployed without the union. I also want my children to go to university, to have a profession and to be recognized because of their education," said Julinho.

"I want to be always achieving things, improving through education, learning new languages and that my daughter has a good education. We need to keep fighting to ensure these dreams come true," said José.

There are many workers, like José and Julinho, who have escaped poverty and now live in dignified conditions thanks to their employment as metalworkers and their understanding of the importance of trade unions. Through solidarity the hope is that all other Brazilian workers will achieve as much as they have.

BRAZIL

The Federal Republic of Brazil has 180 million inhabitants. Its capital is Brasilia and its language is Portuguese.

The head of the Executive Power is the President, elected by universal suffrage every four years.

Brazil is the leading country of the Mercosur region (Brazil, Argentina, Paraguay and Uruguay) and plays an important role in the G20. It is currently an agricultural superpower and industrialised country. It is a major exporter of vehicles, mobile phones and aircraft.

“I dream that trade unions will always be here, so that I will feel secure that I can work for the company until I retire. Many workers would be unemployed without the union.”

José Pereira Miranda

TAKING ACTION AGAINST PRECARIOUS WORK

In recent months thousands of metalworkers have participated in mass mobilizations to stop precarious workers from losing access to social benefits.

In March, President Lula signed into law a bill that creates the “Super-Receita” a public organisation that combines the revenue collection units from the federal tax service with the social security tax collections. However, Lula vetoed the controversial “Amendment 3”, which was added by a group of parliamentarians to the tax reform bill and approved by Congress by a very large margin. The amendment prohibited tax collectors from deciding whether a “self-employed” professional could be considered a “firm” or a regular individual tax payer, effectively limiting workers that are precariously employed from accessing social benefits. For example, the amendment would end the 13th wage (a bonus paid in December), paid holidays, healthcare, redundancy payments and other benefits.

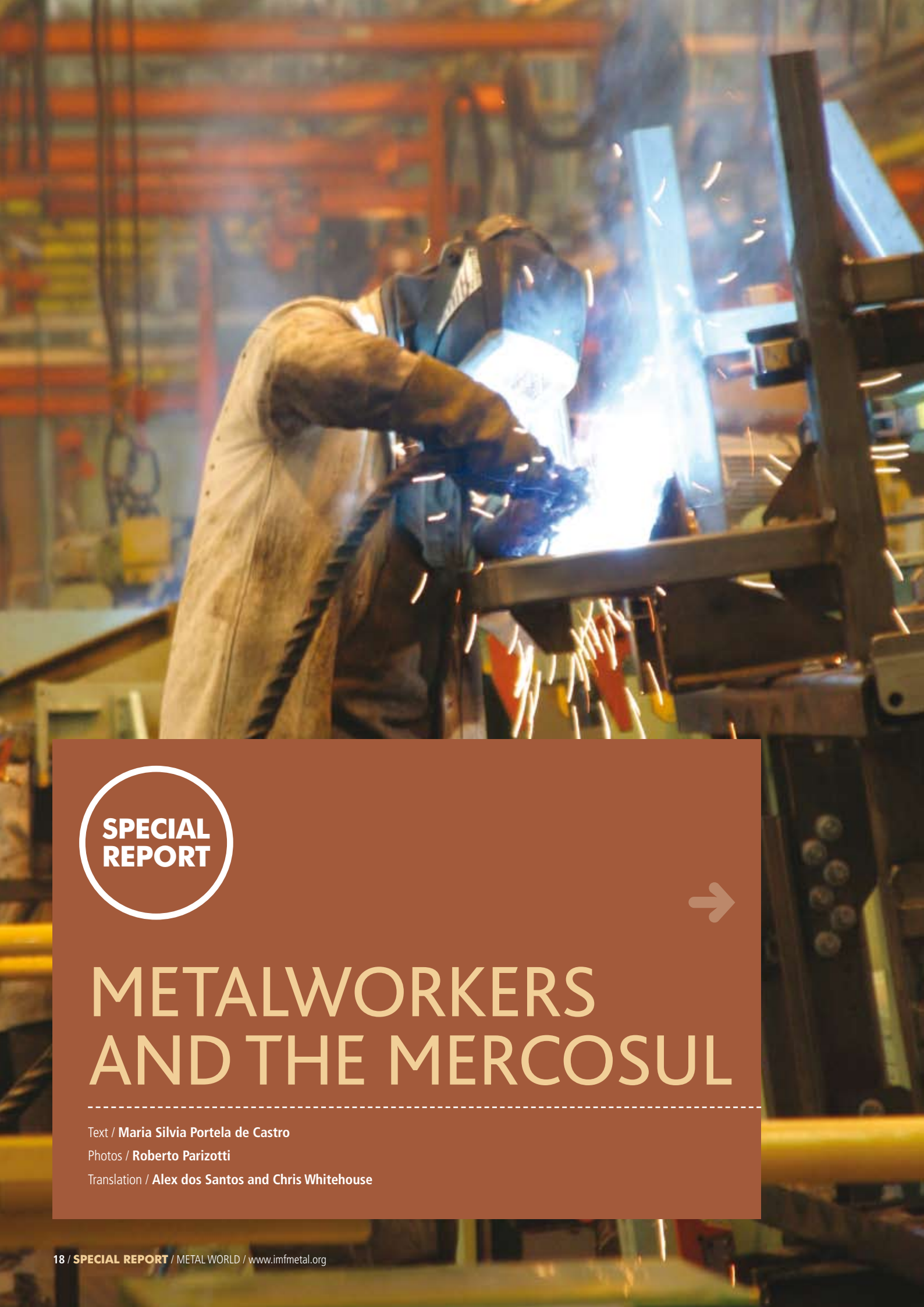
The same group of parliamentarians that introduced the bill are threatening to override the veto. Both the CNTM/FS and the CNM/CUT are fully mobilised against this reform and have been supporting a series of protests and demonstrations on the issue.

Eleno Becerra, CNTM/FS President, says that if Lula had not vetoed the proposal, “he would have gone down in history as the president who removed workers’ rights, because there would not be many registered workers left within the next six years. We would have become another China, which is what the companies want.”



Julinho carrying the union banner and shouting slogans in the middle of a demonstration against “Amendment 3”, a proposed reform that aims to remove unregistered workers’ rights to access social benefits

Photo: Raquel Camargo



**SPECIAL
REPORT**



METALWORKERS AND THE MERCOSUL

Text / **Maria Silvia Portela de Castro**
Photos / **Roberto Parizotti**
Translation / **Alex dos Santos and Chris Whitehouse**

In 1991 Argentina, Brazil, Paraguay and Uruguay began a process of establishing a Common Market, known as Mercosul. This report examines the challenges trade unions face in influencing the direction of the Mercosul, a market in which the auto and metalworking sectors play a significant role.

Financial and trade liberalization, profound technological changes and globalization of markets have produced a new geography of trade and production, based on free corporate competition and on increasing concentration of financial and technological capital in the developed and more industrialized countries.

Today, across Latin America and the Caribbean, the trade union movement is facing many difficulties and threats, both at the workplace and at sectoral levels. These challenges arise out of privatization, the opening of trade and finance and the introduction of new forms of employment contracts, featuring increased labour flexibility implemented mainly during the 1990s. Trade unions live within an environment that extends beyond national borders, forcing them to adapt to a new economic and productive setting, both domestically and abroad.

Within this context the phenomenon of market regionalization emerged and led to the creation, in 1991, of Mercosul through the association of Argentina, Brazil, Paraguay and Uruguay. This process of establishing a Common Market has been systematically monitored by the trade unions in these countries, demanding not only the adoption of instruments for social and labour protections, but equally pressing for their views to be heard and taken into account during the process of economic and trade negotiations.

MERCOSUL: A BRIEF HISTORY

Mercosul (Mercado Comum do Sul - Common Market of the South), was created on March 26, 1991 through the Treaty of Assunción, signed by Argentina, Brazil, Paraguay and Uruguay. Currently, the Mercosul countries account for an estimated total population of 220 million inhabitants and a Gross Domestic Product (GDP) of roughly US\$ 1.3 trillion. In 2006, Venezuela applied for membership of the bloc and is currently undergoing a transition period seeking to fulfil criteria for its incorporation.

The **Treaty of Assunción** sets out as objectives the creation of a Common Market formed by the States that make up Mercosul and seeks to reach a stage of free movement of goods, capital and people. The Treaty aims to create a Common Market through trade liberalization first initiated by a free trade zone, then a Customs Union and finally into a Common Market. The Mercosul has undergone ups and downs which can be briefly described in the following periods:

1991 to 1994 was clearly a period of construction with defined goals including the implementation of the free trade zone through tariff elimination, the definition of a framework for a common external tariff and the

comparison and harmonization of laws and policies of the four countries within a vast list of topics and disciplines, aimed at the creation of a future Customs Union. It was a period of solid growth in terms of intra-regional trade and the end of the transition period from a closed economy into an open and deregulated economy.

In 1994, the **Ouro Preto Protocol** was approved and defined the institutional structure for the next stage of the process. In January, 1995, an imperfect free trade zone was initiated, where both Paraguay and Uruguay negotiated longer deadlines for the elimination of tariffs, and certain products were included in lists of exceptions as they were either considered strategic or were awaiting the promulgation of specific trade legislation. Of these lists of exceptions, only two products still fall under such condition: sugar and the auto industry.

From **1995 to 1997** the plans for foreign exchange overvaluation and privatizations came into full effect. There was significant growth in intra-regional trade and a strong growth in the extra-regional exports causing an appreciable deficit in the external balance of payments especially for Argentina and Brazil and intense external negotiations. It was a period in which few decisions were taken in non-trade related topics.

1998 to 2002 was a period marked by a crisis and fall in the levels of trade, increased decisions about political and social topics and intense external negotiations.

2003 to 2006, the period still in force, consists of strong political changes, which began when President Lula took office in Brazil and culminates with Venezuela's entry into the bloc. Except for an increased interest taken in the World Trade Organization's negotiations, this period shows a low level of external negotiations, but intense negotiations at the regional level, including building relationships with organisations seeking integration in South America. It differentiates itself from the previous periods by its political discourse and by its enhancement of social themes.

INSTITUTIONAL STRUCTURE

The decision-making level of Mercosul includes the Common Market Council, the Common Market Group and the Trade Commission of Mercosul, which aims to ensure the free trade zone is finalised and to build the Customs Union. These structures were established through the Ouro Preto Protocol, which also enhanced the role of the Joint Parliamentary Commission and in 1996 created a consulting body representing civil society, the Economic and Social Consulting Forum.



Auto and metalworking sectors have grown considerably in the Mercosul in recent years

Photo: Roberto Parizotti



After 2004 there was an important advancement in the Mercosul's structure which was driven by the new political views of the current four governments, most notably the creation of the Mercosul's Arbitration Tribunal, created in 2006 in Paraguay, the creation of the Mercosul's Parliament, set up in Montevideo, Uruguay in May 2007 and the Social Institute, set up in Assunción, in June 2007.

ADDRESSING LABOUR MATTERS

Under pressure from the trade union organisation known as the Coordination of South Cone Trade Union Centres, Mercosul since its inception has dealt with labour matters in the Labour Relations, Employment and Social Security Sub-Group (SGT10), which is coordinated by the Labour Ministries with the participation of labour and employers' organizations from the four countries.

Operating since 1992, SGT10 was able to achieve important results including the approval of the Social and Labour Declaration in December 1998, a legal instrument of a non-binding nature, which establishes a compromise between the Member States for the application of a set of basic and universal rights. These rights include freedom of association and collective bargaining, non-discrimination and equal treatment, eradication of child and forced labour, implementation of employment policies and proper vocational training, adoption of fundamental health and safety standards and the right to social protections. To follow-up on their application the Social and Labour Commission was created, a tripartite body that began operating in 2000, which submits its findings, recommendations and/or complaints to the Common Market Group.

In addition, in April 2004 the first Mercosul Conference on Employment was organized. It was a tripartite meeting and its most important outcome was the creation of the Mercosul High Level Group for Employment Strategy, which in 2007 had its Guidelines approved by the Council. The guidelines and goals set up by the strategy group include the changing of the Labour Market Observatory into an institute of tripartite composition, which will operate as a technical body intended to assist in the implementation of new employment policies.

POLITICAL CHANGES AND THE NEW CHALLENGES

With the election of President Lula in Brazil in 2002, President Kirchner in Argentina in 2003 and Tabaré Vasquez in Uruguay in 2004, new political winds of change started to lead the Mercosul's negotiation process and social issues gained more attention.

A significant change occurred in foreign relations policies. Mercosul refused to accept the continuation of the Free Trade Area of the Americas negotiations as well as the European Union's trade proposals, and began assuming the leadership in articulating the demands of many developing countries in trade negotiations within the World Trade Organisation. At the regional level, Mercosul began driving the advancement of the Union of South American Nations and the complex process of energy integration including the construction of gas pipelines, extension of lines and the use of bio-fuels.

Another very important aspect was the renewed construction of the common market through the Working Plan 2004-2006, a new schedule of goals approved in Montevideo at the end of 2003. This working plan, unlike former ones, includes among the main issues of trade integration, issues such as citizenship, labour and social rights, integration of the means of production, and the creation of the Mercosul Parliament.

In 2004, ten years after the adoption of the Ouro Preto Protocol, the Mercosul Heads of State decided to seek effective ways to reduce the structural and political asymmetries existing between the four partners, thus taking an important step towards the consolidation of the bloc. This decision was a result of the strong pressure exerted by the smaller countries, particularly Uruguay, and the first steps began in 2006 with the creation of the Mercosul Fund for Structural Convergence, which holds the following objectives: *"to fund programs promoting structural convergence; to develop competitiveness; to promote social cohesion, in particular of the smaller economies and less developed regions and to support the operation of an institutional structure and the enhancement of the integration process."*

The initial annual amount of contributions of the Member States to the Fund will be US\$ 100 million, integrated on the basis of an historic average GDP of Mercosul: Argentina – 27 per cent, Brazil – 70 per cent, Paraguay – one per cent and Uruguay – two per cent. As to resource allocation, this will be according to the following percentages: Paraguay will receive 48 per cent of the resources, Uruguay 32 per cent, and both Argentina and Brazil will each get 10 per cent. The Fund began its operations in 2007 and in January the first seven projects to be funded were approved, most of which are in Paraguay.

Another aspect to be noted is the enhancement of the social and citizen agenda of Mercosul. For example:

- the organization of the Regional Employment Conference (2004) and the creation of the Employment High Level Group (2005);
- the creation of the Family Agricultural Specialist Meetings in 2004 and of Youth (2006);
- meeting of the Human Rights High Authorities (2005);
- Working Group on the Racial Issue – 2006 and the Social

Leadership (*Cupulas Sociais*) in 2006 and 2007, supported by the Governments and with the participation of dozens of social entities.

In analysing the Common Market Council Decisions over the last few years one can see that, from 2003 onwards, a greater concern over social and political issues emerged and especially a very strong wave towards the enhancement of Mercosul and South American integration. In quantifying the types of Council Decisions according to the themes referred to in their titles, one sees that about 30 per cent refer to issues linked to the establishment of free trade, such as trade norms, technical standards, trade in services and intra-Mercosul trade activities and activities with countries belonging to the Latin American Integration Association, 18 per cent are about the structure of Mercosul, and the remainder are spread over a diverse agenda. But if we are to separate the Decisions and consider them chronologically (see chart below), we can see how new themes have emerged during this last period.

From 2004 onwards, the Council's decisions on trade and institutional decisions were considerably reduced. One can hazard a guess that this fall in the number of trade related decisions was a consequence of greater politicization of the process, with the consolidation of a regional policy and the establishment of more demanding parameters in external relationships. However, several problems need to be mentioned such as the deepening of the trade imbalances and the asymmetries between the smaller and the larger partners and the difficulties in adopting a regional production policy. These problems are only



now starting to be addressed through the integration of the value chains, incorporation of the small and micro-enterprises into the network of suppliers with the aim of creating a genuine regional consumer market capable of generating quality employment.

THE ROLE OF THE METALWORKING TRADE UNIONS

The trade union movement of the Mercosul countries continues to actively follow and participate in the process, with a direct presence in some of the institutional structures, particularly some technical sub-groups and in the Economic and Social Consultative Forum. This unified action is taking place with the support of the Regional Inter-American Workers' Organization (ORIT) through the Coordination of South Cone Trade Union Centres, a body created in 1986, consisting of the following trade union centres:

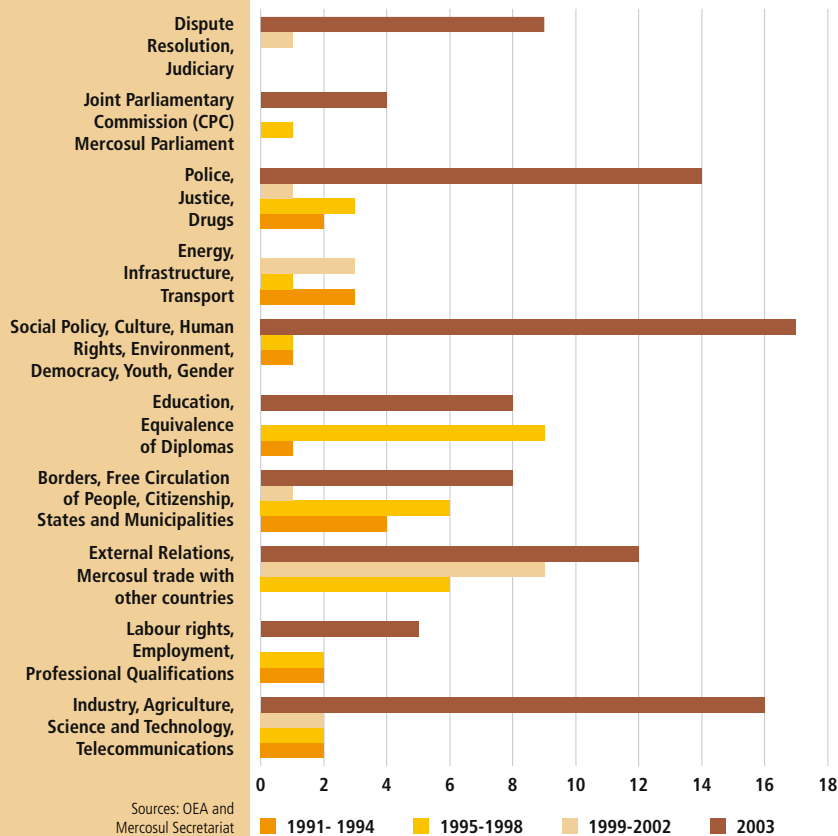
- Brazil: CUT (Confederação Única dos Trabalhadores), CGT (Confederação Geral dos Trabalhadores) and FS (Força Sindical);
- Argentina: CGT (Confederación General del Trabajo);
- Paraguay: CUT (Central Unitaria de Trabajadores); and
- Uruguay: PIT-CNT (Plenario Intersindical de Trabajadores - Convención Nacional de Trabajadores).

In 1991, the trade unions issued their first public pronouncement about the recently created Mercosul with the following assessment: *"The trade unions are committed to integration, on condition that it is genuine integration that guarantees social, political and cultural protection and that changes to the structure of production are not to the detriment of workers and the general public."*

During the 93/94 biennium, one of the priorities for the trade unions was to formulate proposals about the main trade and production issues and the creation of a Fund for the support and funding of production re-conversion. These proposals were presented to the Ministries of Industry in 1994, but were all rejected as they did not coincide with the policies of the then neo-liberal governments.

The Metalworkers' Trade Union Commission of Mercosul played an important role in this process and provided

MERCOSUL COMMON MARKET COUNCIL DECISIONS ON NON-TRADE RELATED ISSUES AND INSTITUTIONAL STRUCTURES (BY NUMBER OF DECISIONS)



Sources: OEA and Mercosul Secretariat



There is a strong presence of multinationals in Mercosul's metal sector

Photo: Roberto Parizotti



important inputs and proposals to the trade unions' formulations. During this process, and on various occasions, it was also supported by IMF's Regional Office.

In the second half of the 1990s, the metalworking industry in Argentina and Brazil faced serious consequences arising from industrial deregulation policies and mainly from the adoption of a fixed exchange rate. Both employment and salaries were drastically affected and trade union work was focused on dealing with the crisis. During this period, the Metalworkers' Trade Union Commission, the majority of which is made up by IMF affiliate trade unions, remained practically inactive on Mercosul issues.

Following the political changes that occurred in Brazil in 2002 and Argentina in 2003, the region's metalworking industry is experiencing a recovery and trade unions have been strengthened at the national level and have resumed their activities at the level of Mercosul.

It should be noted that important industrial segments, such as the auto and metalworking sectors, have grown considerably: for auto the intra-regional trade is again growing, today representing more than 30 per cent of the trade balance between Brazil and Argentina, while in the metalworking sector there has been a strong increase in Argentinean and Brazilian exports to third party markets (fortunately they do not compete against each other). It should also be mentioned that in both sectors there is a very strong presence of multinational companies, which control the production and trade chains in the region and are present in virtually all countries.

The Metalworkers' Trade Union Commission of Mercosul, which was coordinated by the National Confederation of Metalworkers (CNM/CUT) in Brazil between 2004 and 2006 and, from May 2007, by the Metalworkers' Trade Union (UOM) in Argentina, is working towards the creation of common demands, especially in these two sectors. The trade unions have been discussing the need to exert pressure for the formation of workers' committees within the same corporate groups operating within the Mercosul region, as well as for the negotiation of common salary thresholds with respective employers' organisations.

The IMF working party on trade and development meets in São Paulo, Brazil in September to discuss the situation with bilateral and regional Free Trade Agreements, their repercussions on the metal industry and trade union responses.

PEOPLE



DAVE OLIVER

Dave Oliver became national secretary of the Australian Manufacturing Workers' Union (AMWU) in May 2007, replacing Doug Cameron who stood down to run for federal parliament at the Australian election later this year.

Dave joined the AMWU in 1981, was an elected state organiser from 1988 to 1996, assistant national secretary from 1996 to 2001 and state secretary in Victoria from 2002 to 2007. Dave played a key role in developing the union's delegate structures and led negotiations in the Tristar dispute in 2000, resulting in the creation of a national trust to secure workers' entitlements.

Dave cites growing the union's membership, increasing international union co-operation and defeating the Australian Government's anti-worker laws as the key issues confronting the union.

BERNARD MILINGA

Bernard Milinga was elected General Secretary of Metal and Allied Namibian Workers' Union (MANWU) in March 2007. Born during South Africa's military occupation of Namibia, Bernard was

active in the liberation movement.

In 1997, while working at Rumdel Construction, Bernard was elected shop steward chairman and Katima branch chairman for MANWU. In 2001 he was appointed branch organizer responsible for organizing workers in Katima and Rundu.

Bernard hopes to advance the cause of the workers and to improve the situation of unemployed and impoverished Namibians.



SAMANTHA KHAN

Samantha Khan joins the IMF Africa Regional Office as an assistant to the regional representative responsible for projects and developing materials.

Samantha was involved in labour education and materials development while employed as a programme coordinator at the Workers' College in Durban, South Africa. She coordinated Labour Studies and Labour Economics Diplomas at the College and led a team of writers in developing a resource pack on Africa's political economy for workers. Samantha has a background in law and politics and has long been involved in civil society organisations for progressive social change.

At the recent IMF Communicators' Forum, participants heard reports on the status of precarious work in South Korea, Italy, Sweden, India and Brazil. This was followed by a discussion about a global campaign against precarious work beginning with identifying our target audience. This is what three participants at the meeting had to say in response to this question:



Jung Hyungsuk

KOREAN METAL WORKERS' UNION (KMWU), SOUTH KOREA

Who is responsible for poor jobs and driving workers into dire situations? The answer is neo-liberalists: they are capitalists only seeking more profits, and their puppet- governments. They distort the labour market and make workers disposable.

How can we reverse this global trend called 'precarious work'? Continuous struggles are the answer. Who will do it? Only workers can. Therefore, when we try to organize struggles against 'precarious work', the group that we first have to convince is definitely workers.

Unorganized and irregular workers should be supported to resolve their own problems. To this end, trade unions that have some influence have to lead the charge. However, the problems of irregular workers seem remote to regular workers. Since the financial crisis in 1998, irregular workers have been at the top of the 'lay-off list'. Capitalists have insisted that they need to fire irregular workers to increase the wage of regular workers. As a consequence, workers are pitted against each other. To disrupt the policies of neo-liberalists, we must prepare ourselves for a protracted war against them, based on united struggles between irregular workers and regular workers. We must win in this war - our lives are at stake.



In taking action against precarious employment, who do trade unions most need to convince about the disadvantages of precarious jobs – workers, employers or governments?

Next come the employers who can no longer count on the development and permanence of the skills they need to produce goods and services, both in their own companies and in those of their subcontractors.

Finally, governments, which see their national industries undermined and social equilibrium threatened.

For that reason, in a campaign union membership must appear as the most appropriate solution to combat precarious employment.

precarious work can be extremely undesirable. Workers coming to the enterprises through outsourcing, for instance, have problems accessing the union and confirming their affiliation and consequently are deprived of the possibility to stand for their socio-economic rights collectively. For this reason, trade unions should first give information about the negative consequences of precarious work to workers.

I also believe that it is preferable for the Government to have a stable social atmosphere among workers, reached through social partnership, which is not possible without strong trade unions. Precarious employment favours increasing flexibility of the labour market. The employer is discharged from many of his or her duties regarding the social wellbeing of these workers. At the same time, precarious employment decreases the stability of labour relations and of the whole system of existing labour legislation. Precarious employment threatens to undermine the living standards of all employees. In order to keep a stable social situation among workers, the Government must legislate and introduce strong regulations against the use of all forms of precarious employment.



Marie-Jo Millan-Noirault

FÉDÉRATION CONFÉDÉRÉE "FORCE OUVRIÈRE" DE LA MÉTALLURGIE (FO), FRANCE

The development and abuse of insecure employment now represents a threat to every link in society. This is why a campaign to denounce this phenomenon must be visible to all.

While this reality is certainly far more dramatic in many regions of the world where workers generally enjoy little or no protection, western countries like France have not been spared. Here as well, the trend has had a harmful effect on all social actors.

First and foremost, it is the workers and their families who suffer from the various constraints: flexible working time, forced geographical mobility and variability of pay, and family instability which makes it impossible to make long-term plans.



Irina Ledeneva

MINERS' AND METALLURGICAL WORKERS' UNION OF RUSSIA (MMWU)

Precarious employment may have both positive and negative consequences for employers and the state. For organisations representing workers' interests,

CAPITALISTS PROFIT AT THE EXPENSE OF WORKERS' HEALTH

In the spring of 2005, Alexei Etmanov went to Brazil as a member of a trade union delegation and returned to his job at a Ford plant in Russia with a totally new concept of unionism.

Text / Masha Kurzina

ST PETERSBURG, RUSSIA. Workers in Russia's auto industry, which is rapidly expanding and advancing, are now at the forefront of the country's trade union movement. One such worker is Alexei Etmanov, the president of the trade union committee at a Ford Motor Company plant in Vsevolozhsk, a small town near St Petersburg.

"Russia today is one country where cars can be built cheaply and sold with a good profit. All the world's largest automakers are now looking at Russia. In St Petersburg alone three assembly plants are being built, as well as a couple of spare parts plants. Who knows how many plants it would be across Russia? This demands that we raise the benchmark of pay and take advantage of the shortage of qualified labour, so that the high degree of exploitation will at least be offset by high wages. Although – we are certainly against exploitation," says Alexei.

Alexei, a welder, came to the Ford plant and joined the union in 2003. In the spring of 2005 he went to Brazil as a member of a trade union delegation supported by the Transnational Information Exchange (TIE). This trip changed his concept of the union – and his life.

Alexei found the contrast between Brazilian and Russian trade unionism startling. He compared the working conditions in the two countries, taking into account the difference in living standards, and felt that the wages at the Ford plant in Vsevolozhsk were too low. Unlike Brazilians, Russian workers were not paid bonuses at the end of

year and had no share in the company's profits. And the union's activists were still "taking care of problems" and "stepping into the administration's shoes".

It took Alexei and his comrades at the plant one and a half years to revive the union and make it a strong, solid organization respected by the workers. The union has run two campaigns to raise wages and improve working conditions. The first included two work-to-rule "strikes" in 2006, which resulted in 14 per cent wage increases, abolition of regular overtime and a new bonus system. The second included a one day strike in February 2007, which resulted in an agreement to prevent outsourcing work and the use of agency labour at the site and other financial and social improvements for the workers.

The offensive and, more importantly, the victory of the Ford workers has had an explosive effect in Russia, where unions rarely gain attention in the mainstream media. Charismatic and steadfast in his principles, Alexei became a media favourite. The March issue of Russia's edition of Forbes featured the title "Trade unions against capital" and stated it is useless to fight against organized workers. While the trade union broke through the information blockade, before long it faced a renewed counter-offensive by employers including a series of illegal lay-offs, arrests and reprisals.

Today the principal demands of the Ford workers include, besides pay increases, recognition of harmful operations and opposition to outsourcing. "At TNCs, the

PROFILE

ALEXEI ETMANOV

Country / **Russia**

Position / **President**

Union / **Ford Motor Company trade union committee, Vsevolozhsk**



workers are under enormous pressure," says Alexei. "People are being hooked on overtime. They get a worker used to overtime so he or she can work another hundred hours doubling their pay, but all at the expense of their health. And who will count the time and money it will take this worker to restore his or her damaged health afterwards? They keep telling us 'the production is safe, not harmful for health'. I never in my life saw a welding shop or a paint shop where dangers to health were not recognized," he says.

Alexei is optimistic about the prospects of union organizing in Russia. "The prospects for trade

unionism in the auto industry are great. The truth is that Russians will no longer put up with the situation of 'natives' ready to work for 'glass beads' and 'firewater'. And the understanding that only united workers can resist the power of money and laws made to protect employer comes as quickly," says Alexei.

Alexei's union belongs to the Interregional Autoworkers' Trade Union (IATU) in Russia. The IATU's application for affiliation to the IMF will be considered at the Central Committee in November this year.