



CÉDAC



**→ *Report for the European Textile and Clothing social partners to secure better anticipation and management of industrial change and sectorial restructuring***

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Presentations of the case studies are available on the ETUF-TCL site ([www.etuf-tcl.org](http://www.etuf-tcl.org)) and on the MIRE project site ([www.mire-restructuring.eu](http://www.mire-restructuring.eu))



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## 1. The sector's problem

The European textiles and clothing sector has for a long time been undergoing major restructuring as a result of technological advancement and the effects of globalisation. Nevertheless, the latter was dealt with through a series of agreements on multi-fibres, and textiles-clothes, until 1 January 2005. Since then, products from the sector are governed by the WTO's common law rules. However, American and European economies have established new "temporary" restrictions in order to protect their markets from a massive influx of Chinese products.

### 1.1. The situation at the end of 2004

Until 2004, the changes were complex and varied from one activity to another and from one geographical area to another.

In the European textiles domain, the changes were accompanied by modernisation activities, implementation of new technologies, making of new products and application of new forms of organisation. Modernisation partly affected competitiveness linked to low labour costs, but required investment programmes that were heavy in terms of material, human (training in new skills and new technologies, etc.; regrading, etc.) and geographical (some of which had been particularly devastated) resources. These changes led to loss of employment on a high scale, which was linked more to the significant increase in productivity, rather than to relocation phenomena.

As regards clothing, the changes affected European countries unequally. In "old" European countries, clothing industries were significantly affected not only by relocation, but also by international sub-contracting mechanisms. The clothing industries resisted better in some of the countries that devalued their currencies in such a way as to render them competitive (when possible) such as Italy, those that had benefited from these mechanisms (some eastern European countries), or those that implemented Euromed type of strategies (notably with Morocco, Tunisia and Turkey).

Although a large number of jobs have been lost in the sector in Europe, there are still many left. In 2004, there were 204 000 enterprises employing nearly 2.2



million people in the EU-25<sup>1</sup>. With the addition of Romania and Bulgaria, there are around 217 500 enterprises employing nearly 2.77 million people in the EU-27.

Nevertheless, it is necessary to examine more closely the changes that occurred between 1999 and 2004. Over this period, the EU-25 lost 25% of jobs in the textiles and clothing sector. If we add Romania (+3% jobs) and especially Bulgaria (+41% jobs), the loss is less severe but nonetheless above 19%.

The percentage of lost jobs was higher than the EU-25 average in several countries. For Germany for instance it was nearly 26%, France, more than 27%, Austria, more than 26%, Poland, more than 28% and the United Kingdom, nearly 51%. Italy only lost 17%, Portugal, slightly over 19% and Spain, around 24%. Only Romania, Bulgaria and Estonia registered growth.

Employment in the textiles and clothing sector is in general becoming marginal in manufacturing industries in several countries. It is 1.2% in Sweden, 2.3% in Germany and in Denmark, 2.5% in Luxembourg, 2.6% in the Netherlands and in Finland, 4.1% in Austria, 4.3% in the United Kingdom and 4.5% in France. Employment in the textiles and clothing sector in the EU-25 taken as a whole made up for only 6.7% of employment in industry in 2004, compared to 8.4% in 1999. For the EU-27, this rate stood at 7.9% in 2004, compared to 9.3% in 1999.

This said, employment in the sector is still of major importance for Italy (number 1 in Europe with more than 527 000 jobs in 2004, i.e., 11.3% of jobs in industry in the country), Romania (nearly 410 000 jobs, 24% of jobs in industry), Poland (nearly 260 000 jobs, 10.4% of jobs in industry), Spain (nearly 195 000 jobs, 7.5% of jobs in industry) and Bulgaria (more than 188 000 jobs, more than 29% of jobs in industry). The challenge is still significant for France, the United Kingdom and Germany, with respectively 174, 167 and 146 000 jobs in the sector and respectively 4.5%, 4.3% and 2.3% of jobs in industry.

Finally, for certain « small » countries, the importance of the textiles and clothing sector remains high. In Estonia, the sector accounts for more than 18% of industry jobs, in Lithuania, nearly 22% and in Hungary, Slovenia and Slovakia, more than 10%. The changes in some of these countries have been rapid. Hungary and Slovenia lost more than 20% of their jobs in the sector between 1999 and 2004. Slovakia lost 11% over the same period. The Czech Republic lost nearly 27% of its jobs in the sector, which now represents only 7.6% of the country's jobs in industry.

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<sup>1</sup> Source: Eurostat, April 2007. Eurostat does not have information on Greece. Thus EU-25 is in reality EU-24 and EU-27 is EU-26.

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## 1.2. Prospects since 2005

As in the previous period, European industries in the textiles and clothing sector doubtless have the means to continue endeavouring to reposition themselves. The industries can pursue this goal through technological creation or innovation, for instance in interactive textiles or ecotextiles for which more and more markets (individual protection, sports and leisure, means of transport, medical care, construction, civil engineering, furniture, cosmetics, etc.) are emerging and in general through high value added applications.

However, a new order appears to be in place with the fading of the globalisation dynamic that regulated products from the textiles and clothing sector. This order articulates the strategies of two particular actors, which are shifting away from the international industrial model in two ways. The interests of European mass distribution, the first actor, are in frontal conflict with industrial interests. European mass distribution is constantly seeking to modify the balance of power in its favour. China, the second actor, aims on the contrary to become a dominant world industrial actor.

Indeed, mass distribution firms are taking advantage of a predominant world position that enables them to stock up at best price throughout the world. In this regard, China offers many advantages in terms of price, diversity of products (including technical textiles) and quality. As they have supply strategies, logistics are not a problem for distributors.

Available information on trade between the major countries of the European Union and the outside world indicates that there is an increasing shift towards imports from low cost countries, notably China. In particular, changes in 2005 and 2006 confirm that countries that were major suppliers in the past are now being replaced by others. EU imports from China, for instance in clothing products, increased by 45% between 2004 and 2005 while over the same period the amount of European imports from Romania (-6%), Bangladesh (-5%), Morocco (-7%) and Tunisia (-6%) was on the decrease. Turkey, like India, was still resisting Chinese pressure.

At the moment, this strategy enables mass distributors to make huge profits (it is only in the United Kingdom that consumer prices went down at a rate similar to that of import prices). Financial investors had understood it all. They took over firms involved in the mass distribution of textile products on sale by proposing unimaginably alluring prices just five years ago. European manufacturers, at least those with the means, are doing the same by moving into distribution. China is bidding its time. When China will have effectively become the world's workshop, when the industrial capacity of Europe (like that of the United States) and that of its zones of influence (including Euromed – Mexico for the United



States) will once again wane, China will have the means to demand higher prices, including from European distributors.

Thus, in relation to the two actors discussed above, the textiles and clothing sector is, like others, confronted with practices that it does not master. These practices will substantially increase their pressure on the entire European textiles and clothing sector, including in its Euromed dimension. As a result, restructuring risks intensifying in the years to come, in particular in the areas of traditional activities, where there is a strong concentration of feminised relatively low skilled jobs.

To illustrate the issues discussed above, Slovenian social partner representatives Joze Smole, in charge of the association for the clothing and leather industry and Anton Rozman, Secretary-General of the textiles, clothing and leather trade union, presented two examples during the second part of the seminar. The first one relates to a textile enterprise which, over time, has successfully changed and has now undertaken a development dynamic despite a massive reduction in the number of its employees. The second example concerns Pomerije, a region in the north of the country, where a clothing industry that is seriously under threat still plays a key role in terms of local employment.

It is thus clear that not all enterprises have the capacity to efficiently cope with the new order. It is also clear that maintaining the sector in Europe requires deployable industrial policy actions. Whatever the case, the future of hundreds of thousands of workers, like the areas where they are based, also requires social and regional policies, which need to be adopted by every country, region and enterprise in the sector.

## 2. The cases examined during the seminars

The seminars were essentially organised around the presentation of cases submitted to participants for discussion. These cases were chosen within the textiles and clothing sector but not only because restructuring now affects most sectors and activities. Highly diverse, these cases are all singular and are set in the contexts that brought them forth. In this sense, what made them possible will not be available anywhere else and under the same circumstances. They cannot therefore be simply transposed.

Nevertheless, each one of them carries a form of universality in two ways:

- o in the choice of the challenges that they took on;
- o in the application of generic principles that guided undertaken actions.

The cases demonstrate that there are generic challenges for enterprises in the sector, their workers and areas in which they are based. The principles of action that, in the examined cases, made it possible to meet the challenges are also of a general nature. One can therefore imagine that these examples are transferable to other contexts, according to modalities that would be adapted to the new contexts.

### 2.1. Technical and organisational innovation

The first challenge relates to supply policy. With the opening of world markets in textiles and clothing, as in the majority of other sectors, the search by European enterprises for the product/market combination with high value added is incontrovertible. This is a continuous technical innovation process that needs to be given impetus and maintained. Textiles and clothing industries do not lack the means to do so, notably due to the high flexibility in the techniques they use, which can be reinvested in many other applications, either in terms of creation, industrial outlets or new functionalities.

The case of MDB Texinov (France), presented by François Castro (General-Manager of Castex) is in this regard a good example of **continuous innovation of value added products and markets**. Initially specialised in the manufacture of clothing textiles (tulle, used as a base for embroidery, wedding veils, etc.), the enterprise shifted in the early 1990s to technical textile by favouring technologies that it had mastered (tulle, blocked stitch, stretch and loose open net). With 27 knitting machines and 19 workers fifteen years ago, MDB Texinov



now has 80 machines, and employs about 50 workers and a highly diversified range of products (flexible textiles, technical nets, formable nets, three-dimensional textiles, bi-component textiles, etc.) and trade outlets, e.g., design and manufacture of geotextiles (civil engineering, road reinforcement, road construction, etc.) textiles for technical use (automotive textile, aeronautic textile, medical fabric, industrial textile, etc.), nets for use in agriculture and horticulture (agrotextile, solarisation, protection of cultures, etc.) and textiles for use in sports and leisure. This change was based on a constant technological and commercial partnership, e.g., the active participation of scientific and professional organisations within the sector, cooperation with scientists from different sectors of activity, and design and development of innovative products in close relation with the clients. The enterprise deposits three to four patents a year, for a length of use, for niche products, from four to six years. Among the many examples is a multifaceted fabric, designed in collaboration with the Institut National de Recherche Agronomique and validated by the Institut Français du Textile et de l'Habillement, presented at the seminars. Spread under vine feet, it enables all the grains to be exposed to sun rays, eliminates plant lice and naturally increases the alcohol content in the wine by 2 degrees.

This first case highlights two principles of action: the ***permanent prospecting for needs relating to the sector's technologies*** and the necessary ***endorsement of technical resources at high level***.

The "Knowledge for innovation" (K4I – United Kingdom) case, presented by Janine Rigby and Heather Hughes Jones (Manchester University), aims to respond to another crucial challenge in the sector: **support for SMEs in the sector at the technical and organisational level**. K4I is a programme that was set up in the framework of the European programme "Equal". It aims to help SMEs move from an approach of competitiveness through prices to one of competitiveness through quality and innovation. The partnership put in place to this effect pursues two objectives: design of an online knowledge bank, to enable SMEs access the latest theoretical and technical knowledge available, and to set up an operational unit of aid in innovation made up of experts dedicated to the transfer of innovative technologies and undertakings to SMEs. As regards the knowledge bank, a first module on knitting technologies has been made. Others are being designed. The aid for the innovation unit is in place and has undertaken partnership work with a dozen industrialists. The objective is to promote clusters and ten patents have already been deposited, while six others are being prepared. A detailed example relating to the making of made-to-measure surgical stockings used in the treatment of varicose veins on legs was presented. The knitting technique brings with it a set of other sophisticated techniques ranging from three-dimensional scanning of the leg with an indication of the areas and levels of blood pressure to forwarding and billing, once conformity with specifications has been verified.

This case highlights another action principle that seems essential: the **pooling of innovation resources for SMEs**, either through databanks or expert resources made available to them.

In a similar register, the Atena case (Italy), presented by Lilia Infelise (Artes) is based on the **promotion of the activities of micro-enterprises with specialised know-how**. The lifespan of very small specialised enterprises is indeed one of the challenges of the future of European activities in the sector. In the case of Atena, innovation is firstly of an organisational nature. The project consists of setting up a network of 52 micro-enterprises specialised in the processing of the broom with a view to setting up an industrial district. The fabric produced from the broom presents remarkable aesthetic characteristics and resistance. However, this is an extremely localised traditional activity that does not offer significant trade outlets. The project therefore started off on the premise that subsidies alone could not be sufficient for ensuring the survival of these enterprises and that it was necessary to establish a network to enable them to innovate. Networking started with the creation of a new enterprise, Atena, which put online operational routings (time, costs, etc.), the pooling of research and development and the dissemination of lacking technical and managerial skills. The initiative, led by a project carrier, has undertaken considerable conviction, mobilisation and federation work of a large number of actors, among them local authorities, social partners or local enterprises. The initiative led in particular to a technological cooperation agreement with a Finnish research centre with the aim to diversify products and search for niche markets.

This third case confirms the previous ones by emphasising three action principles: **networking among very small enterprises, building partnerships** and **training heads of enterprises in innovative practices**.

In a transversal way, these three cases highlight **one of the essential characteristics of innovation: it is conducted through individuals and project carriers**. Consequently, they are the ones to be identified and supported.

## 2.2. Preventive measures available to companies

If company activity is to focus on development and innovation, such activity will, it is equally true, be exercised in a context of permanent change, which, although ensuring an extended life expectancy for the company, can put at risk the staff the company employs and the trading areas in which it operates. This is why this second series of case studies focuses on the preventive steps implemented at companies' behest to enable other stakeholders to confront the issue and adapt to actual or potential change.



In this spirit, the Arcelor case study, presented by Albert Raymond (the person in charge of Arcelor's legal and social affairs in Belgium), covers **means of preparing subcontractors, employees and territories** for the partial closure of the group's activities in the Liège region (Belgium). In 2003, the group's board of directors decided, on grounds of competitiveness, not to invest in the refurbishing of the blast furnaces. The result was the short-term closure of the two Liège blast furnaces and their hot dip line, employing no fewer than 2700 staff, 600 of whom were employed by subcontractors. The Group's general management, the political authorities and the trades union federations then agreed jointly on: the gradual closure of the furnaces over six years, investment in other companies, an area-based revitalization scheme to recreate 2700 local jobs and a staff reduction social accompaniment plan. The social measures anticipate: the operational procedures required during the transitory period of gradual closure, early retirement and management schemes for mobility and reclassification. The latter aspect comprises, in particular, means of compensating possible loss of earnings in the new job, training and adaptation schemes, and advice as regards geographical mobility. In addition to these measures, which the Group directly implemented, the six-year period preceding the full cessation of activities would enable the local authorities to begin a comprehensive restructuring comprising aspects as varied as: town and country planning, urban renovation, employment, training, social economy, reintegration, health, communication, financing, culture... and involve a whole group of social, political and economic players at various levels of intervention, e.g., governmental, regional, communal and district.

As most textile and clothing businesses undergoing restructuring will not have at their disposal the same financial muscle as a major steel concern like Arcelor, they will be in no position to perform similar acts. The case study does, however, reveal one of the basic principles governing parties' ability to deal with restructuring : **the advance announcement of forthcoming changes**.

With a view to further preparing the parties to take on board changes, the Miroglio (Italy, Germany, Bulgaria) case study, presented by Mila Nenova (Miroglio's Human Resources Manager in Bulgaria), addresses another issue: **social dialogue structuring among the company's social partners**. Like most big groups in the textile and clothing sector, the Miroglio group is regularly obliged to restructure, especially those of its units unable to outperform the Asian economies. So, when it closed down sites in Italy and in Germany, negotiations were opened in an attempt to find mutually adaptable social solutions. Suchlike negotiations, however, did not take place in Bulgaria, home to several of the group's production units. This realisation, in the face of the changes to come, led the group to initiate a training programme for Bulgarian management and staff representatives covering the exercise of their social responsibilities. The programme led in particular to the negotiating in 2001 of a collective agreement on union consultation and involvement that confers upon the unions a new role in the management of problems such as flexibility,

productivity or restructuring. The group has, since, – in collaboration with the its European committee – organised a series of training courses for the Bulgarian union representatives that included a « Right to information and consultation: knowledge is for sharing » module and, very recently, a « Right to information and consultation in the restructuring processes of multinational companies » module. These courses are financed by the European Commission and implemented in partnership with Euratex, the ETUF-TCL and the Association of Bulgarian Industries. The project is, additionally, sponsored by Bulgaria's Ministry of Labour and Social Policy, its federation of light industries (affiliated to Bulgaria's Confederation of Independent Unions) and the "Podkrepa" Confederation of Labour.

The aforementioned case study thus highlights one of the basic principles governing the prevention of difficulties: **staff representatives' right of access to information and consultation**, authorising the development of social dialogue in change management situations.

The ecce case study (France), presented by Monique Merceron (ex-CFDT secretary of ecce's central works council) and Marie France Paulard (CFDT secretary of ecce's central works council), demonstrates the usefulness of any information and consultation process leading to negotiations on **the search for acceptable solutions**. Ecce is a small French clothing concern whose main production site in the north of France (with around 400 staff) was threatened with closure a few years ago following the loss of some major contracts. As the drop in workload was anticipated sufficiently early, a concertation and negotiation procedure was initiated, governed by an agreement, signed by all unions, outlining the various topics for discussion and the stages of concertation. The negotiations covered first of all the production site's prospects and any new activities that might compensate, in part or in whole, for the activities surrendered. During the negotiations, two new contracts were signed and another re-negotiated. There were then discussions on staffing requirements and on the social measures covering likely redundancies. Besides defining the social plan measures, which included, in particular, the setting up of a reclassification unit, the negotiations led to the implementation of a process known as VAE (validation of acquired experience – a diploma awarded in recognition of skills acquired during the exercise of a professional activity), available to staff who hadn't been made redundant. Thus did the procedure prevent site closure, keep the number of immediate job losses to a minimum, monitor the inevitable departures and prepare the future mobility of a certain number of employees within a period of three years.

Although this case study is on a par with the others, it is one that combines early diagnosis of looming difficulties with initiation of social dialogue, two lines of action that enable a third: **negotiation on the economic and social aspects** when both activity and job are at risk.



The Trèves (France) case study, presented by Bernard Moreau (CGT textile, clothing and leather federation), while grabbing the bull by the same horns, goes even further by introducing another prevention-related tactic for the company to initiate: **the forward-looking management of jobs and skills**. Trèves is a French textile group which, while preparing to enter a restructuring phase likely to jeopardise around 800 jobs across several sites over a two-year period, instituted a series of negotiations with the company's various union federations. A first agreement enabled structuring of the union via the creation of a joint working party for exchange and negotiation, which included union federation representatives and staff representatives of the main sites scheduled for restructuring. The negotiations that took place within the party resulted in a further three agreements outlining the underlying terms and conditions of the restructuring: one on the information and consultation of staff representative bodies of the various companies concerned, a second on the social measures associated with the restructuring plan and a third on the implementation of the forward-looking management procedures governing employment and skills. All the union federations signed these agreements, the aim of which is to limit the social consequences of the restructuring and to safeguard the future of the sites and staff. The third agreement is of particular interest as it explicitly aims at undertaking preventive procedures that exceed the degree of restructuring.

Its structure and main stages were outlined in greater detail by Jean-Pierre Chéné (of Horemis, the consultancy designated to monitor implementation of the procedure). Practically speaking, the forward-looking management of employment and skills is a three-pronged process. First, a shared visibility on the medium-term strategic perspectives and prospects of subsequently workforce needed, both in quantity and quality. Next, the setting up of individual placement resources, enabling each employee to gauge their own employment prospects, and the availability of accompaniment tools enabling each individual to envisage occupational or geographical mobility. Finally, organisational tools to mobilise the company's general management team, human resources department, supervisory staff and staff representatives.

More generally, and excluding the Trèves group case study, Elvi Déon (Algoë consultant) also presented the founding principles of a procedure that he prefers to describe as directly applicable strategic job and skills management. Here, the procedure has to focus on the stress-laden jobs, be exercised in collaboration with the staff representatives and attempt to set up operational procedures, adaptable in the short term to employment and in the longer term to skills, proposing methods and tools that will help managers and employees develop their skills.

In all cases, the procedure confirms two lines of action already mentioned: **information-sharing and the organisation of a strategy and job perspective-related transparency**, and **the organisation of a social dialogue to address these issues**. It also adds a third: **organisation of an**

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***individual ability to establish a position in the present and project into the future.***

In this respect, the Damart (France) case study, as presented by Bernard Vandeputte (Union of Textile Industries), demonstrates the application of this principle as a response to the main challenge in job management during restructuring: **zero redundancies for employees at the end of the restructuring period**. In this case study, too, the restructuring envisaged is announced several years before actual closure of the production unit in question. At the same time, the group undertakes to internally reclassify all shop-floor staff in new jobs, mainly in logistics or in the shop. To trigger an enthusiasm for mobility among the older (poorly skilled) members of staff, for whom reclassification means going back to the drawing board, an experiment is first conducted on volunteers. Forty or so female workers will in this way be reclassified to new jobs, as a rule very different from their old jobs, after a training and follow-up period enabling them to cope with the demands of the new job. During the subsequent 18 months, it is planned to monitor all remaining staff (120 persons) in similar conditions before completely closing down the workshop.

### **2.3. Collective action where sector meets territory**

If the companies are masters of their own destiny and responsible for the employees and the territories in which they are located, they cannot assume sole responsibility for the upheavals besetting the sector. That is why a selection of case studies advising collective actions and responding to generic challenges that involve many and various parties, on a sectorial or a territorial level, has also been examined.

One, on the modernisation of two industrial sectors in Finland, presented by Jouko Nätti (University of Tampere), demonstrates the importance of policies adapted to sector-related problems, quoting the restructuring first of Finland's wood/pulp sector, and then of its electronics sector. It demonstrates, in particular, the need for the **gradual management of activity loss** in respect of the positions of the lowly skilled. Following the crisis of the early 90s, Finland embarked on a pro-active modernisation of its industrial structure. As it happens, the country is historically very dependent on the wood sector while its electronics industry has recently been revamped. The former succumbed to crisis in the mid-90s through over-production and an inability to remain competitive. As a result of union pressure, and taking into account the difficulties in reclassifying part of the workforce, a defensive "gradual reduction" strategy is implemented, through, in particular, the limitation of temporary jobs, early retirement, training courses for skills upgrading and help given to individuals to set up their own business. The local authorities get involved and implement actions designed to stimulate



business growth in the area. In the new millennium, the electronics sector, in turn, falls victim to crisis with the decline of certain markets and the relocating of component production. The job losses here are more dramatic, occurring mainly through redundancies. Nevertheless, the employees in question are younger and better qualified than pulp and paper industry workers and, therefore, also more mobile. A policy of support for training and innovation will then seek to reinforce job-creation efforts whereas labour relations and social welfare systems will facilitate transition management by means of employment policies led jointly by the unions, the public employment service and the local development agencies, and that are both passive (substitution allowances for job seekers) and active (help with finding a new job).

All in all, this summarised but detailed example helps highlight a pragmatic line of action that is far from ideological in nature : ***the search for an adapted sector-based strategy, defensive or aggressive***, depending on the features of the activities in question.

But irrespective of the strategy adopted, the activities in decline, such as those undergoing change, require professional transition management. The « Job Security Agreements » (Sweden) case study, presented by Lars-Inge Thorsson (Trygghets Stiftelsen – TSN), seeks to provide a response to the challenge posed by **professional transition management optimisation** during restructuring. « Job security agreements » are branch agreements initiated by a joint working group and designed to help manage the reclassification of redundant workers. The resulting bodies, the « job security foundations », are jointly driven and financed by a monthly deduction on salary contributed by companies within that branch (0.3% of the wage bill in the case of TSN), and complemented, if necessary, by the public purse. Organised on a regional basis, they provide financial services – particularly in the form of indemnity allowances – and personalised job-seeking accompaniment. They intervene – irrespective of company size – upon the announcement of a restructuring project. Their intervention is designed to take place in a spirit of cooperation, involving both employer and unions whenever redundancies are scheduled and, subsequently, the department of employment. The employees in question are advised individually from the moment notice of their redundancy is served them, and throughout the notice period, i.e., before the premature termination of their contract of employment. Following a first meeting with their adviser, they are given practical advice in directly seeking employment, directed towards a retraining programme or given help to set up their own business. TSN's reclassification results are impressive: 70% of the workforce would be reclassified before the end of their notice period (of a duration of 3 to 12 months depending on branch and length of service); only 10% would still be jobless 18 months later.

The ensuing results are, of course, closely dependent on the skills level of the workers involved and on the state of the local job market. Not all workers and

textile and clothing areas will, therefore, satisfy the optimal conditions. However, this case study does combine two lines of action likely to enable optimised projected results under all circumstances: **a pooling of the resources transferred to a support fund for redundant workers**, a benefit usually denied employees of SMEs, and **the search for individual solutions before the premature termination of the contract of employment**.

These solutions will be all the more accessible if the workers in question have been prepared for them. The Regional Plan for Textile and Clothing (PRTH - France) case study, presented by Bernard Vandeputte (UIT), is one that specifically addresses the issue of **preparing workers for eventual internal or intersectorial mobility**. The PRTH was set up at the beginning of the new millennium in the Nord Pas-de-Calais region, at the instigation of the public authorities and social partners, to monitor industrial changes in the sector in that region. Its objectives include, in particular, a monitoring of the information and training provided to the sector's workforce. The former translates into the creation of a job and qualifications observatory, the latter into the design and creation of courses leading to qualifications, diplomas and VAE (Validation-of-Experience-Acquired) schemes, and are designed primarily for blue-collar workers. The observatory has taken steps to carry out, for one hundred or so of these jobs, a study of abilities, knowledge and trends in the various sector trades. In parallel, programmes for training and for the validation of acquired experience have been set up to satisfy two priorities: the development of skills for trades in the sector, and support for eventual transfers to trades in other sectors. The skills acquired through the exercise of a textile or clothing trade are actually partially transferable and can be put to good use in other trades. Qualifications-based training courses have therefore been designed to develop skills suited to new trades in the sector, whereas certificate courses and VAE activities have been designed to provide transdisciplinary diplomas. The VAE system involves a study of diploma courses on which the employees in question could enrol, taking into account their existing skills, followed by the setting up of a testing system by an organisation experienced in such matters and, if need be, the development of any additional course modules to fill in gaps in applicants' CVs, thus giving them a fighting chance of successfully completing the course.

The aforementioned procedure thus depends on one or two simple lines of action: **familiarity with today's trades and the acquisition of skills for tomorrow's trades**; the **development of training courses enabling the acquisition of these skills**; **identification of the transferable skills acquired within the sector that can be put to good use in other sectors**.

However, even when courses are available, it appears that people who are not used to academic study are reluctant to commit themselves to any kind of training or process certifying their experience in the field. The « Union Learning Representatives » (UK) case study, presented, in turn, by Diana Veitch (Unison) and David Tarren (Amicus), addresses the important issue of **access to training**



**for lowly skilled workers.** This approach notes the unions' privileged access to numbers of lowly qualified workers, little familiar with the education process. Organised on a regional and branch basis, ULR system relies on financial support from the government and enables the unions to designate « representatives in charge of training » at the workplace itself. Their mission comprises: an analysis of training needs, the promotion and delivery of the information required by the workforce, the organisation of training courses and dialogue with the employer to implement these activities. The unions have funds enabling them, in particular, to train the ULR to do their job, which they exercise during normal working hours, which is when the employees get in touch with them. The ULR thus form the link between workforce, employer and the training agencies. The close relationship between union representatives and workers, just like that between union representatives and training agencies, enables them to advise the least qualified members of the workforce of the best courses for them.

The crux of the matter remains: ***the development of a trusting relationship with the workforce*** and ***skills transferral to staff representatives***.

Regardless, the scheme only goes halfway to meeting a further set of training requirements: **training opportunities for staff at SMEs**, usually bereft of union presence. The Zola (Germany) case study, presented by Sigrid Wölfling (Tamen, project operator), looks to apprenticeship agreements for the solution. The European Commission and the Brandenburg Land support Zola, which can be likened to the forward-looking management approach to jobs and skills. It entails advising the SMEs of a two-phase anticipatory approach, driven by the project operator. The first phase involves an explanation of strategic perspectives and their effect on skills. The company's strategic objectives are then discussed by management and the company works council and at a face-to-face with the employee. During this interview, the employee's personal development and occupational objectives are discussed. The second phase covers the development of training courses on an individual level, that take the employee's wishes into account, and the drafting of an agreement with the employer on the times of training, the conditions governing implementation (financing, scheduling of courses in the workplace and elsewhere, ...), the employees themselves and the monitoring of results.

The Zola case study thus involves two lines of action, complementary to the others : ***a pro-active approach supported by third parties*** and ***an assisted contractualization between employer and employee***.

A final case study related to training, that of Copieval (France), presented by Gilbert Prost (planning coordinator), favours an exclusively territorial approach. Backed by the European Commission, it deals with **the training provided for workers who have lost their job** and aims at preparing them for trades and jobs available locally without prejudice to the job that may be offered them. The approach is based on the belief that, in any given area, it is possible to identify a

portfolio of skills common to all businesses in the area, be they social and behavioural skills or skills more directly linked to the exercising of a trade. After identifying these two skills categories (basic skills and trade-based skills enabling access to a company job), the workers can be advised of the appropriate courses on which to acquire these skills, thus increasing their chances of finding a job locally. In the case in point, a survey taken at local businesses, concerning evidence of the basic skills that employers look for at interviews, highlighted five – autonomy, teamwork, understanding and respect of instructions, communication skills and motivation – and resulted in the organisation of suitable courses. Other courses enabling completion of the skills portfolio with a view to entering a locally available trade have also been organised.

The project's guiding principle in this case is exactly the opposite of the one that's usually applied : **think "area" when developing training courses**, not just "job".

In a wider social and territorial context, the case study describing the restructuring of the sugar industry (Europe), presented by Eric Dresin (of the EFFAT, agro-feeding, tourism and agriculture union) and Philippe Pochet (European Social Observatory), reveals striking similarities to the dilemma facing the textile and clothing sector: the scheduled disappearance of more than a third of its business in Europe. In this respect, one sector-level plan has been designed to respond to a major challenge: **the organisation of a shared visibility, on both a global and local level, concerning the future of the sector and its activities**. Subsequent to the CAP reforms, Europe decided to gradually do away with quotas from 2006 onwards and to pro-actively reduce European production capacities. To this end, an industrial restructuring fund has been set up for companies that decide to cease production and a diversification fund for countries that support the discontinuation of production. The restructuring fund may be dipped into from the time the companies undertake to dismantle the site and draft a restructuring plan, which must comprise: a presentation of the intended aims and objectives and subsequent means of implementation, a timescale, the means and cost of the planned implementations, the amount offered in aid to sugar beet producers, a social plan (for retraining, reclassification, early retirement, and any other specified national requirement), an environmental plan and a business plan. In this context, the social partners have taken a certain number of initiatives concerning the ways in which companies can exercise their social responsibility: the signing of a Code of Conduct in 2003, followed by the implementation, and monitoring, of good practice. At the same time, an observatory has been developed and put on line with the help of the ESO (European Social Observatory), which proposes, in particular:

- o the geographical identification of sugar refineries in Europe
- o industrial scenarios (total or partial closure, merger, redeployment)



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- o structural fund definitions (simplified – as funds are decentralised).
- o the competent local authorities
- o a glossary
- o national information : contacts, websites.

The observatory is there to develop shared visibility of the implementation of the restructuring operations, on both a global and local level; for this, it has drafted a practical guide, especially regarding the use of structural funds, outlining the formalities to be completed and the contacts to establish.

This case study may well appear highly specific on account of the means of restructuring and in the resources – especially financial – assigned to it. In similar vein, the sugar refineries are relatively few in number and easily identifiable, whereas there are countless companies in the textile and clothing sector. However, they are concentrated in specific areas and, from that point of view, nothing prevents the same principles being applied to the textile and clothing sector as have been applied to the sugar industry, namely : **the identification and follow-up of potentially interested parties** (in the case, areas) and **presentation of restructuring management methods at their level** (i.e., supplying them with a « toolbox »).

### 3. Recommendations

Each case examined during the seminars has a contribution to make towards devising a better process of anticipating or managing industrial transformations and restructuring operations, whatever the sector concerned. On the basis of the challenges and action principles that emerge from these cases, the recommendation guidelines would be as follows.

#### Innovate

**Objectives :**

- o continued innovation on high added value products and markets
- o support to SMEs of sector, both technically and organisationally
- o promotion of micro-company activities involving a specialised know-how

**Method :**

- o permanent surveying of needs in relation to sector's technologies
- o reliance on high level technical resources
- o pooling of innovation resources for SMEs
- o networking of very small companies
- o construction of partnerships
- o training of company managers in innovative practices
- o canvassing and support of project backers

#### Prevent

**Objectives :**

- o preparation of sub-contractors, employees and territories
- o structuring of social dialogue between company labour and management
- o search for acceptable solutions
- o predictive management of employment and skills
- o absence of unemployed employees at end of restructuring

**Method :**

- o early announcement of future transformations



- o access to information and consultation for staff representatives
- o negotiation on economic and social aspects
- o sharing of information and establishment of transparency on strategy and employment prospects
- o organisation of a social dialogue based on these issues
- o organisation of an individual ability to establish a position in the present and project into the future

## **Initiate collective actions**

### **Objectives :**

- o progressive management of downsizing
- o optimised management of professional transitions
- o preparation of workers for internal or inter-sector movements foreseeable
- o access to training for under-qualified employees
- o access to training for SME employees
- o training of workers who have lost their job
- o establishment of shared transparency on future of sector and its activities, globally and locally

### **Method :**

- o search for a suitable defensive or offensive sector-based strategy
- o pooling of resources allocated to support of laid-off employees
- o search for individual solutions before employment contract is terminated
- o obtaining a good knowledge of current jobs and future skills in the sector
- o devising training by which these skills can be acquired
- o identification of transferable skills acquired within the sector so they can be used outside the sector
- o establishment of a relationship of trust with employees
- o transfer of authority to staff representatives in terms of promoting employability and training
- o voluntarist approach supported by third parties
- o assisted establishment of contractual framework between employers and employees
- o reliance on a regional approach in devising training
- o identification and monitoring of entities potentially concerned (in this case the territories)
- o presentation of restructuring management methods at their level (in other words, providing them with a "tool box").

In the case in point, the concluding recommendations are addressed to particular parties: the textile and clothing sector's social partners on a European, and, beyond that, national or local, level. That is why we believe that these guidelines have to include, in the related proposals, first, the sector's own particular concerns, and then their operating tools, in as operational a perspective as possible. Following these seminars and the ensuing exchanges, our recommendations are twofold:

- o a prioritisation of the major issues that have to be promoted
- o a form of organisation that would welcome contributions and an operational processing at national and local level

### 3.2. The topics to promote

The cases raised during the discussions that involved the European social partners of the textile and clothing sector have confirmed one belief: change is an integral part of the European industrial landscape and one that currently affects all sectors. The seminars and hearings of parties from different companies, sectors and regions have served as a reminder of this belief, which has to form an integral part of future analyses and discussions.

#### ***Recommendation 1 : Improve the image of the sector***

The sector currently had a bad image. Relocations and company closures had had a negative effect on attracting young people. Specific efforts, spearheaded by the social partners, would be made to improve the sector's image in general and secure those who would be likely to join it.

The high-level group of experts had already stressed the need to set up media pools (Recommendations dated 6/29/04 and Report dated 9/18/06, p.10 et p.23). These would offer to teachers and the public "user-friendly material for the public as a whole and potential industry recruits to better get to know the industry, and to further reinforce its image." It was necessary for this project to take shape promptly.

One way to bolster the sector's image was to introduce engineering and technician students to the company world right at the basic training stage, so as to prove the sector's modernity. **To this end, yet again, the link between schools and universities is an important vehicle for bettering the sector's image among the public and future workers. Similarly, an effort should be made to highlight careers in and outside the sector that are opened up by a high level of expertise acquired in the companies of the sector.**



### ***Recommendation 2 : Promote innovation and reactivity***

Increased innovation is a prerequisite for better adaptability to change. The majority of “success stories” clearly show that innovation is essential for the sector to be able to adapt. Industrial transformations are a reality, representing positive developments for the sector, and innovation is a major ingredient. However, innovation requires the following elements: considerable financial, industrial and human investment in research and development; the development of innovation centres as well as knowledge pooling mechanisms, with specific attention to SMEs; greater reactivity of the sector and its companies to the need to innovate. However, innovation must focus on higher added value products.

To ensure innovation is in line with market prospects, existing predictive tools must be developed so as to improve the sector’s ability to be forward-looking in its approach and anticipate industrial and market changes worldwide. **Resource pooling mechanisms and existing predictive tools would be very useful in this regard.**

### ***Recommendation 3 : Take action in terms of training and professional course management***

The debates and practices that were examined showed how important training was, not only basic and ongoing training but also in the context of an announced restructuring. All players – federations, companies, trade unions, the public authorities and education institutions – would strive to develop the quality of this training in order to:

- o **further attract young people with high technical skills to the sector;**
- o **increase the employability and adjustment capacity of those already working in the sector, in and out the sector;**
- o **increase the technical and managerial capacity of employers**
- o **validate the acquired skills and develop new skills in workers affected by restructuring.**

Action would be taken in terms of basic and continuous training as well as so-called “technical” training. The link between school and/or university and the company would be forged or improved. Older workers often had know-how which would be brought to the fore by mechanisms for coaching younger workers.

With respect to basic technical training and engineering studies, one would work at setting up mechanisms for comparing the different training systems across Europe today. To this end, there had to be a dialogue with the competent public

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institutions at regional, national as well as Community level (DG EDUCATION AND CULTURE).

In companies, in terms of ongoing training and the validation of skills, continuous assessment mechanisms of the progress made by workers are an important component of training quality. Several players that were active in the area of training underlined the importance of this.

#### ***Recommendation 4 : Build quality social dialogue***

More than ever before, quality social dialogue was necessary at all levels, starting with the company level. It was based on mutual trust. This trust could not be dissociated from transparency and the transmission in due time of information about planned restructuring. Such trust was built at all levels: company, area, the sector at national level of course at European level.

From the observation of industrial restructuring and transfer scenarios it had transpired that this was an ingredient for managing transitions both at social, economic and commercial level suitably.

Labour and management must therefore embark on the establishment of concerted processes, involving constructive exchange, between employers and workers' representatives. In this regard, **anticipation, management and monitoring of restructuring processes require the active involvement and participation of all the parties concerned. Such an approach requires honest and complete information, provided in due time, with a view to negotiation.**

#### ***Recommendation 5 : Develop employability at area level***

Employability was an essential element in the context of restructuring. Developing skills and linking these up to identified needs in a company, an area or even in another sector, validating work experience and acting, if need be, in terms of basic skills, were part and parcel of the employability objective.

In order to attain this objective, schemes such as the Forecast Management of Employment and Skills should be promoted by social partners. Indeed one was aware of the fact that the textile and clothing sector was one of the sectors that earmarked the fewest funds for training at European level. This must radically change.

**The forecast management of employment and skills at area level should be experienced through pilot projects.**



The idea was to build interfaces between sources of jobs, the necessary skills and the identified needs, including those on the workers' behalf. That way there was a better match between supply and demand. There were potential sources of finance at national level, these could be supplemented by new funds to be identified at European level.

### ***Recommendation 6 : Avoid sudden job cuts***

In its communication of 31/03/05, the commission observed that "company restructuring operations are often too costly, not only for the workers concerned but also for the local or regional economy". Industrial transformations actually create fear because too often they occur suddenly, leaving behind unemployment, social exclusion and industrial wastelands.

To deal more effectively with these aspects, it must first of all be possible to manage a gradual withdrawal from declining activities at the same time as developing new activities on the territory concerned. **To achieve this, the company must consider all possible alternatives to restructuring, in terms of its extent and time frame, in collaboration with the other parties involved, be they union organisations or national or local authorities, which have particular responsibility for boosting the creation of new activities.**

Secondly, the most fragile employees least able to find another job if they lose theirs must be able to benefit from specific provisions, either keeping them in employment or, if this is not possible, withdrawing them from the employment market by means of early retirement for example.

Finally, employees whose jobs are threatened must be able to benefit from financial security and effective support in their search for a new job. The latter should start well before the employment contract is terminated, during a notice period that may be extended by a sponsoring mechanism, and should include individualised support actions, including the necessary adaptation training, backed up by research into available jobs.

### ***Recommendation 7 : Help SMEs***

The issue of means, particularly the means enabling SMEs to adapt to transfers, was raised. There were few satisfactory solutions around. Hence it would be useful to start an analysis at all levels on this issue. The idea was to **find funding for restructuring** that is adjusted to the reality that companies in the sector faced. This analysis should take place with the European institutions and the national and regional public authorities.

Heed would be paid to **synergies and common considerations between the originators, suppliers and sub-contractors**. In this respect the transmission of information was paramount and the players would see to it that the effects of restructuring were anticipated in the satellite companies, mainly in the SMEs.

**The cluster approach is a means of maximising the sector’s resources in the SMEs** and of obtaining economies of scale. Generally speaking, concerted efforts would be encouraged. Genuine “industrial restructuring and transfer” tools would be devised. Restructuring could not be pared down to mere decisions on redundancy. It was a complex process that, although it did bring along redundancy figures, did not necessarily lead to unemployment.

At European institutional level the general analysis on SMEs had to involve not only DG EMPLOYMENT AND SOCIAL AFFAIRS and DG ENTERPRISES AND INDUSTRY, but also DG REGIONS.

***Recommendation 8 : Favour an integrated approach***

The study of sectorial restructuring had shown the importance of an integrated approach at all levels. It had to be underpinned by very solid anticipation based on the preceding recommendations. **Clear synergies between political, legislative, contractual and financial instruments would be implemented** ; coordination of politics is needed.

From several observations it had transpired that all levels – from the employment area right up to European level, had to be involved in a debate and in harmonised action. In other words, the micro and macro levels had to be consistent with one another (vertical approach), and the different types of player (public authorities with different competences; company federations and trade union federations of varying levels, i.e. a horizontal approach) as well.

	Public authorities	Company federations	Trade union Federations
European level	Commission : -Trade -R&D -Employment– Social Affairs -Enterprises and Industry -Education and culture -Regions	EURATEX	FSE - THC



National levels	Public authorities responsible for: -R&D -Employment– Social Affairs -Enterprises and Industry -Education and culture -Regions	National textile employer federations	National trade union textile federations
Area level	Public authorities responsible for: -Employment -Economy -Education	Local textile employer federations and companies	Local trade union textile federations representing workers

### 3.3. Target operationality

#### ***Recommendation 9 : Set up an european network of resource centres***

In both seminars it came to light how important it was to have a tool to read the sector precisely and to **centralise existing resources, practices and experiences**. The existing maps, and more particularly those drawn up by the Institut Français de la Mode (IFM), would be developed further. This could give rise to the creation of an information tool on access to current Community, national and regional funding, which was similar to the one presented by representatives from the sugar industry and the European Social Observatory.

Centralising resources had to go hand-in-hand with local schemes, and be translated into local resource centres. Given the fact that most of the sector's companies are SMEs, the most appropriate level was the regional, if not local level, more than ever before in the case of these SMEs. Consequently **the development of a network of regional resources centres (by area) would be encouraged where a critical concentration of sectoral companies had been ascertained**. These centres had to rely on cooperation among the social partners, the local public authorities, education institutions and universities. They ought to be a place for the development of social dialogue, based on mutual trust among the social partners at all levels. They could be built on the basis of the six identified systems (FR, BE, IT, ES, UK, PT) that, after exchanging amongst themselves, would contribute to disseminating their modus operandi in other places, especially in the new Member States. One needed to capitalize on existing schemes and to translate them into practice where future restructuring

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had been identified, in addition to implementing the recommendations moulded to tally with the field. These resource centres would carry out regular assessments of the qualifying training systems and of continuous training.

The seminar confirmed the relevance of one the recommendation from the high-level group on the dissemination of innovation. Thus a knowledge base with centralised information on innovation resources (list of experts; research programmes; etc.) could be made available to companies in the sector. One needed to capitalize on existing types of know-how, and also develop mechanisms in aid of innovation or to signal these where they existed. Companies were obliged to innovate, but they were also entitled to being helped to innovate, which had to be an ongoing process and a permanent concern. The high-level group's recommendation on cooperation between companies, research centres and universities was stated as being more important than ever before. Several of the experiences observed brought the importance of leadership to light especially where support during a technological transfer was concerned. The role of experts in both technical subjects and in the field of skills and employment management was underscored.