

In recent years, throughout Europe, increasing concerns have been raised about the relocation of production and jobs. Workers and unions in the EU-15 are worried about the rise of 'relocation' as it can lead to a massive exodus of well-paid jobs to countries with lower wages or less stringent labour regulations and a weakening of labour's bargaining position and thus to a downward spiral of wages and working conditions. For the new member states of the EU on the other hand, foreign direct investment (FDI) is a key driver of technological change and higher living standards.

What is the extent of relocation and what are its qualitative impacts? The aim of this book is to explore the complexity of the new forms of international division of labour within the enlarged EU using an analytical approach. Away from the spotlight of individual cases and anecdotal evidence, 'relocation' proves to be a complex phenomenon. Direct or indirect forms of 'factor substitution' (of capital and labour) are used as they are vital to understanding the issue of relocation. To comprehend how these complex processes work, regional considerations and sector-specific features are analysed in the rest of the chapters. The employment impact of these processes both in quantitative and qualitative terms is the main focus of this book. On basis of the findings implications for trade union strategies are drawn out in the concluding chapter.

BÉLA GALGÓCZI has a PhD in economics and works as a senior researcher at the European Trade Union Institute, Brussels. He has published several articles and discussion papers and edited books on enlargement, relocation, collective bargaining and industrial relations.

MAARTEN KEUNE is a senior researcher at the European Trade Union Institute, Brussels. He holds a PhD in Political and Social Sciences from the European University Institute.

ANDREW WATT is a senior researcher at the European Trade Union Institute. His research interests encompass economic and employment policy at European and national level, areas in which he has published widely. He is the editor of the European Economic and Employment Policy Briefs and coordinates the European Labour Network for Economic Policy (ELNEP).

P.I.E. Peter Lang
Brussels

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Table of contents

Acknowledgements	7
INTRODUCTION. Jobs on the Move. The Phenomenon of “Relocation” with Particular Emphasis on Branch-specific Patterns.....	11
<i>Béla Galgóczi</i>	
Location and Relocation of Production in the New Phase of Globalisation.....	41
<i>Luis Miotti and Frédérique Sachwald</i>	
Increasing FDI in the New EU Member States – Increasing Relocation from the EU-15?	71
<i>Gábor Hunya</i>	
The Restructuring of Value Chains by Multinational Companies in the European Automotive Industry and the Impact on Labour	99
<i>Antje Blöcker and Ulrich Jürgens</i>	
Offshoring Trends in ICT.....	133
<i>Bertrand Lebreton</i>	
Job Relocation in Software Development and IT Services – Drivers, Facilitators and Barriers.....	143
<i>Jörg Flecker</i>	
The Local Foundations of Relocation. Evidences from the Italian Case.....	167
<i>Luigi Burroni</i>	
Relocation Processes in the European Household Appliances Industry and Forms of Social Regulation.....	199
<i>Volker Telljohann</i>	
Conclusions	235
About the Authors	241