

A tool for achieving workers' rights

For several years now, the Global Union Federations have paid much attention to negotiating International Framework Agreements – or Codes of Conduct, as they were formerly called. They might become an important tool in bringing a social dimension to globalisation, but this remains to be seen.

BY JESPER NILSSON

Workers' rights violated, trade unionists harassed, scabs undermining strikes, unions refused their right of recognition – we are all far too familiar with the challenges of trade union work around the world. To no small extent, such situations occur at the subsidiaries and subcontractors of the huge transnational companies which have outsourced their production in order to take the best of the pick out of a “globalised” economy.

Imagine, then, agreements covering the huge enterprises concerned – agreements which provide for acceptance and respect of the ILO Core Labour Standards, agreements which clearly declare that the workforce has the right to organise in trade unions, that it has the right to collective bargaining, equal remuneration and in which child labour is banned.

Essentially, this is the content of an ideal International Framework Agreement, negotiated between a transnational and the trade unions of its workforce, at the global level.

STRONG DRIVE

No wonder that there is currently a strong drive amongst the Global Union Federations (GUFs) for Framework Agreements – or Codes of Conduct as they were called before that expression was compromised (see box on page 25).

The first trade union secretariat to sign an agreement was the IUF, which negotiated one back in 1988 with the French transnational Danone. Since then, the GUFs have

signed altogether about two agreements a year, with the IFBWW and ICEM claiming five agreements each, the IUF four, etc. As of November 2002, there is a total of 20 agreements (see separate table).

The IMF's first agreement was signed with the Italian transnational Merloni towards the end of 2001, so a year ago this was our only one. It has since been accompanied by agreements with two major auto companies, one with Volkswagen, one with DaimlerChrysler.

“You could argue that the IMF is a slow starter in this field. But there are more agreements in the pipeline, and plans to focus more of the IMF's work in this field,” says Peter Unterweger of the IMF Industrial and Policy Team.

CHALLENGES

The road to a new agreement might seem straightforward, but – as with any negotiation – it is lined with challenges and considerations: institutional, political and psychological. Not to talk about the implementation and monitoring of agreements.

The basic principle laid out in a typical International Framework Agreement is that the company has responsibility for ensuring respect of the agreement. The agreement includes the following vital points:

- 1) references to the ILO Core Labour Standards, i.e. the right to freedom of association and collective bargaining, non-discrimination and no child or forced labour;

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Table 1. Framework agreements in transnational companies

Company	Home country	Branch	GUF	Year
Danone	France	Food Processing	IUF	1988
Accor	France	Hotels	IUF	1995
IKEA	Sweden	Furniture	IFBWW	1998
Statoil	Norway	Oil Industry	ICEM	1998
Faber-Castell	Germany	Office Material	IFBWW	1999
Freudenberg	Germany	Chemical Industry	ICEM	2000
Hochtief	Germany	Construction	IFBWW	2000
Carrefour	France	Commerce	UNI	2001
Chiquita	USA	Agriculture	IUF	2001
OTE Telecom	Greece	Telecommunication	UNI	2001
Skanska	Sweden	Construction	IFBWW	2001
Telefonica	Spain	Telecommunication	UNI	2001
Merloni	Italy	Metal Industry	IMF	2001
Endesa	Spain	Power Industry	ICEM	2002
Ballast Nedam	Netherlands	Construction	IFBWW	2002
Fonterra	New Zealand	Dairy Industry	IUF	2002
Volkswagen	Germany	Auto Industry	IMF	2002
Norske Skog	Norway	Paper	ICEM	2002
AngloGold	South Africa	Mining	ICEM	2002
DaimlerChrysler	Germany	Auto Industry	IMF	2002

Source: IMF

- 2) some engagement on the part of the target company (the transnational) to pressure its suppliers to implement the principles in the agreement;
- 3) implementation of the agreement's provisions, which includes trade unions and existing bodies of worldwide worker representation;
- 4) a signature of the IMF or designee.

Why are these 4 points so crucial?

- The ILO Core Labour Standards can be considered as the basic rules of behaviour for employers, and they have been widely ratified by most states (that is not to say they observe them).
- Including suppliers is crucial because Core Labour Standards violations are more likely to occur there. In an ideal agreement, subcontractors also will be asked to comply with the provisions. More and more transnationals outsource their component production and an agreement that only covers the research and development, the marketing team and a head office would not be worth much.

- If there is no monitoring, then an agreement wouldn't be more than a piece of paper with nice words on it. And the monitoring must include the input of workers' representatives, as the workers are the most likely to suffer from non-compliance with the agreement.
- The trade union body that can sign on behalf of as many workers as possible is a global union federation, for example the IMF. The IMF signatory could be a national trade union officer who is identified as a designee of the IMF.

GLOBAL AGREEMENT

"The IMF's role is clear: since 1997, there is a clear mandate in our Action Programme that the IMF pursue these agreements," explains Peter Unterweger.

"Important to remember is also that an International Framework Agreement, to live up to its name, has to be a global agreement, which means that it will apply to all company locations throughout the world. Agreements cannot just be signed by a local works council or a national union,

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Table 2. IMF International Framework Agreements as per December 2002

Company	Home country	Brands
Merloni	Italy	Ariston, Indesit, Scholtès
Present in	Italy, France, Portugal, Turkey, Poland, Russia and UK	
Main plants	Albacina and Melano (Fabriano - Ancona), Comunanza (Ascoli), None (Turin), Carinara e Teverola (Caserta), Brembate (Bergamo), Refrontolo (Treviso) in Italy; Thionville in France; Setubal in Portugal; Manisa in Turkey; Lodz in Poland; Lipetzk in Russia; Peterborough, Blythe Bridge, Kinmal Park, Yets in UK.	
Company	Home country	Brands
Volkswagen	Germany	Volkswagen, Audi, Seat, Skoda, Bentley, Lamborghini, Auto-Europa
Present in	Germany, Belgium, Poland, Spain, Portugal, Italy, UK, Slovakia, Argentina, Brazil, Mexico, Taiwan, South Africa	
Main plants	Volkswagen: Wolfsburg, Emden, Mosel, Hannover, Dresden in Germany; Brussels in Belgium; Bratislava in Slovakia; Poznan in Poland; Anchieta, Resende, Sao Bernardo do Campo, Taubaté in Brazil; Puebla in Mexico, Taipei in Taiwan; Uitenhage in South Africa. Audi: Ingolstadt, Neckarsulm in Germany, Győr in Hungary, Curitiba in Brazil. Seat: Matorell in Spain; Brussels in Belgium; Pamela in Portugal; Pacheco in Argentina. Skoda: Mlada Boleslav, Vrchlabi, Kvasiny in Czech Republic. Lamborghini: Sant' Agata Bolognese in Italy. Bentley: Crewe, UK.	
Company	Home country	Brands
DaimlerChrysler	Germany	Mercedes-Benz, Chrysler, Freightliner, Sterling, Smart, Setra, Maybach, Dodge, Jeep, Western Star
Present in	Germany, France, Spain, Switzerland, USA, Canada, Mexico, Brazil, Indonesia, Vietnam, India	
Main plants	Mercedes-Benz: Bremen, Sindelfingen, Rastatt, Düsseldorf, Mannheim, Würth, Gaggenau, Berlin, Hamburg, Kassel, Ulm, Stuttgart in Germany; Hambach, Ligny-en-Barrois in France; Curitiba in Brazil; Vitoria, Santander in Spain; Vance in the US. Chrysler: Belvedere, Detroit, Warren, Newark, St. Louis, Sterling Heights, Toledo in the US; Brampton, Windsor in Canada; Lago Alberto, Saltillo and Toluca in Mexico.	

Note: The table does not necessarily display all brands, all countries where the respective companies are present or all the manufacturing plants. Suppliers and subcontractors are not listed.

Source: Company websites, IG Metall, www.autointell.com

on behalf of all the workers in the world. In achieving global agreements, the role of strong national unions and local shop stewards in the home country of a transnational cannot be overestimated. But host-country unions need to be consulted before any agreement is signed, because the agreement would apply in their countries as well.”

DEVELOPING COUNTRIES

International Framework Agreements should greatly benefit workers in the developing or transitional countries of

the world, hence the importance of including suppliers and subcontractors in the agreements. In the home countries of most transnational companies – the USA, Japan or the EU – labour legislation or existing collective agreements already cover the basics that are contained in a typical agreement. This is less certain in countries where the transnationals’ overseas plants are located. While many transnational companies might maintain decent wage and collective bargaining systems in their home countries, lack of recognition and bargaining rights in their “foreign” subsidiaries or at their suppliers abroad remain a major challenge.

Codes of Conduct versus International Framework Agreements

Codes of Conduct

1. Unilateral initiatives
2. Do not necessarily recognise all core labour standards
3. Rarely cover suppliers
4. Monitoring, if any, controlled by management
5. Limited, or no, dialogue with unions

IFAs

1. Negotiated between labour and corporate management
2. Recognise all core labour standards
3. Usually cover suppliers
4. Unions involved in implementation
5. Further dialogue between trade unions and management

The Global Union Federations, including the IMF, now abandon the expression “Code of Conduct”, in favour of “International Framework Agreement”. The reason is that the former expression often is used for unilateral initiatives by the management of multinational companies, which is of limited if any value for labour. Most of these “codes” are an instrument of the public relations and marketing forces of the company.

Illustration (modified) from “Global Framework Agreements: a new tool for international labour?”, Tørres & Gunnes, September 2002.

To establish a common base for International Framework Agreements, the International Confederation of Free Trade Unions (ICFTU) formulated a Model Code. Afterwards, the IMF developed its own “Model” (see separate box), which can be used as a starting point or benchmark for trade unions initiating or negotiating agreements.

COMPANY CULTURE

“It is obvious that, in the end, agreements hardly ever follow a ‘blueprint’. The culture of the company and its proposals, the initial intention of those seeking negotiations, etc., all will show up in the end result,” says Peter Unterweger.



*There is a clear
mandate in our Action
Programme that the
IMF pursue these
agreements*

As an example, DaimlerChrysler “supports and encourages its suppliers to introduce and implement equivalent principles” (i.e. Core Labour Standards) in their own companies. DaimlerChrysler also “expects its suppliers to incorporate these principles as a basis for relations with DaimlerChrysler.”

Successfully negotiate and sign an agreement is only the first important step. The real test is whether they are able to deliver to workers what they have not achieved through national legislation and collective bargaining, namely actual improvements in terms of labour standards.

CONTINUOUS DIALOGUE

Norwegian researchers Tørres and Gunnes argue that International

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Framework Agreements may not only be useful in improving labour conditions in the Southern Hemisphere, but they establish fora and procedures for continuous dialogue. “The platform on which freedom of association and the right to collective bargaining is built gives local trade unions at the work-

place a new arena and space to unfold in further negotiations about labour rights, bargaining and organising,” they say.

One important question that they discuss in their research is the motivation behind an agreement. That trade unions want core labour standards manifest within the company

IMF Model International Framework Agreement

PREAMBLE

1. Economic globalisation is lowering barriers to the movement of goods, services and capital, and allowing transnational businesses to create global production and distribution networks. Business enterprises strive to provide a return to their investors, but along with this basic mission goes a social responsibility: to advance the welfare of the societies in which the business implants itself.
2. A minimum requirement for fulfilling this responsibility is safeguarding the environment, observing the core labour standards of the International Labour Organisation, and providing decent wages and working conditions for [company] employees.
3. [Company] recognises its responsibilities to workers for the conditions under which its products or services are made and that these responsibilities extend to all workers producing products or services for [company] whether or not they are employees of [company].
4. [Company] will require its contractors, their sub-contractors, principal suppliers and licensees (franchise-holders) to provide the conditions and observe the standards of the following Code when producing or distributing products or components of products for [company]. [Company] will, prior to placing orders with principal suppliers, engaging contractors and subcontractors or granting licenses, assess whether the provisions of this Code will be met. [Company] will use its influence to ensure that its contractors and subcontractors sign similar codes of conduct with their respective union(s).

DEFINITIONS

5. For the purposes of this Code the term contractor shall mean any natural or legal person who contracts with [company] to perform work or provide services. The term “sub-contractor” means any natural or legal

person who contracts with a contractor, as defined above, for the purpose of performing work or providing services related to or as part of an agreement with [company]. The term “principal supplier” means any natural or legal person who provides [company] with materials or components used in the final products, or the final products, sold by [company].

The terms “licensee” and “franchise-holder” mean any natural or legal person who, as part of a contractual arrangement with (name of company), uses for any purpose the name of (name of company) or its recognised brand names or images.

In the following text the term contractor(s) shall refer to all contractors, their sub-contractors, principal suppliers and licensees (franchise-holders).

PROVISIONS

6. [Company] and its contractor(s) involved in the production and/or distribution of products for [company] shall ensure that:

Employment is freely chosen

There shall be no use of forced, including bonded or involuntary prison, labour (ILO Conventions 29 and 105). Nor shall workers be required to lodge “deposits” or their identity papers with their employer, including labour supplying companies providing labour to [company].

There is no discrimination or intimidation in employment

Equality of opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, sexual orientation, social origin or other distinguishing characteristics shall be provided (ILO Conventions 100 and 111).

Physical and psychological abuse, the threat thereof, and intimidation by the employer are strictly prohibited.

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is self-explanatory. But what are the corporate motives in signing an agreement, or even pushing for it?

The researchers suggest that most of the companies' motives are not about a fundamental will to improve the conditions of the workers worldwide. Merely, it is about manag-

ing the company's reputation, and to secure good relations with pressure groups, including consumer organisations, ethical investors and shareholders. Some companies also clearly identify that responding to environmental and social concerns can enhance a company's competitive advantage.

Child labour is not used

There shall be no use of child labour. Rules set by the ILO Convention 138 on minimum age for employment, or national regulations, whichever set higher standards, shall be adhered to. Companies shall provide economic assistance to guarantee education opportunities to any replaced child workers. A child worker, when found employed by [company] or its suppliers, should be replaced whenever possible by somebody from the family in order to maintain the family income.

Freedom of association and the right to collective bargaining are respected

The right of all workers to form and join trade unions and to bargain collectively shall be recognised (ILO Conventions 87 and 98). Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135 and Recommendation 143).

The company will adopt a positive approach towards the activities of trade unions and an open attitude towards their organisational activities. During labour-management conflicts [company] will not hire new workers to replace those involved in the dispute.

Decent wages are paid

Wages and benefits paid for a standard working week shall meet at least legal and industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income.

Hours of work are not excessive

Working time, including overtime, must be regulated to ensure that it does not impair worker health and other aspects of productive life. In unionised workplaces, the length and terms of overtime must be collectively bargained and in non-unionised workplaces, overtime must be voluntary. Excessive overtime cannot be justified and must be eliminated. Overtime shall not be a substitute for inadequate regular wages.

Working conditions are decent

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards.

IMPLEMENTATION

7. The [company's] workers shall be informed, verbally and in writing, of all of the provisions of this Code.
8. [Company] will require its contractor(s) to support and co-operate in the implementation and monitoring of this Code by giving the monitoring group described below unlimited access to its facilities and by making all relevant information available to the group in a timely fashion.
9. Contractor(s) found to be in breach of one or more terms of the Code shall take the measures necessary to be in conformity with the Code and, failing that, lose the right to produce or organise production of goods for [company].
10. Questions as to the interpretation of the meaning of the provisions of the Code shall be resolved according to the procedure outlined in the monitoring agreement.
11. The provisions of this Code constitute only minimum standards. [Company] does not intend, will not use, and will not allow any contractor(s) to use these minimum standards and conditions as maximum standards, or as the only conditions permitted by [company], or to serve as the basis for any claim as to what standards or conditions of employment should be provided.
12. Principles of monitoring implementation:
 - A monitoring group, consisting of an equal number of [company] management and union representatives must be created.
 - In case of deadlock, arbitration will be handled by the ILO or a neutral party agreed upon by [company] management and the union side.
 - [Company] shall bear the cost of all monitoring activities.

Note: In December 1998, the IMF Executive Committee approved this model agreement.