

## 9. INTERNATIONAL SOCIAL DIALOGUE AND INDUSTRIAL RELATIONS

The experience of workers at national level – that there are only two significant ways for workers to be protected and have their interests advanced, i.e. either through the instrument of government (good laws and regulations) or through the use of trade unions and collective bargaining - can be easily transposed to the international level. Chapter 4 discussed the former. This chapter deals with the latter.

Social dialogue, be it national or international, refers to dialogue between the social partners, which are defined as the management of a company and the trade unions representing its workforce. It can take many forms, including collective bargaining. Most countries have, at the national level, a legal framework for social dialogue, even though these vary widely from one country to another. At the international level, however, although the economy is global, there is no legal framework for any form of international industrial relations or international social dialogue.

An international framework for social justice should logically include a framework for industrial relations. However, just as the earliest trade unions and collective agreements preceded a national legal framework, it may be reasonable to expect that international industrial relations will evolve as MNEs become engaged, in one way or another, with international trade union organisations.

Even though there are no legal obligations on individual companies or industries to recognise trade union organisations or engage in negotiations at the international level, limited international social dialogue has already started, not just in the context of the ILO's tripartite structure, but with individual enterprises as well. On the trade union side, structures already exist - GUFs - that can form part of the basis for international industrial relations at both industry and company levels.

Many GUFs have established structures that deal with particular multinational enterprises, usually company councils. These are structures that, under the heading of a GUF, allow trade unionists, all working for the same multinational enterprise, to cooperate internationally. Even though these councils are important players at the international level, they are, strictly speaking, not part of an international social dialogue, as they do not engage the company directly. However, some of these councils do invite representatives of management to (parts of) their meetings.

In Europe, the law provides for a formal structure for international social dialogue between the larger multinational companies and its workers: European Works Councils (EWCs). Both these 'councils' are discussed below.

Framework agreements (FAs) - formal agreements signed between a GUF and a multinational enterprise - are the next step in international social dialogue. They are also discussed in this chapter.

There also is one collective bargaining agreement between a GUF - the ITF - and an organisation of employers, the International Maritime Employers' Council (IMEC). This

agreement, signed in 2000, sets out the standard terms and conditions applicable to all seafarers serving on any ship owned or operated by a member of IMEC.

### Company councils

Trade unions have established world company councils, regional company councils and formal as well as informal networks of trade unions representing workers employed by the same company. These are, for the most part, structures that organise meetings where trade unionists from different countries, but working for a common employer, can get together to discuss a wide range of issues. They are used for different purposes, from improving conditions at home through the experience of others to real global co-operation in trade union work.

In spite of the fact that there are a number of practical problems, including the expense of holding international meetings, the complications of trade union pluralism, and language barriers, regional and world councils are important building blocks for the international trade union movement. The use of information technology is one way to overcome some of the practical problems, as it can facilitate the building of networks inside companies. Such “virtual” company councils can be set up relatively easily and may contribute to the work of existing structures. Company councils are established and maintained by GUFs.

Many GUFs have these company councils in place for many of the larger multinational enterprises operating in their sector or industry. The IMF, for example, has company councils in the automobile industry for General Motors, Ford, Volkswagen, Volvo, Fiat, Toyota, Nissan, Honda, Mitsubishi, and Mazda. In the Electrical/Electronics sector, there are IMF company council for General Electric, ABB (Asea-Brown Boveri), Matsushita, Siemens, Electrolux and Thomson Multimedia. In the Mechanical Engineering industry, IMF company councils exist for SKF and Caterpillar.

### UNI MULTINATIONAL UNION ALLIANCES

Union Network International (UNI) has for some time grappled with how to tackle and interface with the ever-expanding multinational corporations that are operating in UNI's sectors. In an effort to co-ordinate the action of affiliates and to put truly global pressure on these MNEs, UNI has developed a strategy of Multinational Union Alliances.

UNI is now operating several Union Alliances dealing with specific multinationals. The most active of these Alliances are the SBC/Ameritech, Cable & Wireless (C&W), Telefónica, National Australia Bank, Barclays Bank African Alliance, France Telecom, Quebecor Group, and the OTE Alliances. They have met on regular occasions and all now publish regular newsletters that are distributed amongst affiliated unions dealing with the specific MNE. All the alliances have also developed and published web pages. UNI have also set up Virtual Committees for a number of multinationals where unions and workers in specific companies are able to swap information about the company online in a special web page. These are set up at <http://www.univirtual.org>

These UNI Multinational Union Alliances and virtual committees were established because:

- Almost all new initiatives by established operators, or new companies, are hostile to trade union organisation and recognition.
- Trade unions have to react quickly to these new patterns of ownership.

- The trade union response has to involve genuine international solidarity actions and the devotion of resources to organising.
- Trade unions have to pool resources and share information across country boundaries in order to counter the global approach to business displayed by MNEs.

The purpose of the alliances is to:

- Increase the leverage of member organisations through greater joint activity.
- Share information and offer solidarity support when any affiliate of the alliance is engaged in collective bargaining.
- Undertake common activity to support organising.
- Provide all possible support from the host country union for members of any other affiliate who are working in the host country.

Alliance activities have included:

- Analysing and publishing comparisons of company reports;
- Publishing a comprehensive list of the companies' global investments;
- Analysing and publishing comparisons in the case of Cable & Wireless employment contracts;
- Participation in the Annual Stockholders Meeting;
- International days of action in the case of both the Ameritech and the Telefónica alliances;
- Initiation of European Works Councils;
- Negotiation and signing of framework agreements.

A practical example of the SBC/Ameritech Alliances activities was that, for the first time in history, leaders of unions from around the world having members in Ameritech companies were present at the 1998 Ameritech annual shareholders meeting in Chicago to send a clear message to the company managers and directors. Along with hundreds of members of the Chicago-area local unions of the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW), union leaders from UNI, Belgium, Denmark, Hungary, and the USA held a press conference outside the venue and then attended the shareholders meeting.

Ameritech Alliance partners also held their first international day of action in June 1998. Since then, the partners have held, in conjunction with other UNI Telecom multinational alliances, special action days for Customer Service workers. This has seen each of the alliance partners taking some form of action in their respective countries. On these days, thousands of workers all wore the same badge as a symbol of their solidarity and support for the efforts of the alliance.

Inside the European Union, under the European Works Council Directive, a system is in place that requires multinational enterprises to have meetings with representatives of the workers for information and consultation purposes. Whereas company councils are 'trade union structures', the EWCs are considered as part of an international social dialogue as both partners – workers and management – take part in the meetings.

Even though there are some clear possible advantages for these European Works Councils, it is necessary to point out that these are not, either in legislation or in practice, bodies that have to include trade unionists. Participants in the EWCs are trade unionists in many cases, but not always. Nothing in the Directive mandates trade union representation.

An important point in this area is the necessity to involve GUFs in the work of an EWC that decides to 'expand' beyond the EU. In those cases, representatives of workers from branches of the company that are not located inside the European Union may take part in EWC meetings. Involvement by a GUF is necessary to prevent companies from 'picking and choosing' their workers representatives, in order to influence discussions.

### EUROPEAN WORKS COUNCILS

The European Works Council Directive (EWC) requires every company employing more than 1000 workers in the EU, with over 150 in at least two member countries, to establish an EWC. The EU's Council of Ministers adopted the Directive on 22 September 1994, and exactly two years later, it entered in force, via transposition laws, in 14 EU member states plus Norway, Iceland and Liechtenstein.

Even before the EWC Directive took effect on 22 September 1996, 430 European Works Councils were already operating, in around 400 different multinational companies. Some large firms, active in a variety of economic sectors, opted to establish several councils at branch level. Nevertheless, many companies that are covered by the EWC Directive have yet to create an EWC, even though the directive took effect over 8 years ago.

At the end of 1997, the UK's opt-out was reversed and a UK extension Directive was adopted and transposed. In May 2004, the EU was enlarged with ten new Member States. From that moment on, their national transposition of the EWC Directive entered into force. Subsequently, multinational companies with operations in these new EU member states have to integrate representatives from those countries in their EWC.

Fifteen thousand EWC members are now experiencing the needs and challenges of international trade union co-operation. For example, among the established EWCs, 32% faced a transnational merger or acquisition in 2000. These mergers often increase the distance between the workers and decision-makers in multinational companies. EWCs have the opportunity to build bridges here.

The increasing co-operation between the employee representatives from different countries also lays new foundations for international trade union solidarity. Trade unionists within the same enterprise no longer just hear about one another, they also meet in EWCs, talk together, and develop joint action. Yet language difficulties, cultural differences and different industrial relations systems can create obstacles. To overcome this, trade unions are organising co-ordination, training and support for their members in EWCs.

There is a clear trade union trend towards supporting EWCs. The search for successful EWC co-operation means a steep learning curve. Most of the councils have been set up since 1996 and still need time to develop their potential. However, continuous progress is being made, reflected in the growing number of EWCs and, most of all, by advances in the way they work.

In 2003, 744 EWCs were established in 719 companies, or 38% of the 1895 companies lying within the scope of Directives 94/45/EC and 97/74/EC. As such, another 1176 companies still need to install EWCs. Furthermore, the quality of the information and consultation leaves, in many cases, plenty of room for improvement, especially in the event of mergers, take-overs, and restructuring. Improvements are also expected from the revision of the EWC directive and the EU merger control procedures.

More information on European Works Councils can be found on: [www.etuc.org/etui/databases](http://www.etuc.org/etui/databases)

(by Peter Kerckhofs, ETUI)

## Framework agreements

In spite of the recent wave of unilateral voluntary actions by companies - through which they 'promise' very many things at the international level - the better way to deal with workers' rights at company level, internationally, is through international dialogue and international agreements. These agreements should be concluded between international companies, on the one hand, and international trade union organisations, on the other.

The content of a framework agreement is often similar to the language found in some of the codes of conduct that companies have adopted for their suppliers and which cover some, or all, of the fundamental rights at work. However, that does not mean that a framework agreement is the same thing as a code of conduct. It is not.

There is a fundamental difference between a code of labour practice, which is a unilateral management pledge, mainly made to address public concerns, and a framework agreement, which is recognition that the company will engage the relevant international trade union organisation and discuss issues of fundamental concerns to both parties.

Whereas most corporate social responsibility (CSR) exercises are voluntary efforts (promises or claims), the adoption of framework agreements (FAs) - agreements between international trade union organisations and multinational enterprises on basic shared principles - can be seen as the start of international collective bargaining. In fact, FAs should be considered more as global industrial relations, rather than as a part of CSR, in spite of the fact that signing a framework agreement is an important way for a company to show it is behaving in a socially responsible manner.

FAs are also a possible way to resolve conflicts or problems before they become serious or damaging, based on the agreement, dialogue and the establishment of a certain amount of confidence inside the relationship. Most problems that have been resolved so far, through global social dialogue or with the help of an FA, have been worked out informally and quietly. Unlike campaigns and other public action, the intention is to implement common, agreed principles in a way that leads to a speedy resolution of conflicts or even anticipation of conflicts, partly with the aim of preventing damage to the reputation of a company. Nevertheless, dialogue and agreements have also been used to resolve conflicts that have become public.

At the time of writing, there were over 30 such framework agreements signed.

### FRAMEWORK AGREEMENTS

	Global Union Federation	Company	Year	Industry
	<b>ICEM</b>	<b>Statoil</b> (Norway)	July 1998	Oil
	<b>ICEM</b>	<b>Freudenberg</b> (Germany)	July 2000	Non-woven and allied products
	<b>ICEM</b>	<b>Endesa</b> (Spain)	January 2002	Power
	<b>ICEM</b>	<b>Norske Skog</b> (Norway)	June 2002	Paper



<b>ICEM</b>	<b>AngloGold</b> (South Africa)	September 2002	Mining
<b>ICEM</b>	<b>Eni</b> (Italy)	November 2002	Energy
<b>ICEM</b>	<b>Svenska Cellulosa Aktiebolaget</b> (Sweden)	April 2004	Paper and Packaging
<b>ICEM</b>	<b>Lukoil</b> (Russia)	May 2004	Oil



<b>IFBWW</b>	<b>Ikea</b> (Sweden)	May 1998	Furniture
<b>IFBWW</b>	<b>Faber-Castell</b> (Germany)	March 2000	Writing, drawing and painting products
<b>IFBWW</b>	<b>Hochtief</b> (Germany)	March 2000	Construction
<b>IFBWW</b>	<b>Skanska</b> (Sweden)	February 2001	Building-related services and project development
<b>IFBWW</b>	<b>Ballast Nedam</b> (Netherlands)	March 2002	Construction



<b>IMF</b>	<b>Merloni</b> Elettrodomestici (Italy)	December 2001	Domestic appliances
<b>IMF</b>	<b>Volkswagen</b> (Germany)	June 2002	Auto
<b>IMF</b>	<b>DaimlerChrysler</b> (Germany - USA)	September 2002	Auto
<b>IMF</b>	<b>Leoni</b> (Germany)	April 2003	Wire & Cable manufacturing
<b>IMF</b>	<b>Gea</b> (Germany)	July 2003	Process technology, thermal and energy technology
<b>IMF</b>	<b>SKF</b> (Sweden)	November 2003	Rolling bearings and seals
<b>IMF</b>	<b>Rheinmetall</b> (Germany)	January 2004	Defense, automotive, electronics
<b>IMF</b>	<b>Bosch</b> (Germany)	April 2004	Automotive and engineering
<b>IMF</b>	<b>Prym</b> (Germany)	August 2004	Metal press buttons, electrical contact parts and sewing and quilting notions
<b>IMF</b>	<b>Renault</b> (France)	October 2004	Auto



<b>IUF</b>	<b>Accor</b> (France)	June 1995	Hotel, catering and tourism
<b>IUF</b>	<b>Danone</b> (France)	August 1988	Food
<b>IUF</b>	<b>Chiquita</b> (USA)	June 2001	Bananas
<b>IUF</b>	<b>Fonterra</b> (New-Zealand)	April 2002	Dairy products



<b>UNI</b>	<b>Telefónica</b> (Spain)	April 2000	Telecommunications
------------	------------------------------	---------------	--------------------

<i>uni</i>	<b>UNI</b>	<b>Carrefour</b> (France)	May 2001	Retail
	<b>UNI</b>	<b>OTE</b> (Greece)	June 2001	Telecommunications
	<b>UNI</b>	<b>ISS</b> (Denmark)	May 2003	Property services
	<b>UNI</b>	<b>H&amp;M</b> (Sweden)	January 2004	Retail

### *Framework agreements – definition*

Framework agreements can only be signed by Global Union Federations, as the representatives, at global level, of workers in a particular company or industry, in other words, by counterpart organisations of global companies. Only GUFs have the legitimacy and global mandate to negotiate such agreements. GUFs must have the central role in the implementation of the agreements, as well as in their negotiation.

Another feature of the agreements is that they establish frameworks of principle and are not detailed collective agreements. They are not intended to compete or conflict with collective bargaining agreements at national level. Indeed, they are intended to help create the space for workers to organise and bargain. Some GUFs have specific policies on the relationship between FAs and collective bargaining agreements. In that context, some FAs are short statements of principle and others are more detailed.

### *Framework agreements - contents*

There are variations in the contents of framework agreements. This is a reflection of different needs of workers and companies related to specific characteristics of industries and different traditions and relationships. However, all of the agreements include respect for core labour standards. Whilst most framework agreements centre on the fundamental rights at work, this is not a necessity. Some agreements – or parts thereof – have been signed on other issues, such as training and education.

### *Freedom of Association*

Nearly all FAs list conventions 87 and 98 by convention number, rather than just having a reference to the principles. This is important because it means that, in the event of differences over the meaning of freedom of association, the decisions of the ILO Committee of Experts and the ILO Committee on Freedom of Association would be relevant. In addition, and in order to be still clearer, however, some FAs also explicitly mention that companies will not oppose worker self-organisation.

Some FAs use language taken from the OECD Guidelines for Multinational Enterprises, as well as language from a clarification by the OECD to the OECD Guidelines, which called for a positive attitude by employers towards trade unions and an open attitude towards the organising activities of trade unions.

Several FAs also mention ILO Convention 135 (Workers' Representatives Convention).

### *Other core conventions*

It is also common to have core conventions other than those covering freedom of association and collective bargaining. The full range of core labour standards is particu-

larly relevant in relation with suppliers: ILO conventions No. 29 and 105 on the abolition of forced labour, No. 100 and 111 on the prevention of discrimination in employment and equal pay for work of equal value and No. 138 and 182 on child labour.

#### *Other clauses*

References to respect national law can be found in some FAs. However, it was agreed that such pledges were, on their own, not sufficient to have a good quality agreement. In many countries, both developing and developed (for example, the United States), good corporate behaviour is allowed even if law does not compel it.

Some agreements have no provision for expiration of agreements. It is understood they can be modified or re-negotiated at any time. Others have fixed periods for the application of the agreements or a clause that either party can terminate the agreement with a specified advance notice. There is no uniform policy to this.

There are a growing number of business partner or supplier clauses, which were not found in the first generation of FAs. Unlike codes of conduct, most FAs do not deal with monitoring and verification, but rather are used to solve problems and build organisations for workers, hereby creating the possibility for these workers to enforce workers rights themselves.

#### *Negotiation and implementation of framework agreements*

In many cases, home country unions have played a role in achieving framework agreements. In some cases, it may simply have been to facilitate the negotiation process. In other cases, however, the home country unions have been heavily involved in the negotiations. There has also been involvement by European Works Councils. EWCs offer the potential, given their regular corporate contacts and social dialogue, to encourage global labour relations between GUFs and individual companies.

One of the reasons for trade unions to agree on a framework agreement is that it helps to establish trade unions throughout the different parts of an enterprise. In the case of unilaterally adopted codes of conduct, companies often use a system of monitoring by an independent outsider. Where framework agreements have been signed, this becomes less important. The reason for that is that the only real way to guarantee the respect of labour rights is to have a trade union on the spot. It is the only possibility to 'get the movie of what is happening, instead of a picture'.

Dispersing the information about the agreement widely, on the other hand, is very important in order to make a framework agreement successful. It needs to reach the people that need to know. GUFs, as all of them have extensive worldwide networks, are ideally placed to do this.

## THE DANONE - IUF AGREEMENT

A significant breakthrough in international industrial relations are the agreements between the IUF and the French food industry giant Danone (formerly BSN). Following a sequence of annual meetings between trade union representatives - coordinated by the IUF - and a delegation of central management - led by the president of the company - the General Secretary of the IUF and the Director of Human Resources of Danone signed a "Common Viewpoint", which pledged both management of the group and the trade unions representing the Danone employees, to work jointly in five areas: training and skills development, access to company information by trade unions, promoting gender equality, trade union rights and employment.

Progress has been made to flesh out the meaning of union - management co-operation in each of the five areas through a series of "framework agreements". In 1989, agreements were reached spelling out the minimum social and economic information that workers and their trade unions would need, as well as an agreement on equal treatment between men and women that pledged the formulation of an action plan and joint initiatives to achieve this goal.

In 1991, the IUF and Danone announced the development of joint training programmes and, in May 1994, the IUF and Danone signed an historic charter on trade union rights in which Danone agreed to guarantee the full exercise of recognised trade union rights throughout all of its operations. Meanwhile, an agreement was signed in 1996 to constitute a global Information and Consultation Committee, made up of management representatives and trade union delegates under the co-ordination of the IUF, with regions outside Europe being represented by the IUF Regional Secretaries for Africa, Asia/Pacific, Latin America and North America. This was followed, in 1997, by the signing of a "Joint Understanding in the Event of Changes in Business Activities Affecting Employment or Working Conditions". This agreement served as a basis for a specific agreement on social standards applicable to all entities affected by the industrial restructuring plan of 29 March 2001 for biscuit operations in Europe.

The experience has been that local managements are not always prepared to put into effect some of the innovations of the framework agreements and that not all trade unions have taken advantage of the opportunities provided by them. For instance, although the company employs a high proportion of women in its manufacturing facilities, only a few women's committees have been established at workplace level and few have been established within the unions. Nevertheless, the agreements have led to concrete programmes with respect to equality and training at the local level, to guaranteeing that no worker is left without solution in case of restructuring and that other job-generating activities be put in place on industrial sites that Danone had decided to close. Above all, it has been made an absolute principle that trade unions be recognised and consulted on all matters affecting the life and future of the workforce.

The IUF/Danone agreements are steps that build the international industrial relations that trade unions will need in order to meet the challenges of MNEs. The lesson is that understandings between trade unions and MNEs at international level create additional space for local trade union organisations to organise workers and negotiate with local managers.

## FRAMEWORK AGREEMENTS – EXAMPLES OF HOW THEY WORK

### IMF – DaimlerChrysler

In July 2002, 400 workers at Ditas, a company producing spare parts in Nigde, Turkey, went on strike. The main reason for their action was the employer's refusal to respect trade union rights at the workplace and to bargain with the union.

For a long time, the case seemed to be lost for the workers. However, after eight months of strike action, the dispute was over. The company and the IMF-affiliated union Birlesik Metal-Is signed their first collective agreement, offering the majority of the union's members fulltime work and pay.

Playing a crucial role in reaching the settlement at Ditas is the fact that one of its customers, DaimlerChrysler, and the IMF had signed a framework agreement in which DaimlerChrysler not only acknowledges its social responsibility towards its own workforce, but also expects its suppliers to apply comparable principles as the basis for mutual relations. With this made clear to the management of Ditas, the conflict could be solved.

### ICEM – Statoil

On February 5, 1996, Crown Central Petroleum management locked out the 252 PACE (ICEM affiliate in the US) members at its Pasadena refinery in Texas in an attempt to break their union. This started a dispute that continued for 5 years.

In October 2000, because of the framework agreement, Statoil cancelled its contract for the processing of crude oil at Crown's Pasadena refinery. The contract used 35 percent of the refinery's capacity and its cancellation was a powerful blow to the company.

Three months later, in January 2001, PACE was able to defeat the five-year lockout with Crown. The workers in Texas could go back to work with a union contract in their pockets.

### UNI – Telefónica

In Brazil, UNI's affiliate, Sintetel, has been able to use the framework agreement with Telefónica to increase its membership significantly. Organising members is a priority for Sintetel, given that the telecommunications system in Brazil is being privatised. Telefónica has a large call centre business in Brazil, operating through different call centres.

Most telecommunications companies in Brazil are trying very hard to keep trade unions out of their operations. Sintetel has been able to use the Telefónica framework agreement to organise members without the company opposing them.

The union has been able to grow from about 25,000 members, at the time when the FA was signed in 2000, to a membership of about 120,000 in 2003. Not all new members come from Telefónica call centres though. Sintetel was able to use the new members they gained in the Telefónica centres, as a springboard to get other call centre workers in the union.

### IFBWW - IKEA

Swedwood, IKEA-owned companies, and the Polish and Swedish IFBWW member organisations started a social dialogue project in 2002 with the objective to establish sound industrial relations and trade union representation at company level in Poland.

The unions report that 9 out of 12 Swedwood factories are unionised in the meantime. The Polish unions very much welcomed this management/trade union approach because the unions are able to organise workers and start collective bargaining, hereby becoming part of a sound industrial relations system.

## IUF – Chiquita

At the beginning of 2004, Chiquita announced that it was negotiating the possible sale of its Colombian operations to a Colombian national producer, BANACOL, with whom it would enter into a long-term purchasing agreement. As the FA commits the company to use its influence with suppliers to respect the same union rights standards that apply to company-owned operations, the IUF initiated discussions with the company to preserve the collective bargaining agreement between Chiquita and the IUF-affiliated SINTRAINAGRO.

A Memorandum of Understanding between the IUF, COLSIBA, SINTRAINAGRO and Chiquita was finalized which commits Chiquita to "insist that any agreement for such a sale would provide for the existing collective bargaining agreement to remain in full force and effect and for the potential buyer to continue to recognise SINTRAINAGRO as the single union representative of current Chiquita workers, with all rights and obligations." Chiquita would "insist and use its best efforts to ensure that BANACOL respect the minimum labour standards and the terms of the IUF/COLSIBA/Chiquita Agreement as they would apply to a Chiquita supplier and that the interpretation of that part of the agreement in this case would recognise Chiquita's significant influence within the current negotiations."