

International Framework Agreements: A Progress Report

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In September, IMF affiliates will meet in Germany to consider the future direction of negotiating, signing, implementing and enforcing International Framework Agreements (IFAs) with transnational companies. This IMF Special Report records the historical and political context in which IFAs have been negotiated and provides practical information on their usage to date.

The need to develop mechanisms to negotiate with multi-national corporations at the global level has long been recognised within the IMF. During the last ten years, International Framework Agreements have been actively debated at IMF Congresses, Central Committees and Executive Committee meetings.

At the 1997 IMF Congress in San Francisco, delegates endorsed an Action Programme which introduced the objective of negotiating corporate codes of conduct for the purpose of making workers' rights part of national labour-management dialogue. It was clear from the outset that such codes were to be negotiated and would become agreements between the IMF and transnational corporations (TNCs).

Following the Congress, a working group was set up to make recommendations for codes of conduct and decided to focus its work on drafting the Model Code of Conduct, subsequently adopted at the Executive Committee meeting in December 1998 (see box on page 20).

The 2001-2005 Action Programme adopted at the Sydney Congress committed IMF to continuing to campaign for the adoption of the Model Code of Conduct, now known as the Model IFA, in all corporations where affiliates have members.

By the time the IMF Executive Committee met in December 2002, enough agreements had been signed to enable the Executive to identify principles for negotiating IFAs:

- IMF should be involved from the start,
- An IMF officer or designee must sign the IFA,
- The agreement must cover all of a company's plants or facilities in the world,
- It should be negotiated by IMF and management at a global level,

- Home country unions and, where they exist, World Councils should play a leading role in negotiations,
- Host country unions should be consulted,
- The IFA must reference the ILO Core Labour Standards and include some engagement by the company to pressure suppliers to implement the principles of the IFA,
- Implementation must include trade unions, and
- Management must inform workers and unions throughout its operations of the IFA and the means for raising complaints under it.

Particular emphasis was given to the essential role of IMF in representing workers outside the home country in the process. Calls were also made at the meeting for a more campaigning approach, extending IFAs and targeting companies which are resistant to signing an IFA.



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International Framework Agreements signed by the IMF

Company Name	Date	Country	Industry
Merloni (Indesit)	2001	Italy	Domestic appliances
Volkswagen	2002	Germany	Auto
DaimlerChrysler	2002	Germany	Auto
LEONI	2002	Germany	Wires and cables
GEA	2003	Germany	Engineering
SKF	2003	Sweden	Roller bearings & seals
Rheinmetall	2003	Germany	Auto components, weapons equipment, electronics
Bosch	2004	Germany	Auto, industrial, consumer goods & building technologies
Prym	2004	Germany	Metal press buttons, electrical contact parts
Renault	2004	France	Auto
Röchling	2004	Germany	Engineering plastics, auto engineering, electrical engineering
EADS	2005	France	Aerospace, defence
BMW	2005	Germany	Auto
Arcelor	2005	Luxembourg	Steel
PSA Peugeot Citroën	2006	France	Auto

IFAs SIGNED BY THE IMF

The IMF has so far signed 15 IFAs, the first in 2001 with Merloni (Indesit) and most recently with PSA Peugeot Citroën (see table above). All IFAs so far are with European-based companies.

INITIATING & NEGOTIATING

There have been no standard procedures for initiating or negotiating the existing IFAs. Where IFAs have been initiated by a body such as the European Works Council (EWC) or the World Works Council (WWC), it has generally been this body that has continued to lead the negotiations. In Volkswagen it was the WWC that initiated negotiations with the company. When the negotiations reached an impasse, on issues of content as well as on the question of the IMF signing the agreement, the IMF President was brought in to break the impasse, ultimately signing the agreement on behalf of the IMF. In the case of Arcelor, the EWC initiated a proposal for an IFA, but it was the IMF that presented a draft IFA for discussion and led the negotiations.

The IFAs signed with Renault and PSA Peugeot Citroën were both initiated by management directly approaching the IMF. Interestingly, this led to IMF playing a clear leading role throughout the process and acting as coordinator. In both cases IMF organised meetings with the affiliates concerned or consulted with them via email or phone, thus contributing to a sense of ownership by unions outside the home country.

The prominent role taken by EWCs in initiating, negotiating, implementing and monitoring IFAs at a global level has been raised as a concern by several IMF affiliates, not all of them outside Europe. For example, UK affiliate Amicus states in its position paper on IFAs that, “EWCs do not currently have negotiating mandates, their composition can include non-union members whose views may not be supportive, and clearly they only represent those within Europe”. Amicus argues that while EWCs can play an important role, it must be the national trade unions and the Global Union Federations (GUFs) who drive the process.

In 2002 German affiliate IG Metall set itself the target of achieving 25 IFAs by 2010. With nine out of the 15 IMF agreements, IG Metall has taken a leading role in instigating IFAs. In 2004 IG Metall published a guide for EWCs on initiating, negotiating and implementing IFAs. This guide emphasises that, no matter what the negotiation process has been, the IMF must be informed and involved from the very beginning and must always sign the agreement.

CONTENT

The content of the IFAs varies considerably, in some cases diverging significantly from the IMF Model IFA. The Model states that the ILO Core Labour Standards must be explicitly referenced by number, yet the Volkswagen and DaimlerChrysler IFAs do not reference them and do not mention collective bargaining at all. In the SKF agreement, only one

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What is an IFA?

International Framework Agreements (IFAs) are negotiated between a transnational company and the trade unions of its workforce at the global level. It is a global instrument with the purpose of ensuring fundamental workers' rights in all of the target company's locations as well as those of its suppliers.

The IMF Model Framework Agreement

The IMF Model Framework Agreement (Model IFA) was adopted by the IMF Executive Committee as a basis for negotiating International Framework Agreements (IFAs) with transnational corporations.

There are 3 key components to the Model IFA:

- The ILO Core Labor Standards – referenced as such,
- The requirement for contractors and suppliers to observe the standards of the IFA, and
- Union participation in implementation.

The ILO Core Labour Standards

In 1998 the International Labour Conference adopted a 'Declaration on Fundamental Principles and Rights at Work', considered to be an expression of commitment by governments, employers' and workers' organisations to uphold basic human values. The Declaration commits ILO Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions.

The four categories are:

- Freedom of association and the right to collective bargaining (ILO Conventions 87, 98, 135 and Recommendation 143)
- The elimination of forced and compulsory labour (ILO Conventions 29 and 105)
- The abolition of child labour (ILO Conventions 138 and 182)
- The elimination of discrimination in the workplace (ILO Conventions 100 and 111)

These 'core' Conventions are at the heart of the Model IFA which stipulates that they be explicitly referenced by number.

The supplier provision

In many cases, the worst abuses of labour rights do not occur in the company that signs the IFA, but in the companies that supply to it. For this reason, the Model IFA contains a clause stating that the company will require its contractors, their sub-contractors, principal suppliers and licensees (franchise-holders) to provide the conditions and observe the standards of the IFA when producing or distributing products or components for the company.

ILO Convention is referenced (pertaining to child labour).

The majority of the IFAs adopt the supplier provision using language similar to 'X company supports and encourages its suppliers to take into account these principles in their own corporate policy'. While the wording in a couple of IFAs is weaker than this, in others it is stronger, in some cases putting the supplier relationship at risk for failure to comply.

IMPLEMENTATION

Experience has shown that effective implementation requires significant resources to conduct meetings, maintain networks and coordinate activities. It is also clear that IMF does not have the resources to itself manage this level of implementation in all of the companies with which it has signed IFAs.

Implementation of existing IFAs has been somewhat patchy. In some cases, no action has been taken beyond ensuring that employees have a copy of the agreement in the appropriate language (and in some companies not even this has been done). In others, concrete steps have been taken to build international union networks and to develop action plans to use the IFA to extend union coverage within the company and its suppliers and to ensure that complaints are acted on.

In Volkswagen in 2003, a survey was sent to the workers' representatives as well as to the personnel managements of the different companies and plants asking what steps had been taken to make the agreement known in the workforce. A second survey was carried out in 2005 and the results were presented to the Global Works' Council in 2006.

The survey demonstrated that neither the management nor the workers' representatives in all companies and plants had fulfilled their obligations to inform the supplier companies of the existence and obligations of the IFA.

Proactive implementation of the LEONI IFA started in 2005 with a meeting in Germany of plant representatives and union officials, the primary focus of which was to assist unions to organise workers in unorganised plants.

As a result of the IFA, IMF affiliate Solidaritatea Metal has been able to organise two large LEONI plants in Romania



Romanian affiliate Solidaritatea Metal at a LEONI implementation meeting

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IFA implementation meeting in southern Africa, June 2006

PHOTO: NUMSA

and implement collective bargaining in one of them. Contact has also been made with workers in unorganised plants in Slovakia and Ukraine.

IMF's implementation work with LEONI has shown that:

- Despite management's assurances, workers (and even managers) in plants have an extremely limited awareness or understanding of the IFA,
- A lot more work needs to be done to identify suppliers and to ensure that they are aware of the IFA, and
- Union representatives within the company can make contact with workers in other countries through internal company networks and assist with unionisation.

In 2003, the World Employee Committee of DaimlerChrysler organised a Hearing of Experts in conjunction with the company, with the participation of the IMF, to gather ideas and perspectives on the IFA, its implementation and monitoring. Representatives attended from the ILO, the ICFTU, IG Metall and a range of NGOs active on labour issues. The message was that implementation should not exclude any stakeholders and that while unions are best placed to monitor IFAs, the assistance of recognised NGOs is welcomed, especially where unions are weak or non-existent.

In Latin America, a regional seminar on implementing and monitoring IFAs was held in Brazil in November 2005. The meeting brought together affiliated unions with plant representatives from IFA companies including Volkswagen, DaimlerChrysler, LEONI, SKF, Arcelor, Bosch and Renault.

The meeting approved a plan of action which includes:

- An information campaign on IFAs,
- Establishing communication networks between unions in the same company and between unions with IFAs in different companies,
- Implementation strategies including a regional map of suppliers, and
- Elaborating social monitoring projects together with NGOs.

In Southern Africa the IMF regional office regularly holds IFA workshops bringing together representatives from IFA companies as well as from suppliers to assist each other on implementation. Plant representatives bring lists of supplier companies to the meeting. These lists are used to decide which supplier companies to target for organising, with resources allocated accordingly.

ENFORCEMENT

It is important to recognise at the outset that no legal enforcement mechanisms exist at the global level. This means that any enforcement of IFA provisions relies almost exclusively on the capacity and strength of unions to compel companies to resolve complaints.

To date, there have been relatively few examples where complaints have been raised under an IFA, and even fewer where they have been resolved. Without doubt, the most experience with handling complaints under an IFA has been in DaimlerChrysler. Ten concrete cases of violations have been identified, seven of them relating to suppliers and three to dealers. Most of the complaints relate to breaches of the IFA provisions on freedom of association and the right to collectively bargain.

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Complaints made under the IFA are channelled to the DaimlerChrysler World Employee Committee (WEC), either via the IMF or directly. All cases so far have been settled by means of a procedure that involves:

- Indication of the alleged violations to DaimlerChrysler management,
- Examination by DaimlerChrysler management,
- Letter to the supplier, asking for examination and compliance with the IFA, and
- In some cases local solidarity actions.

An example of a case resolved under the DaimlerChrysler IFA that is often cited is that of Ditas, a Turkish supplier to DaimlerChrysler. In 2002, Ditas workers took industrial action because of the employer's refusal to respect trade union rights at the workplace and to bargain with the union, thus breaching ILO Conventions 87 on freedom of association and 98 on the right to organise and bargain collectively as well as the DaimlerChrysler IFA covering suppliers. A letter from the WEC to management about the breach played a significant role in a negotiated settlement being reached.

In Brazil, eight suppliers have been replaced because of pressure by unions on the company to enforce the IFA. IMF affiliate CNM-CUT has been able to successfully argue the legality of a stoppage at DaimlerChrysler over a breach by supplier Grob because of the supplier provision in the IFA

At the Bosch World Conference held in Germany in 2006, a number of complaints were raised about company actions, some of which breach the IFA provisions on freedom of association and the right to collectively bargain, discrimination and the right to equal pay. It became clear at the meeting that Bosch

management is not prepared to handle IFA complaints centrally, but maintains they should be handled at the local level.

One of the complaints raised at the meeting related to Bosch-owned plant Doboy in Wisconsin, USA. When members went on strike during a collective bargaining dispute, management coerced them back to work by threatening to bring in permanent replacement workers, a move that is allowable under US labour law, but arguably not under the IFA.

THE FUTURE OF IFAs

In September, delegates to the IMF IFA World Conference will be asked to consider questions such as:

- What standard of agreement should IMF agree to sign?
- How can we build international solidarity at the negotiation stage?
- Should IMF target particular companies for an IFA?
- What do we expect to gain from implementing IFAs?
- How can we ensure that companies comply with the terms of the IFA?

The conference will make recommendations to the IMF Executive Committee to help guide the IMF in its future work on negotiating, signing, implementing and enforcing IFAs.

This Special Report is a summary of a background paper prepared for the IFA World Conference, in Frankfurt, Germany, September 26 – 27, 2006. The full text of the background paper and additional information about the IFA World Conference is available on the IMF website at: www.imfmetal.org/ifa



CNM-CUT in Brazil successfully argue stoppage at Grob, a DaimlerChrysler supplier, 2005