

# Conclusions of the IMF World Auto Council

*Dearborn, USA, June 8-10, 2004*

Autoworkers and their IMF-affiliated unions have identified priorities and goals requiring collective action, not only in response to the challenges arising from the restructuring of our industry, but in pursuit of our basic trade union agenda. These priorities include:

- strengthening employment stability and security, job creation, and reducing work time
- increasing purchasing power, and achieving a more equitable distribution of income and wealth
- ensuring safe and healthy working conditions for all
- upgrading skills and making available all needed resources for education, training and development
- building strong and independent trade unions as essential to creating just, pluralistic, democratic societies.

Metalworkers – and indeed workers globally – are striving for progress on this agenda. Autoworkers are in a strong position for action, given their higher degree of unionization throughout the world. This enables unionized autoworkers to help shape the response to corporate strategies related to today's globalization, and thereby carry on a critical role that these unions have played for many decades.

Global auto companies continue to restructure and integrate their networks of production chains to boost profits and compete, creating inter-related challenges for workers. Aggressive cost-cutting and rationalization strategies, which often involve plant closings, relocating work or threatening to do so, severely impact workers throughout the industry. Restructuring of companies and production chains have been occurring through:

- mergers & acquisitions, as well as selling or "spinning off" operations
- outsourcing and sub-contracting of work from one employer to another
- modifying production processes, introducing new technologies and increasing operating hours
- growing employer opposition to trade union recognition and union-won benefits

Government policies that emphasize de-regulation, rolling back the protective powers of government, privatization and trade and investment liberalization, have created the kind of flexibility transnational companies favor. Governments have used such policies as inducements to attract investments, in a bidding process that employers encourage. This often includes ruinous competition to lure investments that shifts funds from public treasuries that otherwise would meet social needs and services.

Workers and their unions continue to experience serious impacts as a result of these changes, including substantial declines in industry employment, shifts from permanent to temporary jobs, and constraints on purchasing power. Auto industry restructuring has taken on a continuous nature that creates pressures and stresses from changing work practices, pay systems and work intensification. It also threatens to weaken trade union capacities to represent workers and advance our collective agenda.

Trade unions must respond to these challenges at the national, regional and global levels, by engaging employers and governments, presenting our demands and mobilizing to achieve them. Responding to the challenges of restructuring and creating a social dimension to globalization means we must continue to strengthen and utilize IMF structures as a means of linking autoworkers across global production chains.

**Employers** must go beyond publicly announced pledges and make their social responsibilities a reality for workers and communities. That enterprises make such pledges and at the same time allocate significant resources to pressuring governments to limit or even eliminate regulations in the interest of workers, consumers and the environment, can only contribute to growing public skepticism of corporate intentions. Employers need to make decisions taking account of social concerns well beyond the limited goal of maximizing shareholder value and make effective commitments to workers and communities by:

- sustaining and generating employment, cooperating in reduced work time, limiting use of overtime

- stopping and reversing the shift from permanent to temporary jobs
- supporting additional new employment-creating activities and product technologies that are socially and environmentally beneficial.
- ensuring fair compensation for workers affected by restructuring, and investing in training and retraining of the workforce.

Safeguarding the rights of workers must become a greater concern of employers. The IMF has a model International Framework Agreement for transnational companies that requires:

- observance of the ILO's core labor standards,
- decent pay and working conditions,
- the application of these two conditions to supplier companies.

The IMF will continue to pursue the negotiation of International Framework Agreements with auto industry employers to ensure their social responsibilities are a reality, and we expect their cooperation in the implementation of signed agreements.

**Governments** must act to serve the interests of all people in society, not just represent narrow corporate interests of the privileged and elite. Regulations to protect workers and communities must not be weakened or rolled back by an agenda that aims to put market power ahead of the needs of people. Workers must have the power that derives from the exercise of the freedom of association to form unions, the right to strike in defense of collective interests and the effective protection of a collective agreement, which is fundamental to democratic societies.

The IMF Action Program for 2001-2005 called for a process to develop an alternative economic program, which culminated at the Central Committee in Cape Town in December 2003 with "IMF Strategies for an alternative globalization", based on four pillars of an economic program:

- job creation and purchasing power
- regulation of capital movements, including a Tobin Tax
- debt cancellation
- reforming institutions of global governance including the World Trade Organization, International Monetary Fund and World Bank

We call on governments to implement this economic program to bring about a social dimension to globalization necessary to achieve equitable and sustainable growth. Autoworkers need industrial policies that will maintain and create jobs, as well as adjustment assistance to workers and enterprises experiencing adverse impacts from industrial restructuring. Governments and institutions of global governance must also halt the ruinous competition for investments that pits workers and communities against one another. Corporate subsidies and the lowering labor and environmental standards to attract investments deplete public treasuries, deny workers their rights, and reduce living standards.

**Trade unions** of automotive workers worldwide must continue to build structures and orient activities towards strengthening industry-wide capacities to respond to the challenges we face. This is critical for making progress towards our collective goals, and it means creating effective union links across production chains --including assembly and parts workers across enterprises. Such work is already occurring among IMF affiliates at the national, regional and international levels. Given the industry-wide and global dimensions of our challenges, the IMF must continue to promote, assist and coordinate such efforts. Consequently, the delegates of this 11<sup>th</sup> IMF World Auto Council, call upon the IMF to take the following steps:

1. Facilitate better coordination and effective responses at the both the enterprise and sector levels by advancing ongoing development and use of the following structures and methods:
  - a. Remaking IMF World Company Councils into smaller permanent working bodies better able to respond to urgent requests for action, to develop and implement joint strategies, and to coordinate actions with regional worker representative bodies. We seek company funding for such bodies.
  - b. Shifting towards IMF regional auto meetings to support remaking of World Company Councils, help build industrial-union capacities by effectively combining company and sector-level forums for workers, and contribute to implementation of IMF Action Programme priorities for the sector.

2. To promote ILO's core labor standards through International Framework Agreements and solidarity efforts:
  - a. The IMF will work with its affiliates for the negotiation of International Framework Agreements with auto industry enterprises based on the IMF model agreement, and continue ongoing implementation and monitoring of existing agreements.
  - b. When serious violations of core labor standards occur, the IMF will undertake coordinated efforts in cooperation with its affiliates, including launching projects and campaigns, to ensure respect for labor and trade union rights.
3. Timely, accurate and accessible communication is essential to the effectiveness of IMF structures and activities for the auto industry at both the enterprise and sector levels and therefore:
  - a. The IMF is committed to continue work already begun to facilitate communication and information exchange through development of networks of auto union affiliates, utilizing world company councils, actions groups and regional auto meetings.
  - b. The IMF will work to identify, in conjunction with affiliates, which tools are most effective and appropriate for our communication and information exchange strategies.
4. Union building opportunities will be identified and activities developed where auto company investments have created newer or growing concentrations of workers, and where conditions exist to support union building efforts. The active involvement of IMF affiliates and especially unions in the home country of transnational companies are necessary to effectively advance such efforts.
5. To assist and advise the IMF Secretariat on items above, it may be useful to convene ad hoc task groups from IMF-affiliated auto unions with appropriate regional representation.
6. The IMF will seek to work in alliance with select NGOs that share our aims to protect and promote worker and trade union rights, in a manner consistent with efforts by IMF-affiliated auto union affiliates to promote and advance strategies to achieve globalization with a social dimension.