



International Metalworkers' Federation

## **Background to International Framework Agreements in the IMF**







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***Background paper prepared for the IFA World Conference  
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## Contents

<b>Foreword .....</b>	<b>1</b>
<b>1. The model code and beyond – debate within the IMF.....</b>	<b>2</b>
<b>2. Experiences with existing agreements .....</b>	<b>5</b>
<b>2.1 Initiating and negotiating .....</b>	<b>5</b>
<b>2.2 Content comparison.....</b>	<b>7</b>
Title.....	7
ILO Core Labour Standards.....	7
Worldwide coverage.....	7
Suppliers .....	7
Relationship to national laws.....	8
<b>2.3 Implementation .....</b>	<b>9</b>
Indesit/Merloni .....	9
Volkswagen .....	10
LEONI .....	10
DaimlerChrysler.....	11
Regional implementation .....	11
<b>2.4 Enforcement .....</b>	<b>12</b>
<b>3. Summary .....</b>	<b>14</b>



## Foreword

The need to develop mechanisms to negotiate with multi-national corporations at the global level has long been recognised within the International Metalworkers Federation (IMF). During the last ten years, International Framework Agreements (IFAs - previously known as codes of conduct) have been actively debated at IMF Congresses, Central Committees and Executive Committee meetings.

The aim of this paper is to assist participants to prepare for the discussions at the IFA World Conference by providing the historical and political context in which IFAs have been negotiated and practical information on their content and usage to date.

This document is not intended to pre-empt discussion at the Conference and for that reason it deliberately does not draw conclusions or offer solutions to the many issues it raises that have emerged from IMF's experience with IFAs.

I would like to acknowledge here the invaluable assistance of the members of the planning group that was established to work on preparations for the Conference as well as the work of the Secretariat in putting it all together. In developing this paper we have also drawn on the work on IFAs done by Euan Gibb, a former intern with the IMF.

I hope that you will find this background paper useful and that it will assist you in preparing for your participation in the IFA World Conference. I look forward to some lively, and even controversial, debates and most importantly to leaving the Conference with some clear recommendations for the way forward for IMF on IFAs.

In solidarity,

A handwritten signature in black ink, appearing to read 'Marcello Malentacchi'.

Marcello Malentacchi  
General Secretary.

## 1. The model code and beyond – debate within the IMF

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). The codes would be based on existing instruments such as the International Labour Organisation (ILO) Tripartite Declaration of Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises. The original intention was that the IMF Executive Committee should decide which TNCs to target.

Following the Congress, a working group was set up to make recommendations for codes of conduct and decided to focus its work on drafting a model code of conduct. The IMF Model Code of Conduct was subsequently adopted at the Executive Committee meeting in December 1998 (*see box, page 4*). The IMF model was based on that of the International Confederation of Free Trade Unions (ICFTU). Very similar models were used by other Global Union Federations (GUFs).

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 in all corporations where affiliates have members. The aim was to negotiate at least one such agreement in each of the major metal sectors during the Congress period. In fact ten IFAs were signed during this period in five sectors. In reporting to the 2005 Congress, IMF General Secretary Marcello Malentacchi pointed out the problematic aspect to this success, namely that all of the agreements were with Europe-based TNCs, and called for efforts to approach companies outside of Europe, particularly in North America and Asia.

By 2002 the term International Framework Agreement (IFA) had been adopted as a means of clearly distinguishing the negotiated agreements being pursued by IMF and its affiliates from the type of voluntary codes of conduct that corporations were increasingly adopting unilaterally to ostensibly demonstrate their commitment to corporate social responsibility.

A number of agreements had been signed by this time, enabling the IMF Executive Committee at its meeting in San Diego in December 2002 to review the progress made and identify some of the principles and problems arising from this experience.

The following principles were identified at the meeting:

- 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 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
- 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 company's home country in the process.

There were calls for a more campaigning approach to extending IFAs. In particular that companies that are highly resistant to IFAs are precisely the kind of company that should be targeted.

The Executive also pinpointed emerging problems. For example, companies were proving resistant to the IMF as a signatory party and also involving IMF in the monitoring process, which they preferred to keep at the national level. By this stage it was clear that the question of the behaviour of suppliers needed to be addressed, since some of the biggest problems with large TNCs were coming from their supply chains.

Just six weeks prior to the December 2002 Executive meeting, an agreement had been signed between General Motors Europe, the GM European Works Council (EWC) and the European Metalworkers Federation (EMF) on principles of social responsibility in the company's European operations<sup>1</sup>. This gave rise to a debate on whether regional agreements were a step towards an international agreement, or would in fact stand in the way of achieving such an agreement. To date there is no IFA in GM and no apparent prospects for achieving one.

IFAs continued to be given a high priority from 2003 onwards and progress reports were given at subsequent Executive Committee meetings. Discussions emphasised the need for all concerned unions to be informed from the outset, the central role of the IMF and the need for effective implementation. The importance of signing IFAs with North American and Japanese companies was frequently raised, as was the difficulty of achieving this.

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<sup>1</sup> Shortly afterwards, an agreement was also signed between Ford of Europe and its EWC.

### **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
- 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 Declaration makes it clear that these rights are universal, and that they apply to all people in all States.

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) and;
- 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.

#### **Union participation in implementation.**

The Model IFA calls for a labour-management monitoring group to be set up. The principle is that unions must have a role in monitoring implementation of the IFA and identifying and reporting any breaches.

#### **Additional Provisions**

The Model IFA also states that:

- 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 the company will not hire new workers to replace those involved in the dispute.
- 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.
- Working hours must not impair worker health and other aspects of productive life.
- A safe and hygienic working environment shall be provided and best occupational health and safety practice shall be promoted.

## 2. Experiences with existing agreements

The IMF has so far signed 15 IFAs, the first in 2001 with Merloni (Indesit) and most recently with PSA Peugeot Citroën (*see table below*). Out of the 15 IFAs, eight are either in the auto sector or supply to it. The other agreements are in the electrical and electronics, mechanical engineering, steel and aerospace sectors. As has been noted, all the IFAs are with European-based companies.

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

### 2.1 Initiating and negotiating

In initiating IFAs with TNCs, the existing practice has been to secure as many agreements as possible by approaching companies that are more likely to accept an IFA.

There have been no standard procedures for initiating or negotiating the IFAs that have been signed so far. Where IFAs have been initiated by a body such as the EWC or the

World Works Council (WWC), or equivalent body, it has generally been this body that has continued to lead the negotiations. For example, in the case of EADS, the EWC approached the company about achieving an IFA during their regular meetings. Prior to the agreement being signed, copies were sent to unions worldwide with members in EADS. A similar procedure was used in BMW. 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. The President ultimately signed the Volkswagen IFA 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 to discuss critical issues and agree on a common union position and strategy, 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. Therefore whilst a strong, effective EWC can play a useful role in pushing forward an IFA initiative it must be the national trade unions working together, under the direction of the Global Union Federation(s), who determine the agenda and content of any campaign to reach an IFA with a multinational company”.

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. From this experience they have been able to identify some of the problems and provide advice to others considering approaching a company for an IFA. In 2004 IG Metall published a guide for EWCs on initiating, negotiating and implementing IFAs, stating that, acting in close cooperation with global union federations, EWCs “enjoy the greatest legitimacy to conclude agreements applying to entire groups in the interest of its workers”<sup>2</sup>. 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. A broad interpretation has in fact been given to the requirement for an IMF signature. Agreements have been signed on behalf of the IMF by the IMF General Secretary, the IMF President, an IMF Department Head, national unions, WWC Chairs, and the EMF.

In January 2006 the European Metalworkers Federation (EMF) held a seminar on IFAs which concluded, inter alia, that while there are no set rules to define the profile of the initiators of an IFA, the IMF has a leading and responsible role to play. Most important is to ensure that the relevant unions are informed and consulted from the start, to ensure a sense of ownership that will lead to effective implementation of the IFA. This

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<sup>2</sup> Social Minimum Standards in Multinational Groups, Stefan Rüb, IG Metall Vorstand, 2004

perspective has been echoed by a number of IMF affiliates outside Europe who do not consider themselves to have been adequately informed during the process. They report that encouraging union members to become actively involved in implementation is consequently much harder.

IG Metall's experience has led it to conclude that negotiations must be very well prepared before starting so that a negotiating strategy can be developed. A clear picture is needed of the company and its decision making structure, the production sites around the world and the union situation in the different plants as well information on existing relationships between unions and management.

## **2.2 Content comparison**

The content of the IFAs varies considerably, in some cases diverging significantly from the IMF Model Framework Agreement.

### **Title**

The fact that even the titles of the agreements differ from one another, and only one IFA (EADS) is actually called an International Framework Agreement, has contributed to the confusion surrounding the status and significance of the IFAs, particularly in how they differ from companies' unilateral codes of conduct.

### **ILO Core Labour Standards**

The IMF Model Framework Agreement states that IFAs must require companies to observe the ILO Core Labour Standards which must be explicitly referenced by number. However, there have been some departures from this principle. For example, the Volkswagen and DaimlerChrysler IFAs do not reference the ILO Conventions by number and make no mention at all of collective bargaining. The SKF agreement only references one ILO Convention, which is one pertaining to child labour.

### **Worldwide coverage**

Nearly all the IFAs meet the requirement for the agreement to cover all of a company's plants or facilities in the world with the notable exception of Volkswagen, which restricts application of the IFA to the countries and regions represented in the Group Global Works Council, which does not include China.

### **Suppliers**

The obligation to include some engagement by the company to pressure suppliers to implement the principles of the IFA has been interpreted in a variety of ways. The majority of agreements include a formulation similar to 'X company supports and encourages its suppliers to take into account these principles in their own corporate policy. It views this as an advantageous basis for future business relationships'.

In two of the IFAs the supplier clause is significantly weaker than this. The Merloni IFA states that 'consideration shall be given to the adoption of the most appropriate instruments to ensure compliance with the ILO conventions by direct suppliers'. The SKF agreement merely states that 'SKF encourages its suppliers to adhere to similar

codes of conduct'. Considering that the SKF agreement does not even reference the ILO Core Conventions, this does not amount to much.

On the other hand, there are three IFAs with much better supplier provisions:

Bosch – “Bosch will not work with any suppliers who have demonstrably failed to comply with basic ILO labour standards”

EADS – “Compliance with EADS standards serves as a criterion for selecting suppliers. EADS therefore expects all its suppliers to recognise and apply the principles of this framework agreement”

PSA Peugeot Citroën – “When requesting quotes from suppliers, PSA Peugeot Citroën agrees to ensure that compliance with human rights as defined in Chapter 2 is a determining factor in the selection of suppliers for the panel. Any failure to comply with human rights requirements will result in a warning from PSA Peugeot Citroën and a plan of corrective measures must be drawn up. Non-compliance with these requirements will result in sanctions including withdrawal from the supplier panel.”

## Relationship to national laws

It is worth noting that, with the exception of the Arcelor agreement, every IFA qualifies in some way its applicability in relation to national laws. In most cases this amounts to no more than a commitment by the company to abide by national laws. This raises the question of whether it is only upon signing an IFA that a company will commit itself to respecting the laws of the countries in which it operates, or whether companies equate their IFA responsibilities with not breaking laws, rather than with abiding by internationally recognised labour standards.

Of more concern is the wording to be found in the Volkswagen and LEONI agreements which makes realisation of the goals of the IFA subject to consideration of the “applicable law and prevailing customs” in the different countries and locations. While it is unclear what the actual effect of including such a clause may have, if the aim of the IFAs is to provide a higher standard where national laws are inadequate in terms of the ILO Core Labour Standards, then provisions such as these may undermine this intention. IMF affiliates in the United States have pointed out that companies operating there consistently cite the primacy of national and state laws over union rights contained in IFAs signed by the company at the global level (see Enforcement below).

The LEONI agreement does make some attempt to avoid this scenario with the wording “The basic right of all employees to establish and join unions and employee representations is acknowledged. Compliance with this human right must not, however, contravene national statutory regulations and existing agreements in so far as these do not violate ILO Conventions (87 and 98). The freedom of association and protection of the right to organise is also guaranteed in those countries in which freedom of association and the right to organise is not acknowledged as a right.” The application of this provision has yet to be tested and it is unclear how the company will establish whether or not a particular country’s labour laws violate the relevant ILO conventions.

In considering the content of IFAs, it is worth bearing in mind the caution given by IG Metall in its guide to IFAs that ‘It is far better to have no international framework agreement at all than a weak one: a weak and toothless agreement only boosts the company image, but hardly ever results in an improvement in workers’ conditions.’ Furthermore, experience shows that weak agreements impact on future IFA negotiations

by handing a strategic advantage to managements that are only interested in signing an agreement that is limited in scope.

## **2.3 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 make fullest use of the IFA to extend union coverage within the company and its suppliers and to ensure that complaints are acted on.

In certain IFA companies such as Prym and Rheinmetall, IMF has not yet initiated any steps towards implementation, nor is aware of any such steps being taken by unions at a global level.

Here are some examples of where active implementation has been carried out:

### **Indesit/Merloni**

The Merloni IFA was the first one signed by the IMF (in 2001) but the first implementation meeting only took place in March 2006. The meeting was attended by shop stewards and national/local trade union coordinators from the UK, Russia and Italy and its main purpose was to plan coordinated action for the implementation of the IFA.

Participants shared information on the situation of industrial relations at Indesit/Merloni in their respective countries, particularly with regard to collective agreements, employment trends, respect in practice of workers' and trade union rights, working time and remunerations and gender parity.

The meeting identified the need for IMF and its affiliates to:

- Establish systematic coordination (with focus on the regular exchange of information and the monitoring of IFA implementation) and identify a contact person in each production unit and in each union involved, as well as in the IMF Secretariat
- Approach the company management for a meeting with the IMF to discuss future monitoring of the respect of IFA provisions and the implementation of the IFA along the supply chain.
- Open a discussion between the IMF and its affiliates in Turkey and Poland about the organisation of workers at Indesit/Merloni plants
- Collect information on Indesit/Merloni in China and consider a plan of action for the implementation of the IFA in that country

- Hold periodical meetings to bring together workers' representatives and union coordinators from all the Indesit/Merloni locations
- Closely collaborate with the EMF and the Indesit/Merloni EWC in all activities relevant for the implementation of the IFA, including joint meetings and the regular exchange of information
- Inform and involve workers and their representatives in all these activities.

## **Volkswagen**

In Volkswagen, several steps for the implementation of the IFA have been carried out. 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. The survey also asked for information on whether each of the clauses of the IFA had been implemented in the plants. In addition interviews were carried out with the delegations attending the VW Global Works' Council meeting in 2003 about the questionnaire responses.

The only reported case from the survey of a possible breach of the ILO CLSs was the issue of "trabajadores de confianza" in Volkswagen de México, whereby workers are classified artificially as 'confidential workers' as a means of preventing them from joining the same union as blue-collar workers. A second survey was carried out in 2005 and the results presented to the Global Works' Council in 2006. Again the only reported possible case of violation related to white-collar workers in Mexico being denied the right to join the blue-collar workers' union.

The survey did demonstrate that neither the management nor the workers' representatives in all companies and plants fulfilled their obligations to inform the supplier companies of the existence and obligations of the IFA. As a positive case, Autoeuropa in Portugal reported that the works' council does have regular meetings with works councils and unions from the supplier plants.

Some cases of breaches by supplier companies in Germany have been reported directly to the works' council in Wolfsburg and have been solved in coordination with management. The management board of Volkswagen has decided that in the future suppliers will have to confirm their knowledge of the IFA in the online supply process which will form part of the general auditing procedure of supplier companies.

## **LEONI**

Proactive implementation of the LEONI IFA started in 2005 with a meeting in Germany of plant representatives and union officials. The aim was to promote a better understanding of the IFA among unions, to develop networks across plants and countries and to come up with ways to implement the IFA and use its potential as an organising tool. The primary focus was on assisting unions to organise workers in unorganised plants.

A positive outcome has been that IMF affiliate Solidaritatea Metal has been able to organise two large LEONI plants in Romania and implement collective bargaining in one of them. Work has also begun on making contact with currently unorganised plants in Poland, Slovakia and Ukraine.



The second aspect of implementation has been to develop a dialogue directly between IMF and management at the worldwide level. Representatives from IMF, IG Metall and the LEONI EWC met with company management in June 2006. Discussions focussed on monitoring plants' adherence to the IFA and how to implement it among suppliers.

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. The company has not been able so far to provide any evidence of suppliers being informed of the IFA
- Union representatives within the company can make contact with workers in other countries through internal company networks and assist with unionisation. Union representatives at the implementation meeting were each charged with making contact with workers at unorganised plants and passing information to them about the IFA.

## **DaimlerChrysler**

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.

Regional IMF meetings in the auto sector have given further opportunity for implementation in DaimlerChrysler to be discussed by means of company-level workshops, which have also been useful in other automotive IFA signatory companies. For example, in Brazil in 2005, priorities for regional implementation were identified as information exchange and sharing, effective communication for collective action and using and making existing networks work better.

A recent initiative in DaimlerChrysler has been to negotiate Occupational Health and Safety standards as an extension of the IFA. These standards include consultancy and monitoring with employees' representatives and, like the IFA itself, apply to suppliers.

## **Regional implementation**

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
- Elaborating social monitoring projects together with NGOs.

Argentine affiliate ASIMRA is currently attempting to use the Renault, SKF and Volkswagen IFAs to organize white-collar workers, a category of workers which companies often attempt to exclude from union coverage.

In Southern Africa the IMF regional office 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. During these workshops a number of concerns have been raised about the consequences of IFAs being used to resolve complaints. Shop stewards reported that unions in supplier plants are relying more and more on workers from Europe to handle their issues. This has the effect of weakening these unions and reducing their capacity to deal with disputes. At many world meetings, shop stewards are told not to take action locally, but to send all disputes to the relevant works council. Another problem is where supplier plants are closed as a result of IFA enforcement actions and the supplier influences workers and the community to blame the unions in the IFA company for the closure.

All IMF Regional Representatives were recently brought together at a meeting held in South Africa to emphasise the importance of the role the IMF regional offices can play in IFA implementation. The meeting also discussed the need for the regional offices to focus on building strong national unions, not only as a prerequisite for effective implementation of IFAs, but to develop conditions under which pressure could be put on TNCs that are resistant to negotiating and signing IFAs with the IMF. This is particularly important as in some regions there are few, if any, IFA companies operating.

## **2.4 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 of instances 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.

Complaints made under the IFA are channelled to the DaimlerChrysler World Employee Committee (WEC), either via the IMF or directly. The WEC is comprised of plant representatives worldwide and works in coordination with the IMF to handle complaints. 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
- 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.

Outside of DaimlerChrysler, few clear examples are available of breaches of an IFA being raised and resolved, either in the company itself or its suppliers. It is possible that breaches have been raised and resolved at a national level but not reported to IMF, as this has not been necessary to settling the complaint. However, such examples could be extremely useful for raising awareness of how IFAs can be used.

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. IMF is demanding that German Bosch management responsible for implementing the IFA recognise that such an action is not in accordance with the IFA and prevent their US management from breaching it in this way. Similarly, ongoing efforts are being made to have BMW eliminate employer opposition to union organising at its Spartanburg, USA plant, again a breach of the IFA.

Despite signing an IFA globally, SKF has shown itself to be unable or unprepared to implement it at a national level. The Australian National Union of Workers has an ongoing dispute with SKF Australia over its refusal to bargain collectively with the union, despite its IFA stating that the company respects the right of all employees to form and join unions of their choice and to bargain collectively. SKF Australia has even gone so far as to suggest that by writing to SKF global management in Sweden, the union may have breached Australian labour law by attempting to coerce the company to negotiate with it.

These cases illustrate the difficulty of enforcing the provisions of an IFA in the absence of any global industrial relations regulatory framework.

IMF is currently pursuing an IFA with Mahle, a German auto supplier to both DaimlerChrysler and Volkswagen, companies with whom IMF has already signed IFAs. The draft IFA has been negotiated but cannot be signed as Mahle is refusing to accept

IMF as a signatory party. Drawing on the provision in both the DaimlerChrysler and Volkswagen IFAs that the companies support and encourage suppliers to implement similar provisions, IMF is approaching these companies to put pressure on Mahle to sign with the IMF. The outcome of this case will be a test for enforcement of the supplier provision in the DaimlerChrysler and Volkswagen IFAs.

### **3. Summary**

IMF has been pursuing IFAs for nearly ten years and has so far signed 15 agreements. This experience has enabled a range of principles to be established, but these have not been consistently applied. In particular, questions have been raised as to how to ensure participation and ownership by union members outside of Europe and the company's home country. The absence of IFAs with companies based outside of Europe has been brought up repeatedly.

In certain cases, the content of the IFA does not conform to that of the IMF Model, for example by failing to make direct reference to the ILO Core Labour Standards. In other cases the clauses requiring suppliers to adhere to the same standards are weak.

Experiences with implementing IFAs have demonstrated that this work is resource-intensive and is not necessarily well supported by companies. Nevertheless, it provides opportunities for creating networks and organising.

In some cases disputes relating to IFA breaches have been settled, but increasingly complaints are being raised that company actions in a particular country are not in line with its commitments at a global level. These complaints have not so far been resolved.