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**Development
of the Global Trade Union Network
within the Nestlé Corporation**

**Can Trade Unions Square up to the Power
of Transnational Companies?**

Report commissioned
by the Friedrich-Ebert-Stiftung
Göttingen, July 2004

Research findings based on the IUF-FES Nestlé Project

ISBN 3-89892-323-1

Publisher: Friedrich-Ebert-Stiftung
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Cover: Pellens Kommunikationsdesign GmbH, Bonn
Printing: Toennes Druck + Medien, Erkrath
Printed in Germany 2004

Table of Contents

1. INTRODUCTION	5
2. GENERAL AND SPECIFIC CONTEXT OF THE GLOBAL TRADE UNION NETWORK WITHIN THE NESTLÉ CORPORATION	9
2.1. The global company structure	9
2.2. Corporate strategy and organisation of production	10
2.3. The attitude of central corporate management	12
3. NETWORK ACTIVITIES IN THE CONTEXT OF THE IUF-FES NESTLÉ PROJECT	15
3.1. Network activities in the Asia-Pacific area: the meeting in Jakarta (Indonesia) in autumn 2002	15
3.2. Network activities in Eastern Europe: the meeting in Lviv (Ukraine) in spring 2003	18
3.3. Network activities in Africa: the meeting in Cape Town (South Africa) in spring 2003	21
3.4. Network activities in Latin America: the meeting in Buenos Aires (Argentina) in autumn 2003	26
3.5. Global network activities: the meeting in Oberjosbach (Germany) in spring 2004	29

4. DEVELOPMENT POTENTIAL AND LIMITATIONS OF TRANSNATIONAL TRADE UNION NETWORKING WITHIN THE NESTLÉ CORPORATION	40
4.1. The need for transnational trade union networking within Nestlé	40
4.2. The twin pillars of transnational trade union networking within Nestlé	41
4.3. Obstacles to transnational trade union networking within Nestlé	43
4.4. Potential for the development of transnational networking within Nestlé	44

1. Introduction

The International Trade Secretariats put the establishment of global trade union networks on the agenda back in the late 1960s / early 1970s in a deliberate act of strength and founded a plethora of so-called global company councils or committees. In doing so, they underestimated the difficulty of breathing life into global trade union networks and keeping them going. They lacked above all the human and financial resources needed to fulfil their self-appointed pioneering role. Once the networks were in place, the social momentum that had been anticipated failed to materialise, with the result that the global company councils and committees did not meet the expectations placed in them and largely remained an episode confined to the 1970s. Global trade union networks do still - and increasingly - form part of the repertoire of actions available to the Global Union Federations, but their development potential and limitations have still not been fully clarified to this day.

When setting up global company trade union networks, the Global Union Federations cannot rely on any political / legal safeguards akin to those created within the European Union by the EU directive on the establishment of European Works Councils; instead, they are left to their own devices. Meanwhile their resources are sufficient at best to foster trade union networking within companies in a highly pragmatic, unsystematic fashion.¹

The IUF² trade union network within the Nestlé corporation, described in more detail below, is an exception on account of its relatively high and sustained level of activity; it is underpinned on the one hand by the commitment of the IUF, which has chosen Nestlé as a focus of its company activities, and on the other by financial support from the Norwegian trade union confederation LO (Landsorganisasjonen i

¹ See on this point Torsten Müller, Hans-Wolfgang Platzer, Stefan Rüb (2003), *Globalisierung und gewerkschaftliche Internationalisierung. Zur Politik der Global Union Federations*, in: WSI-Mitteilungen 11, 666-672.

² International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations

Norge) and the German Friedrich Ebert Foundation (FES), since such extensive network activities can - and could - only be achieved by these means.

It is possible to identify five phases in the development of the global IUF network within the Nestlé corporation:

Phase 1: At the time of the general rash of enthusiasm about founding global company councils in the early 1970s, such a body was also set up within the Nestlé corporation. Just two IUF-Nestlé trade union conferences were held, in 1972 and 1979. The focus of the network lay in Europe, but the conferences were likewise attended by union delegates from further afield. Informal contacts were established between the IUF and Nestlé management.

Phase 2: A more markedly regional pattern of networking came to the fore in the mid 1980s. Some affiliate organisations in Europe and North America began to engage in networking at their own expense. An IUF North American network came into being in 1987. Nestlé was persuaded in 1989 to accept an ongoing "information dialogue at European level", whereby the company undertook to foot part of the bill for the annual information dialogue between the Nestlé European Council and management. This forum was the forerunner of the "Nestlé European Council for Information and Consultation" based on formal EWC agreements reached in 1996 and 2003.

Phase 3: A one-day Nestlé global trade union meeting was timed to coincide with an IUF conference held in Stockholm in 1993. Over the next few years the Norwegian confederation LO facilitated the holding of a series of regional network meetings in the Latin America, Asia-Pacific and Africa regions by making available financial resources earmarked for trade union development co-operation. The final meeting, held in Manila in 1999, was broadened out into an international meeting. A representative of central personnel management, participating in an information dialogue, attended a network meeting for the first time. The outcome of the Nestlé global trade union meeting in Manila was the so-called Manila Declaration, an agreement among union delegations on basic principles to be adhered to by Nestlé in all of its factories around the world (see Box).

Extended Manila Declaration*

1. All Nestlé employees have the right to freely organise trade unions and collectively bargain with the company.
 2. All Nestlé employees have the right to a safe and healthy working environment, based on international best practices.
 3. All Nestlé employees have the right to reasonable notice of changes and to be consulted through their trade union representatives on the impact of the introduction of new technologies on the workplace.
 4. All Nestlé employees have the right to adequate training for their positions and to further training enabling them to advance within the company.
 5. All Nestlé employees have the right to secure and dignified employment. Restructuring measures must be subject to prior negotiations with trade union representatives.
 6. All Nestlé employees have the right to a workweek and to work schedules that permit a sound social and family life.
 7. All Nestlé employees have the right, through their trade union representatives, to full information about business developments within the company and to have access to dialogue with decision-makers within the company.
 8. All Nestlé employees have the right to equality and not to be discriminated against based on gender, race, age, religion, handicap, sexual orientation, national origin, union affiliation, political opinion, or social origin. Specific and positive actions to promote equal opportunity should be negotiated with union representatives.
- * Point 8 was added to the seven basic principles of the Manila Declaration at the international meeting in Oberjochbach (see Chapter 3.5.).

Phase 4: A total of four regional and one global meeting of the IUF network were held between 2002 and 2004 in the context of a time-limited, low-budget project jointly run by the IUF, the German Food and Hotel Workers' Union NGG and the Friedrich Ebert Foundation (FES), with the latter organisation providing the lion's share of funding for these meetings. The meetings took place in Jakarta (for the Asia-Pacific region) in September 2002, in Lviv (for the Eastern Europe

region) in March 2003, in Cape Town (for the Africa region) in May 2003, in Buenos Aires (for the Latin American region) in November 2003 and in Oberjosbach (a global meeting for all regions) in April 2004.

Phase 5: In another project with the IUF, the Friedrich Ebert Foundation has undertaken to fund four half-time posts for network co-ordinators in the Africa, Asia-Pacific, Latin America and Eastern Europe regions over a two-and-a-half year period as from autumn 2004.

I myself was fortunate enough to attend the meetings held as part of the IUF-FES Nestlé project (phase 4) for the purposes of observation-based research work, and was able to study the “inner workings” of a global trade union network. The remarks which follow record and analyse in particular the experiences, attitudes and network activities presented and discussed at these meetings. They are preceded by a brief description of the overall conditions framing transnational trade union networking within Nestlé and of how the unions set up the network. Finally, the development potential and limitations of the global trade union network within the Nestlé corporation will be examined in a concluding chapter.

2. General and specific context of the global trade union network within the Nestlé corporation

Over and above the general circumstances affecting all global trade union networks in similar fashion, especially the lack of political / legal support and the inadequate resources of local, national and global trade unions or union federations, the global trade union network within the Nestlé corporation is subject to specific conditions which determine (and have determined) its form and evolution.

2.1. The global company structure

With a turnover of just under 90 billion Swiss francs and more than 250,000 employees, Nestlé is the largest food corporation in the world, the very embodiment of a globally active company. Production is dispersed among 508 in 85 countries; only about 2% of the company's output is produced in Switzerland, its country of origin. 208 factories are located in Europe, 165 in North and South America and 135 in Asia, Oceania and Africa. The company's activities span a broad range of diverse products, which are grouped together in the following brand categories: beverages (26.7% of turnover), dairy products, food and ice-cream (26.5%), prepared foods and food services (18.3%), chocolate, confectionery and biscuits (11.6%), petcare products (11.2%) and finally pharmaceuticals (5.7%). The six distinct divisions are managed according to different strategies and organisational methods.³

It is hard for the global Nestlé trade union network to come anywhere close to mirroring this complex structure, especially since the corporate structure is not stable: take-overs and sell-offs, plant transfers, expansions and closures are constantly on the agenda. The IUF, which initiated the network and is still the main driving-force behind it today, is entirely guided in its actions by "pragmatic

³ All figures are taken from the Nestlé annual report for 2003.

internationalism"⁴, focusing on what is feasible and not what is vaguely desirable. The network is to be both broadened and deepened, step by step, wherever practicable, without ever claiming to fully mirror the Nestlé structure. The aim is to create the broadest possible network but not a comprehensive one. The IUF calls on the individual national affiliate organisations to appoint delegates, subject to a quota system. The network is an offer which no-one is, or can be, compelled to take up.

Two things are lacking when it comes to starting up a network encompassing most of the 85 countries where Nestlé has factories: firstly, the necessary financial, staffing and organisational resources within the IUF itself; and secondly, appropriate trade union organisation and structures in all these countries and factories. After all, trade union networking presupposes the existence of viable local or national union structures, which is not the case everywhere. This makes it inevitable that the trade union network will not include all sites, countries and regions.

One entire region is currently not involved in the network: North America. This is due above all to the fragmentation of the North American trade unions within the Nestlé corporation. Within the other regions, a number of countries that have Nestlé factories (e.g. India, Thailand, Turkey, Cuba and Israel, to name only a few) are not represented either. China constitutes a particular problem: Nestlé is vigorously expanding its manufacturing activities there, but independent trade unions are not yet permitted.

2.2. Corporate strategy and organisation of production

The organisation of business along national market lines will soon be a thing of the past as far as Nestlé is concerned. The company is engaging in regional rationalisation, which is in turn framed and

⁴ Reutter, Werner (1996), Internationale Berufsekretariate – Organisationsstrukturen und Politik gegenüber Multinationalen Konzernen, in: WSI-Mitteilungen 9, 584-592.

inspired by global projects. During the 1990s the company began increasingly to organise production, as well as its pre- and post-production operations, transnationally on a regional scale. Output is being consolidated at regional level in order to boost the capacity utilisation and efficiency of individual factories. Factories, particularly ones in the same product division, are now subject to transnational benchmarking. This is evident not only within the EU internal market, but likewise in other regions of the world.

At the same time, global projects such as Globe and Target 2004 have been launched in the very recent past. Globe creates a uniform architecture for all business processes worldwide and a uniform IT infrastructure worldwide (based on SAP). This will take global management and control within the Nestlé corporation a stage further. The aim of the Target 2004 project is to extend benchmarking processes systematically and comprehensively throughout the entire company, comparing production statistics for individual sites and identifying best practice. To this end Nestlé has set up so-called "productivity teams", whose main task is to examine utilisation rates at factories within each region of the world and to improve the transfer of successful technologies and work processes. Among its other functions, the Globe project will serve as a basis for ongoing benchmarking of individual sites, both regionally and globally. These global projects will have an increasing effect on Nestlé employees in the future.

Central strategic guidelines and management and control techniques, combined with regional production strategies, mean that employees and their representatives are on the one hand confronted by problems that affect them all in parallel and in a similar way, and are attributable to the universal effects of a global management strategy (such as a downsizing of the core workforce and an increase in insecure employment, a rise in overtime while staff numbers are cut, inadequate health and safety protection, and even discrimination against female employees). On the other hand, they face problems which simultaneously affect various sites in different countries and in different ways, thus having a direct transnational impact (such as restructuring, relocation and competition between sites). Both sets of

problems make it all the more necessary for the trade unions operating within Nestlé to develop their own structured networks.

The company's strategy is also reflected in the composition of the global trade union network, in that its core element is regional networks, but these are joined together by means of global meetings and by the provision of centralised, transnational information on the IUF website.

2.3. The attitude of central corporate management

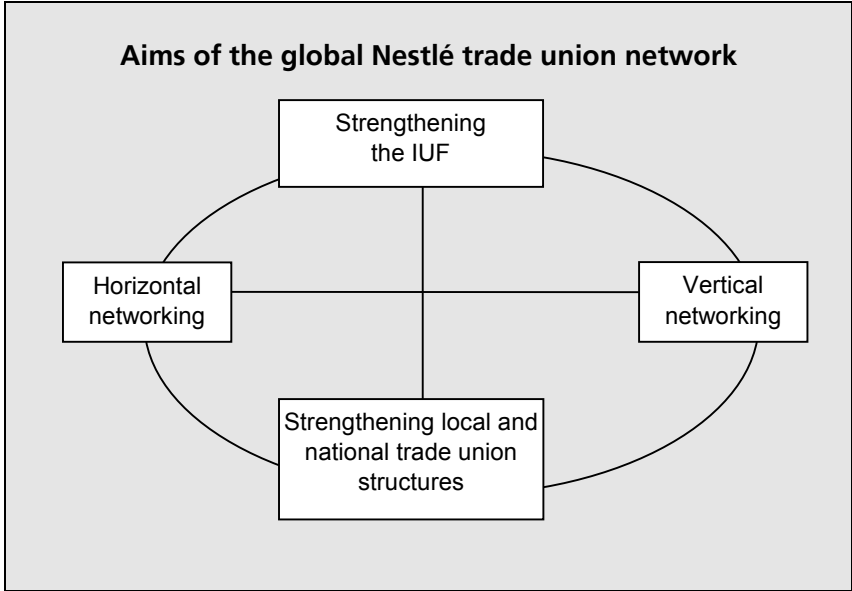
Nestlé central corporate management was already willing in the late 1980s to make Nestlé a pioneer in the establishment of European Works Councils and to grant the IUF a prominent position within that body. Yet the company has been very reluctant to accede to IUF demands that transnational industrial relations be developed in other regions of the world and globally. Since 1999 Nestlé central personnel management has demonstrated a certain readiness to attend IUF network meetings, using these as an opportunity to explain the company's philosophy and to increase acceptance of central corporate policy; it nevertheless resists all demands for anything more than voluntary co-operation and entailing any greater commitment.

Management has declined first of all to participate regularly in network meetings for the purpose of information and dialogue and especially to contribute to funding these meetings; it likewise refuses to conclude a global agreement with the IUF formally recognising the IUF and the network in regions other than the EU. Trade union networking activities within Nestlé, and the attendant increase in the union's organisational strength⁵, have in fact heightened (informal)

⁵ The trade union organisation and networking strategy within Nestlé is part of an overall IUF strategy towards transnational companies. The IUF has set itself a three-stage strategy in this respect, progressing from organisation to recognition to negotiation. It regards the formation and development of organisational strength in companies (its own and that of its affiliate organisations) as a prerequisite for recognition of the IUF by corporate management as a partner in dialogue and negotiation.

recognition of the IUF by Nestlé management. The clearest evidence of this is the readiness of central personnel management to accept invitations from the IUF trade union network to participate in an information dialogue at network meetings. Nestlé refuses, however, to conclude a framework agreement with the IUF on safeguarding minimum social standards.

This has two consequences for the IUF network: firstly, it is compelled to defray the cost of network activities out of its own budget, with occasional support from sponsors (e.g. LO or FES). But the IUF itself, and similarly its affiliate organisations (themselves in many cases extremely short of funds), is simply not able to make available the necessary financial, staffing and organisational resources. The network is therefore dependent on external financial support and stands on feet of clay, holding meetings only as and when funding permits. Secondly, in view of the reticent attitude of corporate management, it regards the improvement of its own internal organisation more than ever before as its key objective. The intention is to strengthen both the IUF and local and national trade union structures vis-à-vis Nestlé by means of vertical networking (of local and national unions with the IUF) and horizontal networking (of local and national unions among themselves).



3. Network activities in the context of the IUF-FES Nestlé project

3.1. Network activities in the Asia-Pacific area: the meeting in Jakarta, autumn 2002

The network meeting held in Jakarta in autumn 2002 was the fifth transnational event organised by the IUF for Nestlé trade unions in the Asia-Pacific region.⁶ This meeting was attended by union delegates from Australia, Indonesia, Malaysia, New Zealand, Pakistan, the Philippines and Sri Lanka, representatives of the IUF general and regional secretariats, and a representative of the German trade union NGG which co-ordinates the global network. Not all the countries in which Nestlé operates factories were represented, one reason being because invited unions did not avail themselves of the opportunity to attend: for instance, the very conservative Japanese Nestlé union, which has a cosy relationship with management, was not particularly interested in taking part. Another reason was that the IUF has no contact with or access to Nestlé factories in certain countries, such as India, Thailand and China. The situation is especially problematical in the case of China, because although Nestlé is building up enormous production capacity there, no trade union organisational structures exist in China apart from the government unions, and it is still far from clear how independent trade unions can be established.

The network meeting for the Asia-Pacific region focused on three main issues:

- (1) Discussion of Nestlé's global and regional strategy and its effects

Nestlé has divided up its worldwide activities into zones: Europe, America and Asia / Oceania / Africa (AOA). Asia / Oceania / Africa is currently the most profitable zone. The company is experiencing high

⁶ This total includes the network meeting in Manila in December 1999, which was broadened out into an international meeting.

growth rates in China. So-called “zone operation units” were introduced in all zones in 2001, whereby previously national responsibilities were gradually replaced by regional responsibilities. The trade union delegates’ reports made plain that Nestlé is systematically pressing on with its regionalisation of the organisation of production and management in the Asia-Pacific region.⁷ Production transfers, plant closures, staff cutbacks and an increase in insecure employment (short-term contracts and subcontracting) are the expression and consequence of restructuring with the aim of creating an integrated regional market and production area and to boosting overall productivity. These four aspects were described by all the union delegations present as serious problem areas. In Indonesia, for example, two of the five Nestlé factories have been shut down since 1998; several hundred employees have been made redundant or forced to relocate. Those transferred have received short-term contracts for only 18 months, which will force many of them into early retirement once that period comes to an end. An efficiency drive has been imposed, resulting in greater pressure of work and further redundancies. There are moreover fears that another factory is slated for closure. Productivity teams in Malaysia are investigating the efficiency of that country’s factories amidst trade union fears of possible plant closures there too. Restructuring operations in the Philippines have led to production transfers, the hiving-off of segments of the company (sales and packaging activities), the threat of plant closures and an intensification of work (combined with heightened stress and redundancies). Delegates from Sri Lanka complained of a rise in temporary posts and the outsourcing of some production and administration functions. In New Zealand Nestlé is currently restructuring production mainly at national level (closure of one plant, production transfers and outsourcing). Nestlé’s Australian factories are likewise being subjected to an efficiency review by productivity teams; restructuring measures have recently led to transfers of production to Japan (Nescafé) and New Zealand (confectionery); in addition, the

⁷ The African continent, by contrast, has scarcely been involved in this restructuring process until now.

manufacturing of cosmetics has been terminated and a noodle factory sold off.

(2) Strengthening trade union structures at national level

The meeting was intended to help strengthen trade union structures in Nestlé factories in Malaysia, Pakistan, the Philippines, Sri Lanka and above all Indonesia. Structures in New Zealand and Australia, on the other hand, are well established and therefore not in need of support from the IUF.

Indonesia was deliberately selected as the meeting venue in order to further stimulate the development of active IUF affiliate organisations in the Indonesian Nestlé factories. Only after the fall of the dictatorial Suharto regime in 1998 was it possible to found independent trade unions. All the Nestlé factories in Indonesia have since been organised by IUF affiliates, but the union delegates are still relatively inexperienced and dependent on external support. Generally speaking, there are no difficulties with collective bargaining and at local level the trade unions are treated with respect by Nestlé management. However, the Indonesian Federation of Nestlé Trade Unions has not yet been recognised by Nestlé, and personnel measures - e.g. concerning disciplinary procedures or leave - are implemented in like manner and at short notice in all factories. Bilateral contacts between the Malaysian food trade union and the Indonesian Nestlé unions are to be stepped up as a means of providing advisory back-up for the Indonesian delegates.

(3) Follow-up work on the Manila Declaration

The seven basic principles of the Manila Declaration were reconfirmed. It was furthermore agreed to make this Declaration the basis for additional activities aimed at putting pressure on Nestlé to conclude an appropriate framework agreement with the IUF. To this end, an English version, which was signed by all the union leaders present, is to be displayed alongside a version in the relevant country's language on trade union notice-boards in all Nestlé factories (by way of a unilateral declaration on the conduct expected of Nestlé by the unions). In addition, the IUF both centrally and at regional level

undertook to demand the launch of negotiations with Nestlé on a framework agreement. A part was played here by the consideration that regional initiatives might be more successful because the fiercest resistance appears to come from US management, which is apparently doing its utmost to block a company-wide agreement. The union delegations present simultaneously announced their intention not only to familiarise their members with the basic principles at local and national level, but also to make them a component of collective bargaining.

3.2. Network activities in Eastern Europe: the meeting in Lviv, winter 2003

The Europe region, which Nestlé treats as one single zone, is divided in terms of trade union representation into those countries belonging to the Nestlé European Council for information and consultation, on the one hand, and those excluded from the Nestlé European Council on the other. The dividing line runs along the new EU border, straight through Central and Eastern Europe.

The first ever network meeting specifically for trade union delegates from countries not included in the Nestlé European Council was held in Lviv (Ukraine) in winter 2003. For organisational and financial reasons, however, the meeting had to take place on a reduced scale: the only participants, apart from representatives of the IUF general and regional secretariats, were union delegates from Russia and Ukraine.

The network meeting for the Eastern Europe region focused on three main issues:

(1) Communication of information by the IUF secretariat

The IUF secretariat supplied facts and figures about Nestlé's global strategy, focusing in particular on the situation in Eastern Europe, on the IUF strategy towards Nestlé and on the Manila Declaration.

The Europe zone is a central pillar of the Nestlé corporation, with around 32% of turnover, around 25% of gross profit and around

70,000 employees. Admittedly, the Central and Eastern European countries account for only 8% of business in Europe, including 3% in Russia, yet these countries are extremely important for the company in that turnover in this region is rising - at 15-20% - much more sharply than in the rest of Europe (1%). Real growth stood at 0.7% in Europe in 2002: Western Europe experienced a 0.2% decline, whereas Central and Eastern Europe saw an increase of 11%. The real growth rate in Russia was striking: 24%. Nestlé's expectations of growth in Eastern Europe are correspondingly high.

The company operates an integrated European strategy. Its aim is to optimise corporate activities in Europe, giving European managers a more significant role (in respect of production and supplier chains, sales, marketing, etc.). The individual product categories are increasingly handled by a unified European management.

One particular aspect of the IUF's Nestlé strategy in relation to Eastern Europe is interesting, namely the IUF's stance concerning the Eastern European delegates' demand to be included in the Nestlé European Council. This demand is not unreasonable, in that from Nestlé's point of view its European zone includes Eastern Europe, i.e. the Nestlé European Council in its present form reflects the general political borderlines of Europe rather than the economic or strategic geographical structures of the company. The IUF secretariat is opposed to the integration of Eastern Europe into the Nestlé European Council, since it considers there to be little likelihood of persuading Nestlé management to accept this for the time being;⁸ it therefore argues instead for the establishment of a separate information forum (a "Nestlé Round Table") for the East European countries. At the same time, the IUF backs the delegates' demand that more substantial information than hitherto be passed on from the Nestlé European Council to Eastern European trade union delegates. The question of what information should be translated into Russian needs to be investigated.

⁸ Especially as it can be assumed that the Nestlé Council itself is unlikely to prioritise this point in the near future.

(2) Reciprocal exchange of information and experience

A substantial part of the meeting was taken up with reports from the union delegates present on the situation within Nestlé's factories in Russia and Ukraine. This reciprocal exchange of information and experience revealed a considerably better state of affairs for the union and employees in the company's Ukrainian factories than in the Russian Nestlé factories. During the current phase of expansion, neither site nor even transnational restructuring is an issue in either Russia or Ukraine.

The Ukrainian delegates reported that, whereas relations between trade union and management had deteriorated following the take-over of the previously independent company by Nestlé, the union had largely managed to secure good working conditions (in respect of pay, working time, overtime rules, safety at work, training, and compensation and early retirement as a result of mass redundancies). The modernisation and efficiency drive carried out after the take-over led at the same time to an intensification of work and the loss of 600 jobs due to outsourcing measures and staff cutbacks. The works agreement applies exclusively to the core workforce; the resulting differences in the pay and social benefits awarded lead to tension within the workforce.

By contrast, the unions and employees at Nestlé's Russian factories have to endure a management which attaches no value to the rights of trade unions and employees and ruthlessly exploits the weakness of the unions. The trade unions suffer major hindrances in performing their duties: they are denied access to employees and time-off for union duties, management withholds from them information about restructuring plans or information that is relevant to pay bargaining (e.g. wage and profit volumes), and the managers who conduct pay bargaining have no authority. The management breaches the rules on safety at work (absence of statutory safety checks on equipment and machinery, no instructions given when new production lines are introduced) and alters shift arrangements at short notice or orders overtime at short notice, so employees are unable to plan their private lives. Permanent employees who leave the company are replaced by

temporary staff whose contracts constantly have to be renewed and who are put under pressure to do overtime under the threat that their contracts will not be extended. English and computer skills are a requirement for senior positions but workers' promotion prospects are blocked because they are not offered the relevant training.

The exchange of information and experience brought home to the Russian trade union delegates that the conditions prevailing in their factories are by no means the norm within the Nestlé corporation and that standards are considerably higher in other plants.

(3) The Manila Declaration

Infringements of each of the seven principles of the Manila Declaration by local and national management were outlined and discussed at the meeting. This work on the Manila Declaration, as a collective trade union statement on the minimum principles to be complied with at Nestlé, proved to be an extremely productive part of the network meeting.

It can be noted by way of a conclusion that the main focus of the network meeting was strengthening national and local trade union structures, the learning aspect. What was particularly important was putting an end to the isolation of union delegates in Nestlé's Russian factories which had allowed management to rule over unions and employees with an iron fist. One principal outcome of the meeting from the Russian delegates' point of view was the realisation that they have a strong partner in the IUF. Trade union delegates in Nestlé's East European factories are dependent on the Nestlé trade union network and on support from the IUF, but they themselves are too weak to promote networking at their own initiative.

3.3. Network activities in Africa: the meeting in Cape Town, spring 2003

The circumstances surrounding the development of the Nestlé trade union network are extremely unfavourable on the African continent. Save for a few exceptions, the IUF affiliate organisations in Africa lack both authority and funds, and are themselves overwhelmingly in need

of support. Many of them do not have the requisite communications infrastructure (email, fax). Consequently the network is weak and underdeveloped in Africa.

The IUF secretariat has held a total of three regional network meetings since 1991. The last one, which took place in Cape Town in spring 2003 and was geared to Nestlé trade unions from English-speaking Africa, was attended by delegates from Egypt, Ghana, Kenya, Namibia, Zimbabwe and South Africa. In addition, Nestlé's top HR manager took up the IUF's invitation to attend and, accompanied by the HR manager for South Africa and Zimbabwe, made himself available for about two hours of talks with the trade union delegates.

The network meeting served three important purposes for the participating union delegates. It allowed for: (1) a reciprocal exchange of information and experiences (horizontal networking); (2) a direct exchange with the IUF (vertical networking); and (3) direct contact with the global HR manager.

(1) Reciprocal exchange of information and experience

Restructuring involving more than one site, combined with transfers of production, play much less of a role in Africa than in the Asia-Pacific or European regions. Only the South African delegates reported instances of relocation, largely confined to South Africa but at times involving neighbouring countries. The drastic job cuts in Kenya may likewise have been due in part to production transfers. On the other hand, production at Nestlé factories in Ghana and especially Egypt is being boosted.

One problem identified, which affects everyone equally in the main, was the decline in the core workforce and in job security as a result of outsourcing and the increasing use of casual and contract workers; as a rule the employees of outsourced companies are far worse off than before. The modernisation of production likewise frequently causes problems, since it is associated not only with increased productivity, work intensification and the attendant job cuts, but also with changes in staffing policy: expertise deriving from length of service in the company is being supplanted as a selection criterion by educational

and technical qualifications; yet at the same time unskilled and semi-skilled workers are not given opportunities for further training. Complaints in connection with collective bargaining were voiced by the delegates from Ghana (inability to obtain higher wages), Kenya (management is increasingly profit-oriented) and Zimbabwe (withholding by management of information relevant to pay talks, e.g. profit volumes). The South African delegates bemoaned the high wage differential within the company hierarchy, citing it as evidence that apartheid still exists in practice.

Industrial relations are better developed in South Africa than in other African countries, not least due to the strength of the South African food trade union FAWU (backed by relatively strong trade union and workers' rights). Positive practices established at Nestlé South Africa can serve as a model for the other Nestlé sites in Africa. The South African HR management, in close co-operation with the trade union, has for instance set up the ABET (Adult Basic Education Training) programme which enables Nestlé employees to acquire basic skills in reading, writing and arithmetic. Furthermore, the trade union and Nestlé management in South Africa have concluded an HIV/AIDS agreement: it guarantees voluntary, confidential AIDS testing for employees, prohibits discrimination and harassment, and offers company support for HIV/AIDS sufferers (provision of drugs, counselling). Even though the South African delegates expressed well-justified criticism about the implementation of these measures, union delegates from other countries called for them to be applied at their own sites.

(2) Vertical provision of information by the IUF secretariat

As happened at the meetings for the Asia-Pacific and Eastern Europe regions, the IUF secretary responsible for Nestlé explained the central corporate strategy as well as the IUF's strategy regarding Nestlé (including its related activities, past and future).

Within Nestlé the African continent forms part of the Asia / Oceania / Africa zone. Africa itself is further divided into the sub-regions of southern and eastern Africa, western and central Africa, Egypt and the Horn of Africa, the Maghreb, Algeria and Libya. The regionalisation

process is evident in the zone-based reorganisation, completed in 2001, of business sectors for a number of product groups (incl. coffee, milk and baby-foods) in a bid to optimise industrial structures on a regional basis and cut costs. The African continent has however scarcely been involved in this restructuring process, at least until now. The Globe project has begun to be introduced in countries such as Kenya and Zimbabwe. This will exacerbate the problem of inadequate skills among machine operators, since data such as product types, number of items and times have to be entered into the Globe system, and that necessitates training in the use of computers.⁹ Nestlé does not regard Africa as a lost continent. The proportion of turnover there has so far been low, but the growth rates are comparatively high; Africa's growth prospects are likewise considered healthy. Nestlé sees itself as well placed to benefit from potentially accelerating growth in the African economy.

Given the difficulties of accessing funding for regional network meetings, it appears unlikely that the IUF strategy of regional trade union organisation and networking will be able to continue in its present form in the future. The IUF secretariat therefore appealed to participating delegations to press on with regional networking under their own steam and by less costly means. Exchanges of information (by email if possible) should be stepped up to this end. The IUF regional secretariat would act as a collection and distribution point for information and documents (collective agreements, AIDS programmes in force, reports on strategy meetings held by sectoral trade unions, etc.).¹⁰ Some delegations also drew attention to a more long-term need for a joint committee and for the development of joint strategies.

⁹ Machine operators face the threat of no longer being suitable for their jobs if they cannot handle the computer, even though they have already been working the same machine for years, since inputting production data is more highly skilled work than operating machinery.

¹⁰ The possibility of funding regional network co-ordinators had not yet been envisaged at this point in time but would be perfectly compatible with the strategy set out here.

(3) Dialogue with the top Nestlé HR manager

The dialogue with the company's top HR manager was basically of symbolic importance: following its participation in the international meeting of the trade union network in Manila in 1999, this constituted further confirmation that management accords a degree of legitimacy to the IUF network as an overarching body for worker representation within the Nestlé corporation. The practical significance of the HR manager's participation was limited, in that although at the beginning of the discussion he promised to listen to complaints and look into them in detail, the trade union delegates did not manage to take him up on this promise. Rather, the HR manager confined himself to Nestlé positions of principle and referred specific problems to national or local management. He thereby corroborated the Nestlé approach that industrial relations issues should, as a matter of principle, be settled at decentralised level - the same approach that is evident in the company's refusal to negotiate with the IUF at global level.

Nonetheless, the positions of principle set out by Nestlé could give trade union delegates a certain amount of backing in conflicts with local and national corporate management; for example, the assertion that maximum transparency is in the interest of central management, which also includes openness about company results in the context of pay bargaining. Or the assertion that it is unacceptable for employees to be denied promotion because of their duties as shop stewards. This concerned the case of a shop steward who was required to relinquish office in order to be promoted to a better job. A solution to this particular problem was facilitated by the fact that the HR manager responsible was likewise present and promised to investigate. The words of the global HR manager could in addition take on practical significance with regard to the Nestlé Corporate Business Principles, if delegates take seriously and follow up his encouragement to use them as a basis for negotiations with local and national management.

Altogether, the importance of transnational networking among Nestlé trade union delegates was emphasised by everyone present. This should first of all counter the danger of workers at different sites

being played off against each other as a result of transnational restructuring or transnational benchmarking. The reciprocal exchange of information in this area needs to be improved. Secondly, the delegates promised one another above all to strengthen their responsibilities and negotiating positions at local and national level. Transnational co-ordination of collective bargaining in particular is to be gradually stepped up for this purpose, and negotiating processes and outcomes are to be made more transparent. The delegates agreed that collective agreements (including a report on the collective bargaining process) should be made mutually accessible so as to be used as a means of exchanging best practice. The next step will be to co-ordinate the timing of collective bargaining. Delegates felt that Nestlé's Africa zone was sufficiently homogeneous to push for an alignment of working conditions.

3.4. Network activities in Latin America: the meeting in Buenos Aires, autumn 2003

Network meetings have been taking place regularly since 1993 in the Latin American region, the most recent one in Buenos Aires in autumn 2003. It was attended by trade union delegates from Argentina, Brazil, the Dominican Republic, Ecuador, El Salvador, Panama and Peru, as well as by several representatives of the IUF regional secretariat and a representative of the co-ordinator of the global network, the German union NGG.

The network meeting was dominated by the following three main topics:

(1) The IUF regional federation's strategy concerning Nestlé

The IUF Latin American regional federation finds itself confronted by the following situation: the severe crisis in the general economy (along with widespread poverty, pronounced social inequalities and a growing casualisation of labour) has weakened the trade unions while at the same time giving transnational companies increased power in the economy, media and politics. The upsurge in industrial disputes in transnational companies is mirrored by an upsurge in declarations of

solidarity from the IUF regional federation. 14% of these declarations of solidarity related to disputes within the Nestlé corporation.

The strategy pursued by the IUF regional federation in response to the growing power of transnational companies consists of two key instruments: firstly, a relatively aggressive publicity campaign concerning the adverse effects of the policies of transnational companies like Nestlé (including strategic alliances with NGOs); and secondly a strategy of organising in one single trade union workers involved in the entire food chain, from farm workers and small dairy farmers, to employees in national or transnational food processing companies, to employees in the retail trade and the hotel/restaurant sector.¹¹ This strategy, implemented using the slogan “from the earth to the plate”, is embedded in a comprehensive approach by trade unions and within society which highlights the domination of a few globally active food companies (incl. Nestlé) over the entire food chain, not only in connection with the working and living conditions of those they employ, but also with the actual quality of food produced in this manner (including the decline in biodiversity and the dangers of genetically modified foodstuffs. The key element of the communication and publicity strategy is the website of the IUF regional secretariat, which makes available information for affiliate organisations but also for interested members of the public and is also used to organise solidarity campaigns; for instance, an email action at the time of the closure of the Nestlé factory in El Salvador, when several hundred protest emails were sent to the global HR manager.

(2) Effects of the company’s restructuring measures in the region on Nestlé sites

The current situation of Nestlé employees and the trade unions representing them in Latin America is affected by an overhaul of

¹¹ This strategy of forming overarching trade union federations has already been successful in Nicaragua (where the food, retail and hotel/restaurant federations merged to form a single federation), Columbia (formation of the National Union for food and agriculture / UNAC, which represents over 200,000 members) and the Dominican Republic.

regional production structures, being carried out with a view to concentrating production in a few central locations and closing down sites where the cost-benefit ratio is no longer favourable. All sites in the region are under review and subject to a common benchmarking exercise for purposes of regional rationalisation. Cost-cutting and productivity-boosting plans will then be introduced in several locations, and at the same time there will be production transfers, plant closures and sell-offs. Redundancies and mounting pressure on working conditions are the consequence. The number of jobs in many Latin American Nestlé factories has gradually been scaled down over the past few years. Outsourcing and the increasing use of temporary workers and agency staff are commonplace. For instance, in an Ecuadorian biscuit factory acquired by Nestlé only about a quarter of the total workforce of 600 are on permanent contracts. In Brazil the company refused to meet the trade union's demand that overtime be curtailed and working time reduced in order to avoid pending redundancies. In Argentina the company has failed to renew temporary employees' contracts without prior notice: the employees turned up at the factory for work and were sent back home. A delegate from Panama reported that Nestlé had been putting shift teams under pressure to step up the intensity of their work by making false assertions about the performance of other shift teams. Similarly in the Dominican Republic, employees have been forced to compete with one another by means of the continual improvement process. The current slump in sales has led to short-time working, compulsory leave and redundancies. Nestlé closed down a coffee processing plant in El Salvador in 2003; the trade union put up fierce resistance to the plant closure.

(3) Working conditions in Nestlé factories that are injurious to health

The trade union delegates complained that employees in individual departments of several Nestlé factories are exposed to considerable noise and intense heat. The Panamanian delegate, for instance, reported that hand-held fans were the only form of heat protection provided by the company.

All the network participants, however, regarded RSI (Repetitive Strain Injury) as the most widespread and pressing problem in this connection. RSI is a health impairment caused mainly by frequent repetition of the same rapid movements and associated with chronic arm and/or shoulder pain. Even though many RSI sufferers have had to give up work for this reason or have even been dismissed by the company, Nestlé in Latin America refuses to recognise RSI in general as an occupational disease.

The IUF Latin American regional federation has made RSI a focal point of its political work and has, *inter alia*, published a book on RSI which was presented at the World Social Forum in Porto Alegre. The federation's RSI campaign is designed to achieve not only general recognition for RSI as an occupational disease but also effective measures against working conditions that trigger RSI, such as a lengthening of cycle times and a reduction in the pace of work, the use of mechanical aids and the introduction of regular breaks or shorter working times.

It became clear at the meeting that RSI is a widespread phenomenon in the Latin American Nestlé factories and that people are keen to take joint measures to combat it.

3.5. Global network activities: the meeting in Oberjosbach (Germany) in spring 2004

After 1993, in connection with an IUF conference in Stockholm, and 1999 in Manila, the third Nestlé global trade union meeting was held in Oberjosbach in 2004. It was attended by delegates from Kenya, Nigeria and South Africa (for the African network), from Australia and Korea (for the Asia-Pacific network), from Bulgaria, Russia and Ukraine (for the Eastern Europe network), from the Dominican Republic (for the Latin American network), and lastly from Germany, France, the United Kingdom, Norway, Austria, Portugal, Switzerland, Spain and Hungary (for the Nestlé European Council). Also present were the future network co-ordinators for the Africa, Asia-Pacific and Eastern Europe regions, the secretary general of the IUF Latin American

regional federation and the IUF secretary responsible for Nestlé in the Geneva secretariat.

The main items on the agenda of the Oberjosbach conference were, firstly, an interregional exchange of information, paying special attention to the recent industrial action at the South Korean Nestlé plant in Cheong Ju City (see Box) and the situation at the company's plant in Timashevsk, Russia (see Box); secondly, there was discussion of how to deal with the Nestlé Corporate Business Principles, as well as the topics of equal opportunities and health and safety at work.

(1) Interregional exchange of information

Reports from the individual regions of the world took up a good deal of time, serving in particular to exchange information and experience among regions. The state of affairs in the Asia-Pacific, Eastern Europe, Africa and Latin America regions has already been depicted in detail in the preceding chapters. But trade union delegates from Europe too had an opportunity to describe their situation at the international conference.

The industrial action in South Korea

In 2003, as a result of plant restructuring measures at the Nestlé factory in Cheong Ju City, management announced plans for outsourcing and redundancy that contravened the terms of the collective agreement. The Nestlé trade union¹² thereupon called a strike of its members. It subsequently turned out to be a protracted affair.

Even though Nestlé mobilised the government, employers' organisations and the South Korean media against the strike, the trade union nevertheless managed to have the dispute settled in their favour after downing tools for a

¹² The Korean Nestlé Union is an affiliate of the South Korean trade union confederation KCTU, which actively supported the industrial action by organising local, national and international solidarity against Nestlé's neoliberal restructuring measures and by protecting Nestlé trade union representatives from State repression.

total of 145 days. Most importantly, the employees kept their jobs. Three factors were crucial to the successful outcome, namely (1) the employees' determination, (2) solidarity actions at municipal level and (3) the international solidarity from the IUF and its affiliate organisations. An added benefit of the industrial action was that it substantially raised the awareness of union members about the importance and practical effects of solidarity.

One main point of departure for organising international solidarity was the accusation that Nestlé had breached the OECD Guidelines. This accusation was founded on the company's threat to close down the site in Korea and relocate production to another country. Issuing such a threat while industrial action is underway constitutes a clear breach of the OECD Guidelines. As an additional form of action, used as a last resort, a delegation of union members flew to Geneva so as to demonstrate outside Nestlé headquarters. The industrial action in South Korea continued meanwhile. Nestlé was publicly lambasted over the offence of which it was found guilty (infringement of the collective agreement and breach of the OECD Guidelines) and over the repressive counter-measures (heavy-handed police intervention against strikers).

In preparation for the trip to Geneva, the trade union made certain of its position on the moral high-ground and of the legal enforceability of its demands, procured the necessary financial resources for the trip (mainly by holding cultural solidarity events) and involved local members of the public in its campaign.

The delegation remained in Switzerland for a total of 11 days. During that time a demonstration was held outside Nestlé headquarters in Vevey, interviews were given to progressive newspapers in Geneva, and talks were held with representatives of the Swiss national contact point, making plain what illegal actions Nestlé was engaging in. The South Korean trade union delegation was also supported by various Swiss NGOs. Finally, the delegates were planning to hold a hunger strike outside Nestlé headquarters in Vevey and the OECD in Paris, but that proved unnecessary because the industrial action was brought to a successful conclusion and an agreement was reached.

The IUF's solidarity and support for the industrial action led the Korean Nestlé Union to join the IUF in March 2004.

The scope for action in Europe is relatively good, partly because of the Nestlé European Council for Information and Consultation, an institutionalised transnational forum for employee representation, especially since this body has gradually been improving its practices and its

room for manoeuvre was strengthened by the revised Agreement signed in 2003. Among other changes, the number of meetings of both the whole forum and the steering committee has been raised to two a piece per year; the possibility of convening ad-hoc meetings if transnational problems arise has been newly introduced; the consultation procedure has been strengthened; the option of requesting English language courses for delegates has been taken up; and delegates from the EU accession countries have been granted full member status. On the other hand, in a situation where Nestlé has built up considerable overcapacity in Europe, as a result of high productivity growth unmatched by a corresponding rise in demand, there has been mounting pressure on the trade unions to make concessions. This is even truer now that internal benchmarking within the company is becoming ever stricter as a result of the global project Target 2004. Nestlé engages in blackmail and threatens to relocate production unless employees go along with the concessions and changes for the worse that the company demands. It is difficult to combat this strategy, since Nestlé has proved in the past that it is willing and able to relocate production very rapidly.

In essence, Nestlé employees and trade unions in Europe are confronted by similar problems to their colleagues in other regions of the world, although they have greater scope for action at regional level (due to the Nestlé European Council) and, for the most part, also at national level (due to the countries' institutions and traditions of industrial relations). For instance, the company announced its intention to close down the UK plant at Staverton, where the workforce had already been downsized from 450 to 150 in recent years, and to transfer production to France. In another UK plant the proportion of temporary agency workers has been increased sharply. In Hungary, production has been relocated from Hungary to Poland and also within the country during the past two years. Nestlé management has in addition announced that productivity teams are to carry out an efficiency audit at the various factories. An "Iberianisation" of managerial functions is in the pipeline in Spain and Portugal: the wage and salary offices for the Spanish and Portuguese parts of the company have already been merged (in combination with

job cuts achieved by dint of the rules on early retirement). In addition, Nestlé is scaling down its primary activities in Spain (e.g. condensed milk), which the trade unions believe could lead to plant closures. It was furthermore only possible through strike action to enforce rules on working time which prohibit the practice of forcing employees to be available on call.

(2) The Nestlé Corporate Business Principles

The Corporate Business Principles drawn up unilaterally by Nestlé (see Box for the provisions relevant from an employee and trade union point of view) are open to criticism on three main counts from a trade union perspective.

Nestlé Corporate Business Principles

The provisions on **Human Resources and the Workplace** are of greatest interest to employees and trade unions. These are worded as follows:

"Nestlé fully supports the United Nations Global Compact's four guiding principles on labour. Nestlé therefore upholds: Freedom of association and the effective recognition of the right to collective bargaining (Principle 3); the elimination of all forms of forced and compulsory labour (Principle 4); the effective abolition of child labour (Principle 5); the elimination of discrimination in respect of employment occupation (Principle 6).

Nestlé regards its personnel as its most valuable asset. Involvement at all levels starts with open communication, whether on specific aspects of the business, or about the activities of the Company in general. Suggestions for changes and proposals for improvements of Nestlé's practices are encouraged.

Nestlé also respects the local laws and regulations applicable to human resources in each of its markets. Human Resource Policy is also set by the local markets, which must follow local legal requirements.

The Company's business practices are designed to:

- establish staff relations based on trust, integrity and honesty;
- maintain respect for basic human values, attitudes and behaviour;
- respect employees' privacy;
- comply with applicable data protection regulations and apply Nestlé standards in those countries where specific legislation is not yet in place;
- promote a sense of integrity among all employees all over the world, and apply a number of common rules while at the same time adapting the expression of these rules to local customs and traditions;

- encourage continuous improvement through training, and the improvement of professional skills at all levels in the organisation;
- offer career opportunities based upon merit, irrespective of colour, age, national origin, religion, gender, disability, veteran status, or any other protected class as defined by local law. Professional skills, experience, and the capacity and willingness to apply *The Nestlé Basic Management and Leadership Principles* are the main criteria for promotion;
- offer competitive salaries and benefits. Working hours, wages and overtime pay comply with applicable local laws and are competitive with those offered by similar companies;
- limit overtime to a reasonable level;
- create a safe and healthy working environment for each employee;
- respect the right of employees to form representative organisations and to join – or not to join – trade unions, provided this right is freely exercised, and establish a constructive dialogue with these unions;
- refrain from any action restricting the employee’s right to be, or not to be, affiliated to a union;
- treat every employee with respect and dignity, and not tolerate any form of mobbing, harassment or abuse;
- forbid the use of forced labour or involuntary prison labour.”

Firstly, these principles have been kept very general and their content could do with being clarified and expanded so as to properly cover the minimum social standards required of Nestlé from a trade union perspective. Secondly, they constitute a unilateral document issued by Nestlé management and not an agreement negotiated with the IUF. Thirdly, they do not enable the trade unions and employee representatives to monitor the extent to which the principles are put into practice. Whereas Nestlé claims that both internal and external checks are carried out and employees can verify compliance with the Principles on the Nestlé intranet, there is no sign of any such feature on the intranet and nor are there any mechanisms for raising complaints.¹³

¹³ The exact wording is: “Nestlé is committed to the application of its Corporate Business Principles in all countries where it operates, provided, however, that they are not in conflict with relevant local legislation. Nestlé’s compliance with its Corporate Business Principles is regularly monitored by its internal auditors on the basis of clear auditing instructions, which are certified by the external

There was a consensus among delegates that Nestlé's compliance with the Principles should in future be more closely monitored, even if only to expose the fact that the Principles exist exclusively on paper. The members of the Nestlé European Council were called upon to insist that management enforce compliance, both internally and in the medium term externally too. No clear stance emerged, however, as to whether or not it would be good tactics to demand a review of the Principles in order to make more of a mark on them.

The IUF secretariat had until then been unaware of the Nestlé Corporate Business Principles and refused the management's non-committal invitation to co-operate in reviewing the content, on the grounds that in the IUF's opinion the Corporate Business Principles are intended only as a PR exercise, to enhance the company's reputation. It does at the same time acknowledge that, in reality, Nestlé central management is currently unlikely to accept an international framework agreement securing minimum social standards; therefore the Corporate Business Principles currently constitute the best means of forcing Nestlé to comply with fundamental workers' and trade union rights. The IUF secretariat's policy on Nestlé will in future focus more intently on calling for compliance with the Corporate Business Principles; in practical terms, for example, the future co-ordinators could be tasked with drawing up a list of shortcomings. The Corporate Business Principles have already been brought into play in connection with the dispute in South Korea (see Box): the IUF secretariat has reproached management for infringing both the OECD Guidelines and its own Principles.

auditing firm KPMG, and published for all employees to consult on the Nestlé S.A. Intranet. Findings and recommendations are reported through the Board Audit Committee to the Nestlé S.A. Board of Directors." (Nestlé Corporate Business Principles 2002, p. 21)

(3) Gender equality and anti-discrimination

The subject of gender equality and anti-discrimination was likewise discussed in depth at the meeting, and an ad-hoc working group was formed to discuss the issue of gender equality and anti-discrimination. It put forward the following demands: 1) Nestlé should be required to draw up a list of all its employees throughout the world according to gender. 2) Women should occupy more positions of trade union leadership, or should at least be represented proportionally. One of the tasks of the future regional co-ordinators should be to increase the number of women within the Nestlé trade unions; they should in particular be appointed to senior union positions. 3) A global women's network should be set up within the company. 4) Examples of good pay bargaining practice in respect of gender equality should be recorded and made known. 5) Finally, the addition of a further point to the Manila Declaration, on gender equality and anti-discrimination, was called for.

The working group's demands were not disputed. The following passage was added to the Manila Declaration: "All Nestlé employees have the right to equality and not to be discriminated against based on gender, race, age, religion, handicap, sexual orientation, national origin, union affiliation, political opinion, or social origin. Specific and positive actions to promote equal opportunity should be negotiated with union representatives."

The importance of the Manila Declaration was emphasised once again: it forms a working basis not only for the Nestlé trade unions but also for the regional co-ordinators. The addition of Article 8 indicates that gender equality and anti-discrimination issues are likewise a priority for the regional co-ordinators.

(4) Health and safety at work

The IUF regional secretary for Latin America reported on the problem of Repetitive Strain Injury (RSI), which is widespread in Nestlé factories and occurs above all as a result of rapid movements during packaging work. Some 10% of all Nestlé employees in Brazil, for instance, suffer from this occupational disease. A research project involving 1,000

employees was recently completed at the Brazilian Nestlé factory in Araras. It found that almost 90 employees had been dismissed from that factory because they could no longer carry out their work due to RSI. The research is published in a book that describes the “true face” of Nestlé in Brazil. There is no English translation of the book as yet, but the IUF secretariat has undertaken to provide one.

Situation at the Russian plant of Timashevsk

The Nestlé factory in Timashevsk produces Nescafé Gold and ice-cream. A trade union was established at the plant in 1999 and the first collective agreement was concluded in 2000. Union membership initially stood at 98% but has since declined due to plant restructuring which led to a large number of redundancies and the conversion of a large number of permanent contracts into short-term contracts. The trade union movement has however been preserved in essence. With the passage of time managers have begun to impede trade union work: for instance, the lists of union members and subscriptions paid - which are kept by management - were lost and had to be reconstituted from scratch.

The coffee processing line has been replaced and additional ice-cream manufacturing machinery installed, even though no suitable premises were available. The workshops are therefore extremely cramped. The coffee filling shop is so cramped that the employees are obliged to climb over or under the conveyor belts. The women on the filling line work 12-hour shifts, on their feet the whole time.

What is especially critical is the fact that the number of batteries used for the conveyor belts has increased fivefold and the room where they are charged is far too small. All these batteries in a very confined space poses a high risk of explosion. The battery chargers have not yet been replaced by safer ones. The equipment has been assembled by the workers themselves, in contravention of all the safety rules, and has already broken down several times. Managers have promised to investigate complaints, but the planned measures have not been implemented. No attention has even been paid to objections raised by the national health and safety authority.

In 2002 the trade union complained to management in Moscow in a letter signed by the chief technical engineer; this complaint has remained unanswered to this day. Following a change of personnel director in Moscow, the pressure on the unions has in fact intensified.

The plant managers have tried to defame and discriminate against the union leader in various ways, including by reporting him to the relevant employment authorities. They have also sought to derecognise the trade union: the regional trade union organisation investigated the affair and proved that management

A new collective agreement was concluded in March 2003. In April 2003 working times were extended - unilaterally and without the trade union having been informed - and the collectively agreed remuneration for overtime and for short-time working occasioned by the employers' side was withheld. The union took the case to the labour inspectorate in October 2003 and succeeded in ensuring that employees received part of the back-pay owing to them. The labour inspectorate has recently also confirmed that workers are entitled to receive overtime bonuses, and has reprimanded Nestlé for infringing the collective agreement as concerns overtime bonuses and shift arrangements. The labour inspectorate disqualified one plant manager for contravening labour legislation. In the battery room alone the inspectorate logged over 20 violations of Russian health and safety rules.

On 1 February 2004 the trade union leader was dismissed on the pretext of a minor industrial accident for which the plant managers held him responsible. His fight for reinstatement has been widely supported by the workforce. Management put considerable pressure on the 270 employees who had signed a resolution opposing his dismissal to remove their signatures from the resolution. The pressure on the workforce has since ended, but the local management still does not acknowledge that the dismissal was unlawful.

The conference participants resolved to send a message of solidarity to the local and regional trade union organisation at the Timashevsk plant in order to express their moral support for the struggle.

Another report was given by the trade union leader from the Russian plant in Timashevsk, who spoke about the way in which fundamental health and safety rules are being contravened at the plant (see Box). Contributions by delegates from France and Spain made plain that health and safety problems likewise exist in European Nestlé factories. At the French Nestlé plant in Vittel, for example, an industrial accident occurred recently during the battery charging process because the cable came loose. RSI is an issue there too. The safety representative at one of the Spanish Nestlé plants was dismissed after he shut down

production due to an ammonia leak, and he was only reinstated after a prolonged union struggle.

The IUF secretariat would like health and safety at work to become a prominent aspect of its work on Nestlé in future. It backs the idea of setting up a working group, since this topic is equally relevant world-wide. The group could operate using practical tools such as internet, email and also - in the longer term - video-conferencing. One focus of this work will undoubtedly be Russia, but the Nestlé European Council could also prioritise and investigate this issue. Co-operation between the Spanish and Latin American trade unions could constitute another dimension; the intention of establishing such co-ordination was announced by both parties in the margins of the conference.

The IUF secretary pointed out that the Nestlé Corporate Business Principles insist on the provision of a safe and hygienic workplace. So far, however, the company does not conduct any global monitoring of industrial accidents and occupational diseases. Nor is it intended that the Globe project will record the social indicators related to working conditions.

4. Development potential and limitations of transnational trade union networking within the Nestlé corporation

The global IUF-FES Nestlé project was one phase in a longer process of establishing and developing a global Nestlé trade union network underpinned by strong regional foundations.

4.1. The need for transnational trade union networking within Nestlé

The need to set up and further develop the global Nestlé trade union network became abundantly clear at all five meetings comprising this developmental phase. The reports from network participants revealed that the company's global management strategy engenders similar difficulties for trade union representation of interests in Nestlé factories in all the various regions and countries: the company is visibly pursuing across-the-board the same policy of downsizing the core workforce while stepping up insecure employment (consequently weakening the trade unions), increasing overtime while at the same time shedding staff, neglecting health and safety protection and discriminating against female employees. By the same token, following the transition to regional management and production strategies, sets of problems and sources of conflict are emerging which have a direct transnational dimension, namely transnational restructuring, production transfers and competition between sites, as became particularly apparent at the regional conferences for Asia-Pacific and Latin America. Worldwide projects like Globe and Target 2004 are a further indication of the need for the global trade union network. The network makes it possible to pull together and analyse the similar and different effects of these global projects on individual Nestlé sites around the world. Lastly, the meetings showed that a whole series of problems existing at individual Nestlé sites may be specifically local or national but nevertheless need to be handled on a transnational basis because they cannot be solved at those levels (e.g. the difficult situation at the Russian plant in Timashevsk).

4.2. The twin pillars of transnational trade union networking within Nestlé

Trade union networking within the Nestlé corporation rests on two central pillars. The first is the common interest of all participants in exchanging information and experiences with one another. Exchanges of information and experience currently constitute the key function of the network and have until now been mainly confined to the network meetings themselves. By fostering reciprocal learning processes, exchanges of information and experience enhance the skills of delegates and strengthen the representation of trade union interests at the individual Nestlé sites.¹⁴ They simultaneously facilitate a better understanding of Nestlé's global strategy and the onward march of restructuring processes extending beyond plant, national and regional levels. This improves the likelihood that the trade unions operating at the various Nestlé factories will manage to resist being played off against one another as a result of regional production and relocation strategies and will be able to withstand threats of relocation. The

¹⁴ For a significant proportion of network members, learning (in the sense of a top-down communication of information and skills so as to strengthen local trade union work) is the number one purpose of networking. The learning aspect encompasses (1) the (vertical) communication by the IUF of information about central Nestlé strategy, which enables local trade union delegates to conceptualise decisions taken by local Nestlé management and place them in a wider context, and can in some cases make participants realise the need for comprehensive trade union communication, co-ordination and harmonisation, (2) the (vertical and horizontal) communication of experience and information about customs and practices in dealing with management in other countries and sites: this can put an end to isolation and reduce uncertainties about what standards (e.g. concerning information or health and safety) are normal and what demands legitimate, thereby strengthening the unions' powers of negotiation, (3) the (horizontal) communication of skills and know-how relating to interest representation (especially negotiating skills) from more experienced trade unions to less experienced ones (e.g. the Indonesian and Russian Nestlé unions, founded only a few years ago), and (4) the (horizontal) exchange of information, which sheds light on similar sets of problems, thereby engendering learning processes and revealing common points of departure.

reciprocal flow of information does however need to become more regular and systematic to this end. Exchanges of information and experience include comparing notes on collective bargaining at local and national level and collective agreements concluded with Nestlé. These are already collected by the IUF regional secretariats and made available to all other network members. The IUF secretaries appealed to participants to feed, maintain and exploit the collective agreement database more thoroughly than in the past. The overarching aim is to co-ordinate collective bargaining transnationally, initially just its timing but at a later stage its content too. Exchanges of information and experience could and should be expanded in future for the purposes of devising common strategies and actions. This means that network members at regional and / or global level will need to reach agreement on how to handle the central Nestlé strategy and the company's global projects and devise joint strategic answers in response to the problems arising.

The second major pillar of the Nestlé trade union network consists in a universal consensus among all network members that certain minimum standards must be enforced throughout the company in respect of working conditions and trade union scope for action, i.e. that management practices falling below a certain standard are unacceptable and must be abolished, and that trade union representatives who struggle to assert themselves must be given assistance. Participants at the network meetings were given ample opportunity to voice their complaints and flag up problems; be they critical cases of dispute (such as the strike at the Nestlé plant in South Korea or the dispute over health and safety standards and trade union rights at the Russian plant) or be they normal, everyday management practices towards the unions and workforce (such as a restrictive information policy, hindrances to trade union activities, breaches of collective agreements or the attitude to restructuring). Moreover, the importance attached at the network meetings to messages of solidarity, to monitoring compliance with the Nestlé Corporate Business Principles and to further developing and using the Manila Declaration bears testimony to this consensus.

4.3. Obstacles to transnational trade union networking within Nestlé

The central corporate management's current position of principle, i.e. that - apart from one-off, informal participation at network meetings - it will not support the IUF trade union network, blocks off a road which could have led to the establishment of regional Nestlé Councils or even a global Nestlé Council along the lines of the European (Works) Council for Information and Consultation, with all the attendant contractual and institutional guarantees. Thus there will be no option in future but to continue on the same path as before, namely that of autonomous, transnational trade union networking and co-operation.

Given the IUF's financial circumstances and the lack of external sources of funding, however, it is unrealistic to plan ahead on the assumption that networking will be based first and foremost on network meetings organised by the IUF. The IUF secretariat itself does not have the wherewithal to maintain its input at the present level and to keep on organising network meetings.

Nor has participant-driven networking developed any social momentum until now. Even though the majority of network members appreciate the usefulness of transnational trade union networking within the Nestlé corporation, very few are willing and able to take active steps to further it. The activities of most members are confined to attending the meetings themselves. Information exchanges, co-ordination and co-operation have so far gone no further than the network meetings organised centrally and at great expense. One reason for this is no doubt the fact that some of the trade union delegations (and in some regions of the world even most of them) have little tradition or experience of trade union activity and are only just getting off the ground both locally and nationally. These colleagues are on the one hand especially dependent on learning and exchanging experiences but, on the other, simply not capable of running the network in their own right. Many trade unions and local union delegates lack the time, organisational and technical facilities to

sustain trade union co-ordination and co-operation beyond meetings. The language barrier constitutes an additional obstacle.

4.4. Potential for the development of transnational networking within Nestlé

The global trade union network within the Nestlé corporation does nevertheless offer scope for further organisational and substantive development of existing activities and initiatives in a pragmatic, progressive manner.

As a reaction to the lack of continuity in exchanges of information and networking between meetings, and to the weaknesses and difficulties existing at local and national level, an organisational model has been devised which moves away from focusing on network meetings held at relatively long intervals and aims for work to be continuous. This model is based on intensifying and institutionalising networks in the four regions of the world (Africa, Asia-Pacific, Latin America and Eastern Europe) both horizontally and vertically with the aid of regional network co-ordinators. Their task will be to assist the Nestlé trade unions in their region, providing back-up during disputes and fostering exchanges of information with one another as well as with the IUF (vertical networking). The four co-ordinators, funded by the Friedrich Ebert Foundation,¹⁵ are attached to the IUF general secretariat and will work closely with the IUF regional secretariats (horizontal networking). The network co-ordinators will in themselves be an asset in terms of networking, although in view of the time-limited nature of their posts their aim will be to make such headway in horizontal and vertical networking that they make themselves largely superfluous and establish a self-driven, accelerating momentum among network members.

¹⁵ The Friedrich Ebert Foundation has undertaken to finance four half-time posts as from September 2004 for a total of 2.5 years. Each co-ordinator will spend half of their working time on co-ordination activities at Nestlé and the other half (funded by the Norwegian trade union confederation LO) on similar co-ordination work at Coca Cola.

As far as content is concerned - over and above the already-discussed intensification and institutionalisation of exchanges of information and experience and the formulation of joint strategic responses - the potential for development lies in building on initiatives and instruments to secure minimum social standards within the Nestlé corporation. But the IUF and the global trade union network cannot count on co-operation from corporate management here either, given the company's categorical refusal to conclude a global framework agreement on guaranteeing minimum social standards. The global trade union network is therefore once again left to its own devices: the Manila Declaration (which, as we have seen, was strengthened at the international meeting in Oberjosbach in 2004 with the addition of an extra point) has been drawn up to represent a co-ordinated trade union stance on minimum principles to be complied with by Nestlé in its dealings with employees and their trade union representatives.

Since Nestlé central management declines to recognise the Manila Declaration, on account of its own Corporate Business Principles, the main function and effect of the Declaration is internal. It constitutes a minimum benchmark below which back-up can justifiably be sought from the IUF and other network members, since local problems and disputes are then no longer just a matter for local and national workers/union representatives but a matter for the IUF network as a whole. It is thus a tool for linking the local with the global level, a mechanism for elevating disputes and problems to the global level. Although not explicitly, the network and the IUF have committed themselves through the Manila Declaration to becoming involved if and when Nestlé management disregards the principles contained in it.

Work on the Manila Declaration is to continue in various directions in the future: firstly, it is to be used to draw up an inventory of unacceptable management practices and a corresponding list of shortcomings; this list will in turn serve as a basis for negotiations with corporate management. Secondly, it is to be used for publicity work within the company in an effort to promote discussion about Nestlé-wide minimum social standards at local and national level. Thirdly and

lastly, it will also serve as a basis for negotiating positions vis-à-vis Nestlé management and for model agreements at various levels.

More use will in addition be made in future of the Nestlé Corporate Business Principles, as a means of driving home unacceptable management practices to company managers: it has been agreed that monitoring compliance with the Principles will henceforth be one of the duties of the IUF and the trade union network.¹⁶ After all, the Corporate Business Principles are an internal Nestlé instrument whereby central management can be held responsible for dealing with local disputes, and this opens up fresh potential for talks and negotiations.

The development of the global trade union network within the Nestlé corporation reflects the trials and tribulations of a project that has not been plain sailing for any of those involved: it has often been necessary in practice to revise plans, and to work with what exists rather than what ought to exist. This report is intended as an insight into the arduous, protracted and setback-prone process of setting up a structure for trade union organisation and imbuing it with content. Such initiatives will increasingly become a fundamental requirement without which it will be impossible to effectively represent employees' interests in an age of globalisation, global corporate strategies and the transnational organisation of production.

¹⁶ The Nestlé Corporate Business Principles have not yet been used for this purpose so far (apart from in the South Korean dispute), but the intention to make more use of them was announced at the international meeting in Oberjosbach.