

Defending Social Justice and Workers' Rights in a Globalised World

- A manual on globalisation and labour standards -

**by
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C 05 -00697



ISBN 979-95701-1-5

Title: Defending Social Justice and Workers' Rights
in a Globalised World: A Manual on Globalisation and Labour Standards

Publisher: Friedrich-Ebert-Stiftung
Indonesia Office
Jl. Kemang Selatan IX No. 1A/B
Jakarta Selatan 12730
Indonesia

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Printer & Layout: Widi (Paragraph)

First published in Indonesia, August 2004

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“Social Justice is one of the major elements of social democracy”. This statement is the hallmark of the Friedrich Ebert Stiftung (FES). Especially in the era of globalization, social justice seems to fall by the wayside. The dynamism of globalization is especially determined by economic interests. In the social area however, globalization has intensified marginalization and contributed to the deterioration of the living and working conditions of millions of workers – very often females – especially in the southern hemisphere. Together with our partners of the Trade Union Movement, Non-Governmental Organizations (NGOs) and the International Labour Organization (ILO), the FES advocates for international rules and norms which are respected by all nations and which regulate the social consequences of globalization.

In close cooperation with the German Trade Unions and the Global Union Federations (GUFs) the FES supports unions worldwide to become strong and competent in order to efficiently represent the interests of their members and to be respected in their societies, by governments and employers. However, in the era of globalization, unions need not only to be strong national players but must also be capable of acting globally through collaboration and networking. FES assists this process through programmes and activities which aid in implementing core labour standards like freedom of association and other social standards set by the ILO.

Together with its trade union partners, FES works to convince governments to include social standards in regional or trade agreements. The FES strongly supports the activities of the GUFs to incorporate worldwide framework agreements with Multinational Co-operations (MNCs) and to create global union networks within the MNCs to establish obligatory rules and minimum standards for the conglomerates and their supply chains. Beyond this, FES backs unions and NGOs in their initiatives to promote Fair Trade and to monitor Code of Conducts as important instruments to create awareness for social problems and to facilitate the formation of trade unions.

The booklet on hand: “Defending Social Justice and Workers’ Rights in a Globalized World” is another contribution of FES towards a better understanding of the social consequences of globalization and gives workers and their unions sufficient information about alternative labour tools and how they can be implemented to safeguard labour standards. On behalf of the Friedrich Ebert Stiftung we express our sincere gratitude and appreciation to Folke Kayser for her work and for her efforts writing this manual and to all others who were involved in commenting on drafts, providing artwork, editing and publishing.

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Acknowledgements

I would like to express my thanks to the editors and proofreaders Sangeetha Chandrashekeran and Gerd Botterweck, Project Manager for Social and Labour Affairs in the FES Indonesia Office. Furthermore I am grateful for the friendly contributions and valuable comments from Michihiro Ishibashi from the ILO ACTRAV International Training Centre and Veronica Nilsson from OECD TUAC. Thanks also for the remarks from Sakdina Chatrakul na Ayuthaya from the FES Thailand Office and Tos Q. Añonuevo from the FES Philippines Office. All of their comments and suggestions were greatly appreciated and helped to improve this brochure. Beyond this, I also express my deepest gratitude to the cartoonist Wahyu Sugianto for his great artwork. Still I carry the full responsibility for the contents of the manual including any possible errors. Last but not least I would like to thank Erwin Schweißhelm, Coordinator of the FES Global Trade Union Programme for making the production of this brochure possible.

Folke Kayser

Jakarta, May 2004

List of abbreviations

AFTA	ASEAN Free Trade Area
ASEAN	Association of Southeast Asian Nations
BIAC	Business and Investment Advisory Committee (OECD)
EU	European Union
FES	Friedrich-Ebert-Stiftung
GSP	Generalised System of Preferences
GUF	Global Union Federation
ICEM	International Federation of Chemical, Energy, Mine and General Workers' Unions
ICFTU	International Confederation of Free Trade Unions
IFBWW	International Federation of Building and Wood Workers
ILO	International Labour Organisation
IMF	International Monetary Fund (International Financial Institution)
IMF	International Metal Workers' Federation (Global Union Federation)
ITGLWF	International Federation of Textile, Leather and Garment Workers' Unions
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association
Mercosur	Common Market of the Cono Sur (Argentina, Brazil, Uruguay, Paraguay)
MNC	Multinational corporation
NAFTA	North American Free Trade Agreement
NCP	National Contact Point (OECD)
NGO	Non-governmental organisation
OECD	Organisation for Economic Cooperation and Development
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
TUAC	Trade Union Advisory Committee (OECD)
UN	United Nations
UNI	Union Network International
UNIDO	United Nations Industrial Development Organisation
WTO	World Trade Organisation

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Low wages, long working hours, poor health and safety conditions, unpaid overtime, no union rights, short contracts, job insecurity, informal labour, home work, discrimination against women, child labour, union busting, violence against workers – “Sorry, we can’t treat you better, we don’t have a choice. We are under pressure from globalisation,” says the management. “Sorry, we can’t help you. We, too, are under pressure from globalisation. We have to protect the companies’ interests for the sake of the development of our nation,” says the government. But development for whom? Development at the expense of labour rights? What is this “globalisation” that seems to cause all this trouble? Is globalisation the enemy workers have to fight? Who is behind globalisation? Is it true that companies and the government don’t have a choice in the way they treat workers’ rights and interests? What can workers do to protect their rights?

Globalisation has acute and tangible consequences for workers worldwide and especially in developing countries. Understanding the mechanisms behind it is crucial for every labour activist and trade unionist in order to defend workers’ rights and promote the workers’ cause.

Globalisation is shaping and changing the world of work in a radical way. More and more **multinational corporations** (MNCs) invest in Asia and create industrial jobs in factories that manufacture for export. Many people thus get a chance to earn their living with a regular income. Yet many new problems arise, too. Wages are often low and working conditions poor; union activities are being obstructed. When asked to change these conditions, MNCs threaten to relocate their production site to a country where wages and labour standards are even lower – dismissing thousands of workers. Domestic companies, too, treat their work force harsher and name international competition from **free trade** as the reason. The government often appears to be siding with the employers. Special export production zones with a weaker labour legislation are created in order to lure **foreign investments** into the country – some zones even obscenely advertise to be “union-free”. Through out-sourcing and sub-contracting big companies devolve business risks and their responsibility for the workforce to smaller supplier firms. Short-term contracts and uninsured jobs create insecurity. Informal labour is at the rise. In the face of globalisation labour unions seem to be losing ground.

What can be done? Are workers and their unions powerless and defenceless when facing globalisation? NO! There are internationally recognised **labour standards** that safeguard basic human rights at work including basic trade union rights. Those labour standards are codified in the conventions of the International Labour Organisation (ILO). The traditional mechanisms to protect and promote labour standards, however, do not seem to be sufficient anymore in the era of globalisation.

That is why a couple of so-called “**alternative labour tools**” have been developed to safeguard workers’ rights in a globalised economy. The most important are: codes of conduct, international framework agreements, the OECD Guidelines for Multinational Enterprises, global works councils and union networks, the UN Global Compact, fair trade and social labels as well as social clauses in trade agreements. Workers and their unions can use these tools when defending their basic rights in the context of MNCs and international trade. They can be very useful complements to the traditional union instruments.

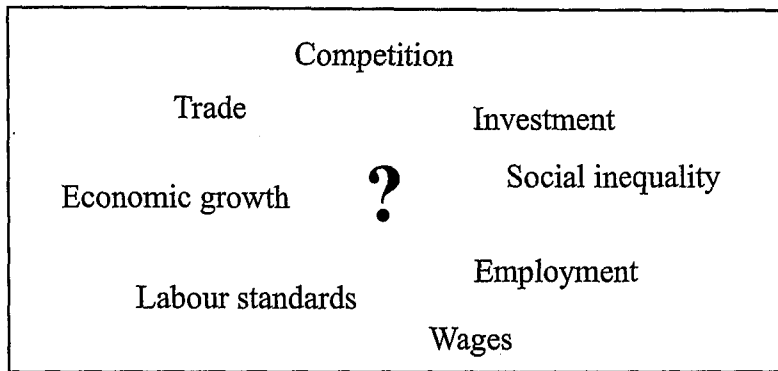
This manual is directed at union leaders, labour activists and labour educators. It can be used for personal information and as a resource book for union trainings. It aims

- to create a better understanding of globalisation and how it affects workers,
- to create a better understanding of labour standards and the ways in which they can be protected and promoted, and

- to give an introduction and explanation of the “alternative labour tools” to protect and promote labour standards in a globalised economy and to encourage workers and unions to make use of them.

The manual is structured along guiding questions. In order to get a full understanding of the topic it is advisable to read the text from beginning to end but it can also be read by just selecting those questions the reader is most interested in. For a better overview each chapter concludes with a summary of the key points.

What is the link between ...



In this section we will try to find the answer by addressing the following questions:

- What is globalisation?
- What are the dimensions of globalisation?
- Where does economic globalisation come from?
- What are the effects of economic globalisation and how does it affect labour?
- Can globalisation be reversed?



What is globalisation?

The world economy is changing and the changes are severely affecting workers in developing countries. These changes are often referred to as “globalisation”. “Global” means “the whole world” because in the process of globalisation the politics, economies and the people of practically all countries in the world become more closely linked to each other. The world becomes smaller. What is happening in very far away places like China, Latin America or Europe can have a sizable effect on the politics, economy and people in your country. And vice versa: what happens in your country can affect other countries as well.

Globalisation is the intensifying linking up of countries, economies and societies that is causing growing global interdependence.

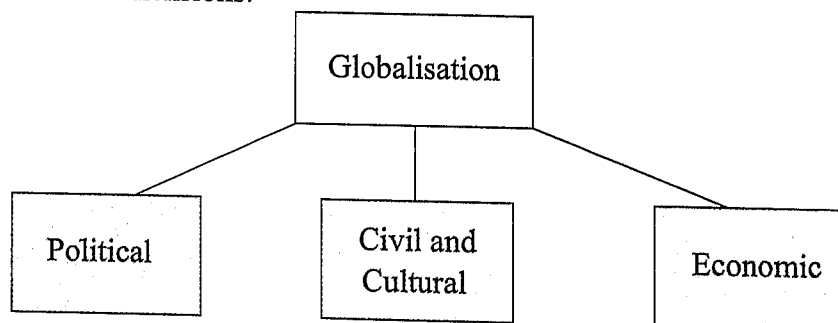
Definition

The process of globalisation began already around 1900 but exploded in the mid-1980s and has been booming since, changing the way many things used to be. Let's have a closer look.



What are the dimensions of globalisation?

Globalisation has three dimensions:



Political globalisation

Political globalisation means that more political issues are dealt with on an international level. International dialogue and cooperation have intensified:

- More international conferences take place in which issues of global concern are being discussed (recently for example the conference on development and environment in Johannesburg, South Africa, the conference on financing for development in Monterrey, Mexico, and the latest WTO trade round in Cancun, Mexico).
- A number of new international laws, conventions or resolutions regulating issues of global concern have been issued (for example on emissions that cause global warming, minority rights or the banning of land mines).
- New international institutions have been founded or existing ones have been extended (for example the foundation of the World Trade Organisation in 1994, the foundation of the International Criminal Court in 1998 or the enlargement of the European Union in 2004). Simultaneously, cooperation and integration at the regional level have intensified as well.

Despite these efforts, there is an ever-increasing need for more global governance and cooperation. The number of problems that can effectively be tackled only by means of international cooperation is rising.

- More and more problems that happen in one country have border-crossing effects like environmental pollution, conflicts and labour migration.
- Other problems are national ones but many countries suffer from the same problems thus making them global issues such as urbanisation, dwindling water reserves, HIV/AIDS and human rights violations.
- Still other problems are of a truly global nature like global warming and population pressure.

Many of those problems are related to poverty. In addition to those problems, economic globalisation is causing many new challenges, which, if ill-managed, create new problems or enhance existing ones. With economic globalisation intensifying, the need for political regulation of the economy on an international level increases. What is true for the national level is also true for the international level: in order to function well, the economy needs a legal framework and political regulation.

Brief excursus on economic freedoms and regulation of the economy

On the one hand, economic freedoms are important to create wealth and growth because the motivation of individuals to better their situation is a very strong development motor. On the other hand, economic activities can cause more social injustice and environmental degradation because they are driven by individual and egoistic interests and not communal ones. That is why on the one hand the state should provide and protect basic economic freedoms in order to create an environment conducive to economic development, but on the other hand must watch and steer the economy: Certain economic freedoms must be restrained where the economy gets into conflict with higher values of the society such as basic social justice and a clean environment. Creating this balance between the “right” amount of economic freedoms and the “right” amount of regulation of the economy so as to favour an equilibrated and sustainable development of the whole society is already a challenge on national level.

The priorities of societies are best determined by democratic elections and broad public discussions. On international level the challenge is even greater. So far no effective international mechanisms are in place that effectively regulate the global economy for the sake of public interests and welfare. The possibilities of democratic decision-making on global level are also very limited. In that sense more political globalisation with more democratic control is urgently needed.

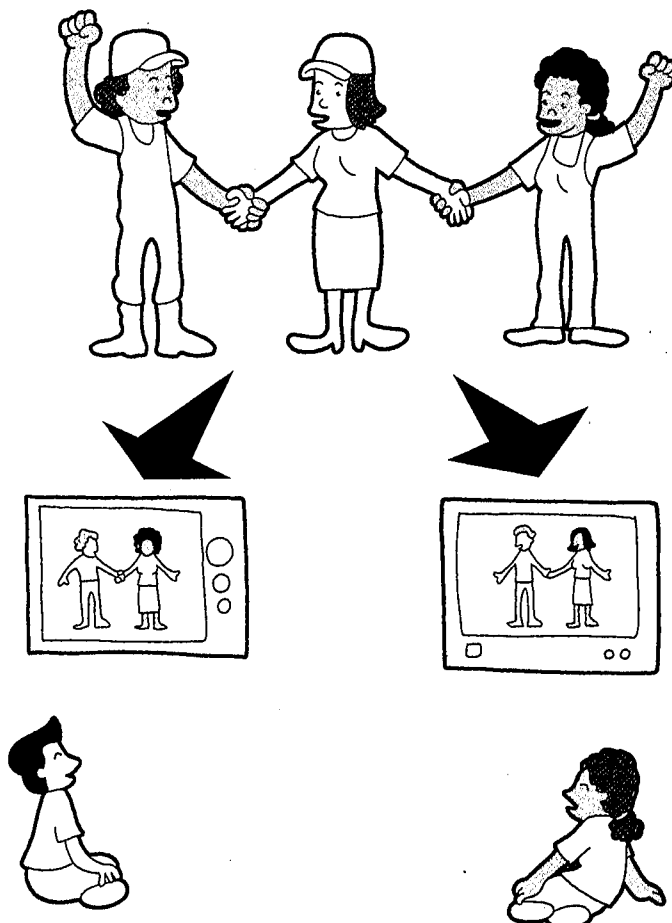
Civil and cultural globalisation

Global exchange between societies and people is ever-increasing. The awareness of what is happening in other parts of the world is rising.

- The global exchange of information between people has become fast, cheap and easy thanks to innovations in information and communication technology. The internet and e-mail have had the greatest impact by allowing information to travel from one part of the world to another in just seconds. The access to information has greatly improved also for poorer regions but there is still a great gap between industrialised and developing countries (which is commonly referred to as “digital divide”). In general, people are better informed about what is happening in other parts of the world. Holding back information has become difficult.
- Civil society organisations are increasingly linking up in global networks. Those networks provide support and solidarity through the exchange of information, campaigning, lobbying and fundraising thus making small local movements more powerful. There are many networks on labour, the environment, women’s rights, human rights and other issues.

⇒ A list of internet links to selected civil society organisations and networks can be found in the Annex.

- Also, one can observe an increasing mixing or mingling of cultures: Indian movies, American fast food, European fashion, Latin American dance, traditional Asian medicine or African music are popular far beyond their regions of origin. Tourism is helping the global exchange of cultures. Sometimes, cultural influences appear to be too one-sided with Western – especially American – culture seems to dominate other cultures and thus reduce diversity. Yet Western civilisations are equally open to new influences from outside. In its sum, cultural globalisation probably creates more diversity within countries and more understanding between countries and cultures.



Economic globalisation

The greatest impact on people's lives is undoubtedly caused by economic globalisation. Economic globalisation means the intense interlinking and interdependence of economies that can be observed in different areas:

- There has been a great expansion of international trade in goods and services. For hundreds of years people have traded goods but the boost in the volume of trade of the last twenty years is unprecedented. Since 1980 the volume of trade has tripled. A new feature is the international trade in services like education, health, transport and communication services. Trade in services has increased nearly four times over the same period of time.
- The volume and velocity of international capital movements have sharply increased. Today the values traded in the financial market such as currencies, stocks, bonds and other mobile capital outgrow the values trade in real goods by 50 times. Since transactions can be made just by phone and internet and no goods have to be transported, the volume and velocity of exchange is mind-boggling: Every day financial transactions in the value of about US\$ 2000 billion are made.
- There has also been a great increase in foreign direct investments. More and more companies are setting up production sites in other countries in order to reduce their production costs and develop new markets. Since 1980, foreign direct investments have increased 13 times and in developing countries even 24 times. However, the bulk is still concentrated in the rich countries. Only a third of all foreign direct investments are in developing countries and out of this share most are concentrated in just a few large countries like China, Mexico and South Africa. Just 2% of foreign direct investments are in least developed countries.
- Simultaneously, the importance of multinational corporations (MNCs) has been growing. The annual revenue of big companies such as General Motors is larger than the gross national income of entire nations such as Poland, Indonesia, South Africa or Venezuela (data from 2001).

Nowadays over a third of global trade is inter-company trade as the result of the wide-spread global sourcing networks of MNCs. For the production of a pair of jeans the cotton is imported from Burkina Faso, the nylon thread is fabricated in Japan, the material is woven in Bulgaria, the denim is dyed in India, the design is made in the USA, the trousers are assembled in Honduras to be finally sold in France.

The decision of multinational corporations to invest in one country or to move their production from one country to another can have enormous economic and social repercussions and can shape national political decisions. MNCs become a political power outside the direct control and influence of the people and national political decision makers.

- International labour migration has also increased over the past few decades. More workers leave their countries of origin to look for paid work in another country. Migrant workers are especially vulnerable to violations of their human and labour rights because they are mostly poor, they are usually insufficiently protected by the host country's legislation, and they have no union or protective lobby in the host countries. On an individual scale often perceived to cause social problems. On a global scale, however, labour migration is having much less impact on economies and societies than global trade and financial transactions.

Where does economic globalisation come from?

There are a number of factors that helped to boost globalisation:

- The end of the East-West block confrontation. Controversies in political ideologies are no longer dominating international relations. The socialist model is largely perceived to have failed.

- The governing paradigm of neo-liberalism. In the historic dualism of state socialism versus capitalism the capitalist economic model has proved considerably more efficient. Starting in the 1980s and supported by the break down of the Eastern Bloc, economic liberalism is the dominant economic ideology. Neo-liberals believe that open markets and economic competition are the best way to create wealth and opportunities for everyone. They believe that political regulation of the market – including social policies – should be reduced to a minimum. In the name of economic efficiency, practically all industrialised countries follow this global trend of market liberalisation, deregulation, and privatisation, yet with varying intensity and national specificities. Market liberal policy reforms are also the recipes that the International Monetary Fund (IMF) and the World Bank – sometimes rightfully sometimes not – prescribe for countries taking loans.
- The boost in economic liberalisation. As the result of WTO trade negotiations and regional free trade agreements, tariffs and other trade barriers have been drastically reduced. The financial market has been completely deregulated and investment agreements between countries make cross-border direct investments easier.

The worldwide trend of regional integration has largely added to liberalisation. Over the past ten to fifteen years, a number of new regional free trade agreements have been concluded, such as the North-American Free Trade Agreement (NAFTA), the Common Market of the Cono Sur Countries (Mercosur) in South America, the Southern African Development Community (SADC) or the ASEAN Free Trade Area (AFTA). Above that, existing integration areas such as the European Community have intensified economic and political integration, and a number of countries have recently joined integration areas.

- New technologies facilitating logistics, transport and the global exchange of information. Most important are here the new information and telecommunication technologies like e-mail and the internet.
- New participants in the global economy. There is growing global competition from
 - newly industrialised countries like Korea, Taiwan, Singapore and Hong Kong,
 - former socialist countries such as Russia, Hungary or Romania, and
 - developing countries that have become increasingly competitive like China, Mexico or South Africa, as well as Malaysia, Indonesia, Thailand, Philippines, and lately Vietnam.

The most important pillars of multilateral governance of the world economy are the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO). So far there is no international institution regulating the global financial market.

What is the role of the World Trade Organisation?

The World Trade Organisation (WTO) that succeeded the General Agreement on Tariffs and Trade (GATT) in 1994 has currently 146 member countries. Its most recent and important accession is the People's Republic of China.

The WTO is a set of rules governing world trade and a platform for member countries to discuss trade issues. The main purpose is the further liberalisation of trade by reducing trade barriers. Yet the WTO's mandate extends far beyond mere trade in goods. It also has regulations about trade in services, intellectual property rights, competition, legislation, and other issues. So far, however, the WTO does not cover labour issues. In 1994, the WTO was complemented with a dispute settlement and arbitration body that rules over the compliance with WTO rules. In case a member applies unfair trade practices that are not conform with WTO rules the dispute settlement body can allow the damaged member countries to retaliate with trade sanctions.

Directly or indirectly decisions of the WTO have a great impact on economic, structural, labour, and social policies. Despite its far-reaching influence, the WTO is not subjected to any democratic control. Decisions are made in international trade rounds. These trade negotiations are widely criticised for being intransparent and dominated by the economically powerful countries. Notwithstanding, the last trade round in Cancun, Mexico, in 2003, which was supposed to be a “development round”, failed because an alliance of developing countries refused their support to what they perceived a phoney agenda that would mainly benefit the North.

What is the role of the IMF and the World Bank?

The function of the International Monetary Fund (IMF) is to stabilise a country’s currency with loans in case the currency loses value to an extent that the economy risks to derail. The function of the World Bank is to provide loans for development purposes for governments that cannot take out loans from the private capital market because they are lacking the necessary financial credibility. These functions as such are important and have helped many countries out of crisis.

The main reason why these two international financial institutions, IMF and World Bank, are so widely criticised, is because of their way of influencing the policies of countries taking out loans. Many of the problems that led to the economic crisis situation in the first place and that forced the governments to resort to the help of the international financial institutions were caused by structural problems and bad government policies. In order to durably improve the situation, IMF and World Bank make economic policy reform programmes the condition of their loans. These Structural Adjustment Programmes that the IMF and World Bank uniformly prescribed for poor countries taking loans in the 1980s and 1990s were driven by a dogmatic market liberal ideology and served in many ways the interests of the rich countries who as main contributors dominate within these institutions.

Without looking into national particularities, they were imposing liberalisation, deregulation, privatisation, and severe cutbacks in social policies as the cure-all to stabilise a country’s state budget, improve debt service and increase international competitiveness. In many cases, however, the reforms failed to produce the desired effect. Instead, they created greater dependency from rich countries and the international financial institutions. They harmed especially the poor, created even more social injustice, and increased the external debt. After being violently criticised, the Structural Adjustment Programmes were replaced in 1999 by the Poverty Reduction Strategy Programmes (PRSP) that are more poverty-oriented but still focus on liberal macro-economic reforms.

True IMF and World Bank have a great and questionable influence on national policies but they are less important as “globalisation agents” than the WTO.

What are the effects of economic globalisation and how does it affect labour?

Labour unions and non-governmental organisations (NGOs) often regard economic globalisation as the root cause of all evil. They point at labour exploitation, environmental, exploitation and the increasing gap between rich and poor. The proponents of liberalisation, in contrast, argue that economic globalisation has created more wealth and development – particularly for poorer nations. So who’s right? It’s worth having a closer look.

The most decisive and direct effect of economic globalisation is increased competition. Competition is growing both between and within countries. Competition means you are free to win and free to lose: you win if you are competitive and you lose if others are more competitive. In order to survive, everyone has to struggle harder and perform better. Companies have to fight harder to stay profitable; countries have to make greater efforts in order to experience growth; workers have to qualify themselves better or work for lower wages in order to get a job.

Having a “competitive advantage” means being equipped with something that gives you an advantage over your co-competitors. In a flying competition a falcon has a competitive advantage over a nightingale because of its larger wings, in a singing competition the nightingale has a competitive advantage over the falcon because of its fine voice. In the global labour competition, countries with low labour costs (and low labour qualification) have a competitive advantage whereas in a competition for knowledge-based innovations, countries with high labour qualification (and high labour costs) have a competitive advantage.

Positive effects of economic globalisation

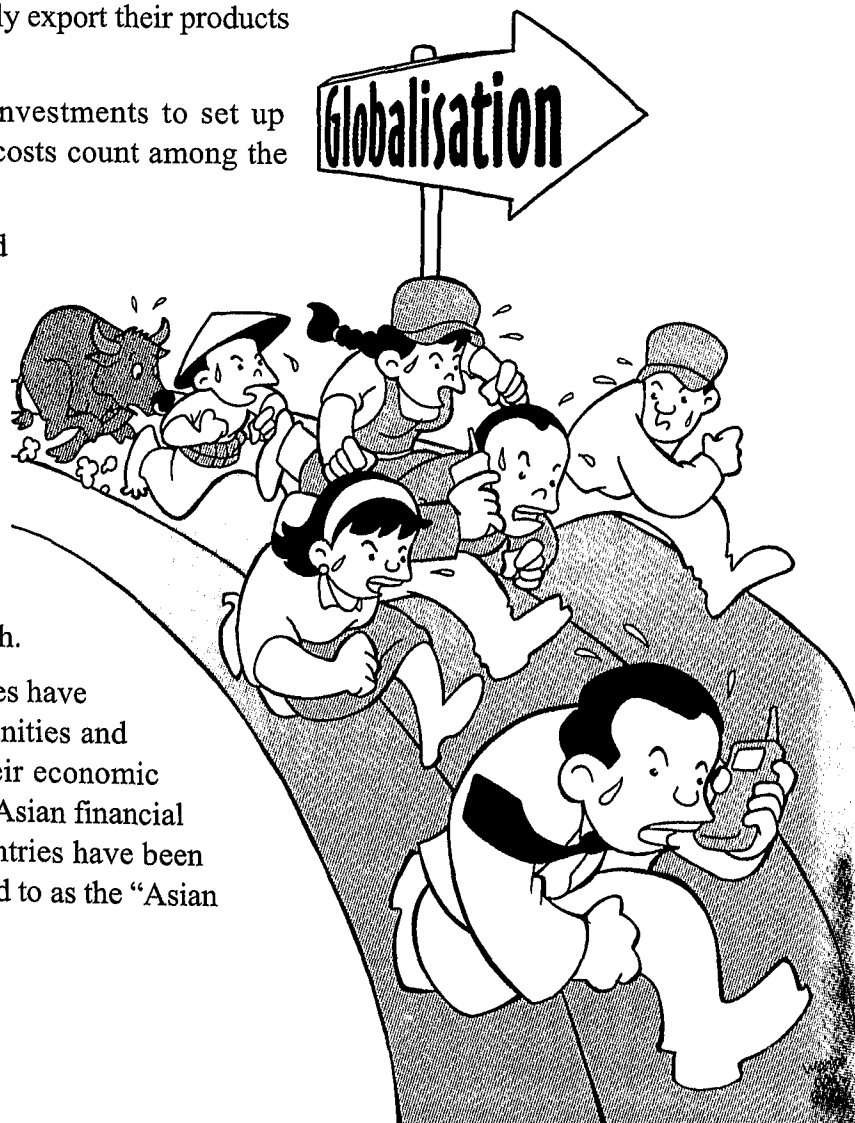
In general, competition has a number of positive effects:

- More economic efficiency. This means that more output (products or services) is produced for every unit of input (capital, labour, raw material, time). Money, manpower and natural resources are saved. More products can be produced.
- As a consequence, the consumer can enjoy lower prices, better quality and more choices. For example, a CD player nowadays has more functions and costs less than a few years ago. Also there is a broader array of different models to choose from.

Economic globalisation has created growth, wealth and new development opportunities for countries that have a competitive advantage in a certain area and were able to use it to their benefit. Countries in Asia have low labour costs. Products that require a lot of manual labour can be produced much cheaper in Asia than in industrialised countries such as Australia, Canada or Germany. That is why countries like Thailand, Bangladesh or China have a competitive advantage in sectors like garment production, agriculture, sport articles, home electronics and others. With global markets opening they can successfully exploit this advantage.

- As trade liberalisation made the access to foreign markets easier, Asian countries can now successfully export their products to foreign markets.
- Many foreign companies make investments to set up factories in Asia. The low labour costs count among the main reasons.
- As a consequence, more jobs and more income can be generated in those countries.
- Another occasional side effect of global economic exchange is the transfer of knowledge and technology that create even better development opportunities.
- All factors lead to economic growth.

Some East and Southeast Asian countries have managed to benefit from these opportunities and make an enormous leap forward in their economic development. Before the setback of the Asian financial crisis, growth rates in many Asian countries have been as high as 10%, which was often referred to as the “Asian miracle”.



Why have not all developing countries managed to benefit from the positive effects of globalisation?

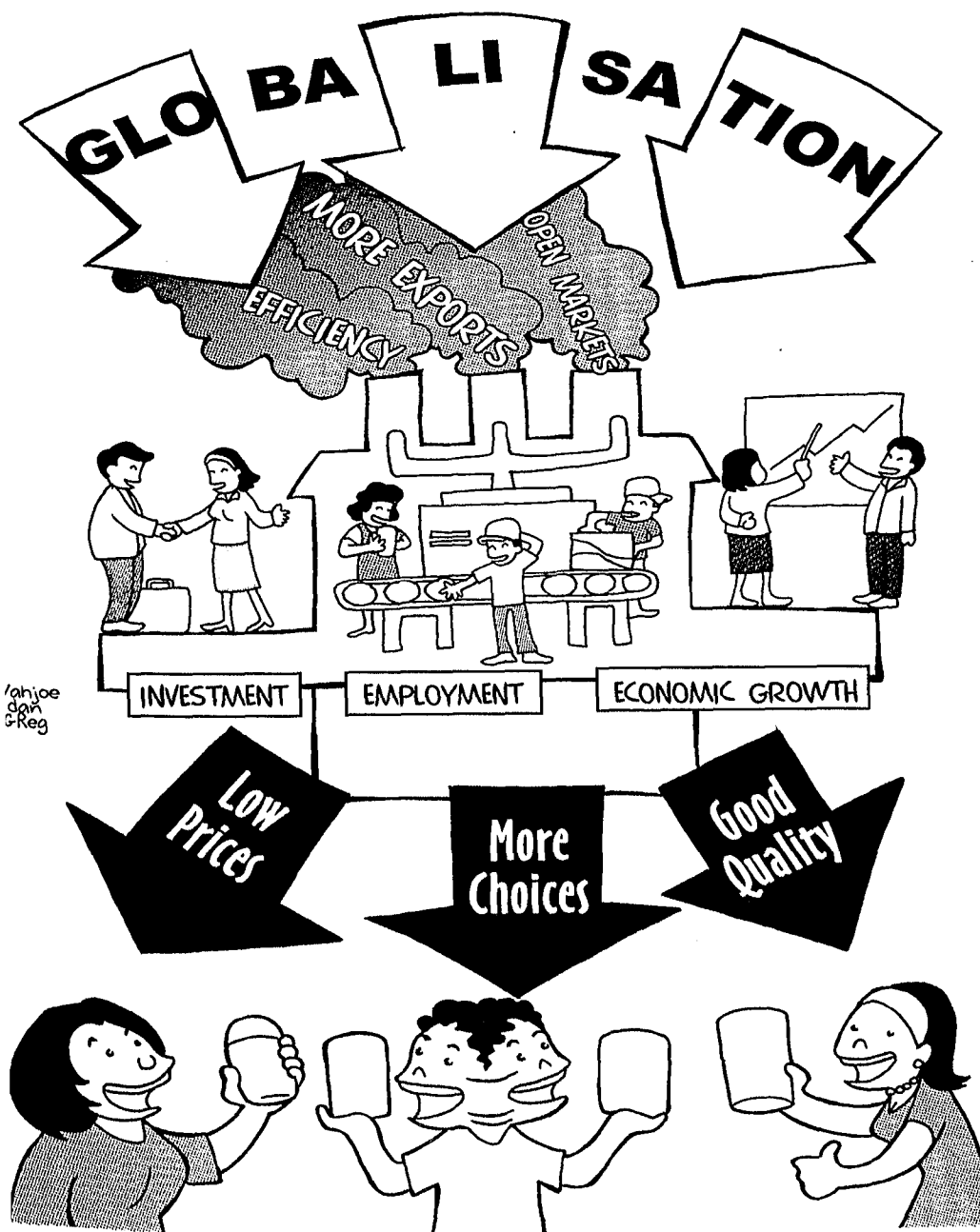
The problem is that most developing countries have a competitive advantage in the same areas: low labour costs, agricultural products, textiles and others. True they can compete with industrialised countries in these areas but at the same time they compete against each other. That is why most developing countries -if they do not offer other advantages like a large domestic market, good infrastructure or high labour qualification- have not managed to benefit from globalisation. Poverty is the main reason why many countries do not have a large domestic market and find it difficult to improve their level of labour qualification and their infrastructure. So for many countries the only way to stay competitive is to offer even lower wages and product prices. As a consequence, product prices, wages and labour standards stay low or are even deteriorating.

Many problems though are also homemade and cannot be attributed to external influences. Frequently, incompetent or selfish political decisions of the ruling elites who want to exploit their own country hinder to turn opportunities of economic globalisation into development of the poor. It is mostly the combination of a tougher economic environment *and* inadequate national policies that make workers suffer.

Negative effects of economic globalisation

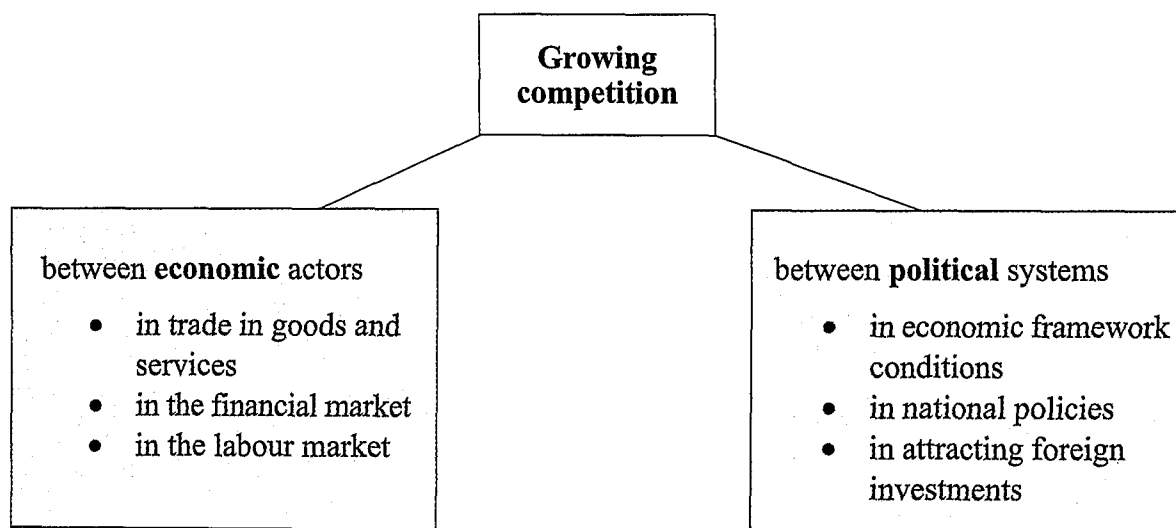
Economic globalisation also brings about many problems and new challenges. In general, competition has a number of negative effects:

- There is high pressure to constantly improve economic performance. The economy gets harsher. Companies, branches, people, even whole countries that cannot stand this competition lose out. It is like a sports race where the performance standards are constantly being raised. The ones who are less fit fall behind.
- As a consequence, differences between rich and poor are widening creating more social inequality. The distance between the front-runners on the track and the latecomers is increasing.



- Even if the rules were the same for everyone, it is not a level playing field. Those with better start conditions have an advantage in the competition. In a sports race, those who are better nourished and better trained from the start have higher chances to win the race. So to make competition fair, countries with a weaker starting position should be given an advantage in the global economy. Some special advantages have already been created for developing countries like lower trade tariffs for very poor countries. But those advantages are often only half-hearted and insufficient.
- Even worse, the rules are not the same for everyone. In many ways the rules of the global economy as we have them now are the rules made by the economically and politically powerful. They are designed to create obstacles for potential new entrants in order to prevent new competition. It is as if in a sports race the stronger contestants are given an advantage over the weaker ones. Many industrialised countries have discriminating import restrictions and tariffs on certain products from developing countries. They apply precisely on those products from poor countries, which are more competitive than their equivalents produced in rich countries like cotton, fruits or textiles. These unfair trade conditions render it even more difficult for developing countries to catch up.

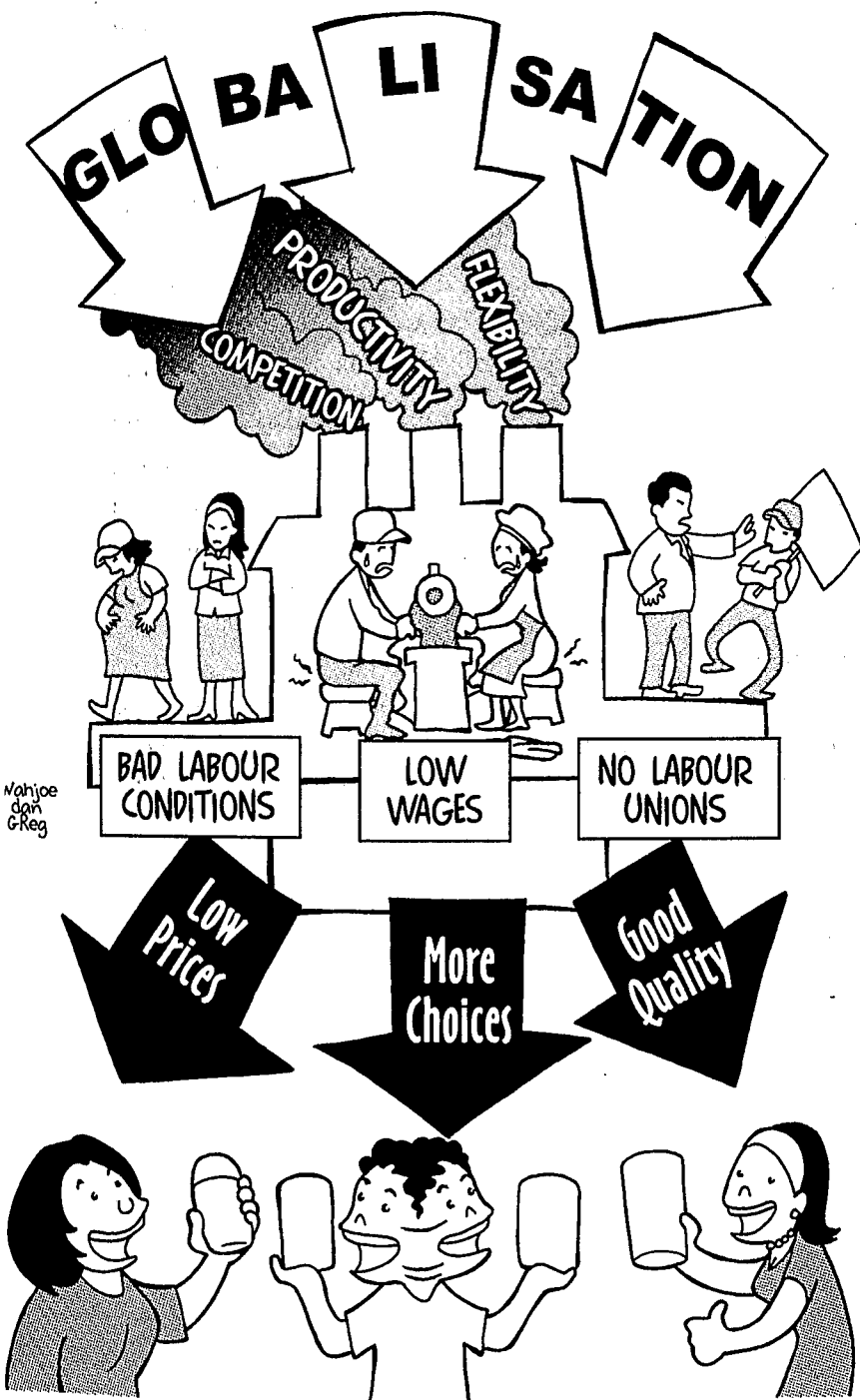
Economic globalisation has intensified competition on two levels:



Growing competition between economic actors

Economic competition places high pressure on companies to increase their productivity (i.e. producing more products in less time at lower prices and/or higher quality) and to increase their flexibility to adapt to changes in the market in order to stay profitable. The consequences for workers are often negative.

- Companies are under pressure to reduce production costs. The easiest way is often to reduce labour costs which can be done several means:
 - ⇒ Workers are trained so they become more efficient.
 - ⇒ Workers are paid low wages, receive few social benefits and work under poor working conditions.
 - ⇒ Workers are replaced by machines and lose their jobs.
 - ⇒ Production sites are relocated to places where labour costs are even lower. Workers are dismissed in one place and employed in another.



- Companies are under pressure to increase their flexibility and quickly react to changing demand. Therefore, entrepreneurs demand higher labour flexibility.

- ⇒ Workers have to work over-time when the workload is high.
- ⇒ Workers are being dismissed when the workload is low.
- ⇒ Contracts are made only on a short-term basis.
- ⇒ Production is being sub-contracted and out-sourced to smaller supplier firms in order to devolve business risks and responsibilities for the work force.

With the increasing importance of the financial markets another aggravating factor is that companies are increasingly concerned about their “share holder value”, that is the value of their stocks. The value of stocks as traded in the stock markets depends not only on the actual performance of a company but rather on the forecasted profit of the company in the future. That has a lot to do with speculations, psychology, prejudices, and symbolic acts. Reducing the work force and cutting labour costs normally increases the stock value of a company because the financial investors generally interpret this as a

positive move towards lean management and greater profit expectations – even though the main problem of the company may not be high labour costs but, for instance, supply difficulties. This absurd logic creates additional incentives for companies to pursue labour-restrictive policies.

Consequences for labour:

- Pressure to keep wages and labour conditions low,
- Less employment security and less social security,
- Fewer chances for the less competitive. Workers with low labour qualifications are especially vulnerable,
- Weakening bargaining power of labour. Negotiating better labour conditions becomes more difficult as employers threaten to dismiss workers or relocate production sites if labour costs are rising.
- Less solidarity amongst workers because workers of different production sites compete against each other for jobs.

If globalisation puts companies under pressure, do they have choices in the way they treat their workers?

YES! High competition certainly does make life more difficult for companies and narrows their room for decision-making. However, the companies' management has often more room for decision-making than it will admit. Company management often uses globalisation and competition as an excuse for poor working conditions and as an argument to blackmail workers and their organisations: "We cannot give in to your demands because this will lift labour costs. If labour costs increase we are less competitive. We would have to reduce production and dismiss workers. Or we have to relocate our production to a place where labour costs are lower." Yet this is often wrong.

Companies can improve their competitiveness not only by cutting labour costs but also by training labour, investing in new technologies, and improving management structures. Unfortunately, devolving business risks to those who are more vulnerable – smaller supplier firms and the workers who depend on their job – often seems the easiest way to ease competition pressure, but it is an unfair way. Big corporations, in particular, can easily afford to provide their employees with adequate wages, basic employment security and fair working conditions. For example, labour costs make up only 0.4% of the final retail price of a brand name sports shoe sold in Europe or the USA. The greatest share of the retail price are the marketing and distribution costs and the brand name profit. The challenge for workers and their unions is to prove that the company does have alternatives. This requires very skilful negotiators who have in-depth knowledge and understanding of the business sector and the management of the company.

Growing competition between political systems

Competition between political systems causes pressure on political decision makers to provide favourable economic framework conditions for businesses, the export, and investments in order to create employment, promote the transfer of knowledge and technology, foster economic growth, and reduce poverty.

Investment decisions of huge multinational corporations can have an enormous impact on national economies and policies. Also, losing trade shares to another country can have harmful consequences for the national economic development. Additionally, more and more international regulations and agreements determine national policies, e.g. on trade, financial flows, investments, subsidies and many other issues. Countries taking out loans from the IMF or the World Bank are under the strong influence of these institutions that promote an extremely liberal, market-friendly policy.

The space for national decision-making of governments and parliaments is narrowing. National policies in nearly all countries increasingly revolve around staying competitive in the international market. The economy is dominating politics; social issues become increasingly neglected. Policies that allegedly improve competitiveness of a country include:

- Deregulating and liberalising the market, privatising state companies.
- Making business friendly legislation like business friendly taxation, soft environmental laws and less social contributions. In particular, making business friendly labour legislation like a low minimum wage, allowing longer working hours or less employment protection. Moreover, in order to spare the business sector, existing legislation that regulates business behaviour is not being properly enforced in many countries.
- Creating special export production zones with special incentives for companies producing for export. Export-oriented companies operating in these zones are exempt from certain national taxes and regulations, including labour laws. Some countries even advertise "union free zones".
- Subsidising companies and investments.

Policies that also improve competitiveness of a country but at the same time are for the benefit of the whole population include:

- Improving the national infrastructure like roads, electricity supply, harbours, etc.
- Improving the overall labour qualification by promoting and investing in education and vocational training.
- Fighting poverty and social exclusion and improving the social infrastructure like hospitals.
- Creating a predictable political and legal framework by establishing the rule of law, protecting property rights, fighting crime and any malpractices such as corruption, collusion and nepotism. Political stability, the absence of violent conflicts and a functioning democratic rule are also factors that increase a country's competitiveness.

Unfortunately, these political and social factors are often neglected because they are more difficult and take more time to change and because they often bring along changes in the national power structure that the ruling elites do not want. That is why the first mentioned policies that just intend to favour the business are currently the more common approaches.

Consequences for labour:

- The government has less power and influence over companies. Also, the government has less power and less willingness to regulate the market and labour conditions.
- The government is less able and less willing to help workers because they fear to scare off investors and harming the business and thereby causing more unemployment. In some cases unions are even deliberately oppressed by the government: the rights of workers to take collective action are not protected, unions are banned etc.
- The government cuts back social and labour policies. There is also less room for new social and labour policies.
- Social inequality increases.

Both rich and poor countries are under pressure from globalisation but for highly indebted and poor countries more is at stake. Rich countries have a better start position. They also have more means to ease the competition upon their national economies. They use their economic and political power in international negotiations to achieve trade and investment agreements that are more favourable to them. They protect sectors of their economy, which are not competitive but provide lots of employment (such as agriculture or mining) with subsidies and import restrictions. By doing so, they create unfair conditions for poorer countries that would normally be competitive in these sectors. These unfair conditions hinder developing countries from successfully export their products and obstruct their economic development. In many ways the rules of globalisation that we have now are made and shaped by the rich and powerful. Globalisation as such would be fairer if the pre-conditions of trade and investment were fairer.

Different impact on different sectors

Not all workers feel the negative effects of globalisation on labour in the same way. The most severely affected are workers in sectors:

- that compete with low labour costs – that is sectors that mainly rely on manpower in the production and require only low labour qualification,
- that have production sites which are easy to relocate because they do not require expensive investments in machines and equipment, and
- that primarily produce for export. (Companies primarily producing for the domestic market can also be affected by globalisation though if they face competition from cheaper imports.)

For their majority these are the sectors of mass consumer goods. Examples are the production of garments, shoes, toys, sport articles, simple home electronics and standard chemical products but also exported agricultural products such as coffee, cocoa, sugar etc. Companies in those sectors are most prone to violate labour standards, provide poor working conditions and pay low wages because they maximise profits through low labour costs.

The above-mentioned sectors are largely dominated by MNCs. Yet in most cases the MNCs are not actually the owners of the production facilities but merely purchase outsourced produce from supplier factories. At the same time they have such a strong – often even monopolistic – demand position that they determine everything from design, production procedures and management systems. Only rarely do MNCs also use their influence to demand better labour standards from their suppliers.

Workers in other sectors are less affected by the negative effects of economic globalisation. Companies that do not primarily compete with low labour costs are less likely to treat and pay their workers poorly. The higher the required labour qualification and the higher the initial capital investment in machines the less an economic sector and its workers are negatively affected by economic globalisation.

Women and economic globalisation

Women workers in particular suffer under the pressure from globalisation. It is not a coincidence that women are the majority in the informal sector, in home-based work and other insecure employment relations. If competition pressure increases, women are often the first to lose their job.

For socio-cultural and economic reasons women have often less chances to qualify themselves. Many are therefore compelled to work in low-paid jobs with poor working conditions. In export processing zones and especially in the poorly paid jobs in the textile, leather and garment sector, women make up about 80% of the work force. Most of them are very young; about two thirds are below the age of 25.

For the employer it has a number of advantages employing women:

- In average women are paid less than their male fellow workers.
- They are more adaptable and agreeable to accept poor working conditions. Especially young women coming from the country-side in search of an employment have no opportunity to compare working conditions and are often very naïve.
- Because of their double burden of unpaid family work, women have less time and opportunity to organise.
- Women are easier to intimidate and are more vulnerable to threats of sexual harassment and physical abuse.



Can globalisation be reversed?

NO, globalisation cannot be reversed. Once you released the genie you can't get it back into the bottle again. Fighting globalisation or being against globalisation is of little use. Countries that try to close their economies to globalisation, like North Korea, are extremely poor and internationally isolated. BUT globalisation can be shaped! The global economic order as we experience it now is not the only way how things can be. A lot of things can and need to be changed.

Most of the so-called globalisation opponents are actually not against globalisation as such but against the globalisation as we have it now. They demand among others:

- More democracy, transparency and fairness in international negotiations. Fair play of rich countries. More decision-making power to poor countries.
- Fair starting conditions and fair rules and procedures for competition. Especially stopping the protectionism of the industrialised countries.
- More solidarity with the poor. Special protection for economic sectors, groups of people, cultures and natural environments that are especially sensitive and vulnerable.
- More regulation and political control of the economy and especially of MNCs.
- More social responsibility and accountability of big firms.
- More regulation and control over the financial market. A tax on financial transactions to use the revenues for the development of the poor.
- More power and participation of the people and of the civil society – including unions – in the process of shaping globalisation.
- Better protection of workers and unions within the industrial relations system and a reemphasis on the state as the regulatory authority for implementing labour rights.

Parts of these demands have already resulted in some successes but there is still a long way to go. National unions can and should take part in the process of shaping globalisation. They can build alliances with international networks that support them and fight for the same goals: the Global Union Federations (GUFs), labour NGOs and international solidarity networks.

Strength of a movement often comes from building broader alliances e.g. with the women's movement, human rights organisations and environmental NGOs. The internet provides an excellent means for networking.

⇒ In the Annex is a list with relevant internet links for networking.

The ILO has set up a special World Commission on the Social Dimension of Globalisation of international experts to study the social effects of globalisation. It has just published its final report with the title "A Fair Globalization – Creating Opportunities for All".

The report of the World Commission on the Social Dimension of Globalisation "A Fair Globalization – Creating Opportunities for All" (Geneva 2004)

"We seek a process of globalization with a strong social dimension based on universally shared values, and respect for human rights and individual dignity; one that is fair, inclusive, democratically governed and provides opportunities and tangible benefits for all countries and people.

To this end we call for:

- *A focus on people.* The cornerstone of a fairer globalization lies in meeting the demands of all people for: respect for their rights, cultural identity and autonomy; decent work; and the empowerment of the local communities they live in. Gender equality is essential.
- *A democratic and effective State.* The State must have the capability to manage integration into the global economy, and provide social and economic opportunity and security.

- *Sustainable development.* The quest for a fair globalization must be underpinned by the interdependent and mutually reinforcing pillars of economic development, social development and environmental protection at the local, national, regional and global levels.
- *Productive and equitable markets.* This requires sound institutions to promote opportunity and enterprise in a well-functioning market economy.
- *Fair rules.* The rules of the global economy must offer equitable opportunity and access for all countries and recognize the diversity in national capacities and developmental needs.
- *Globalization with solidarity.* There is a shared responsibility to assist countries and people excluded from or disadvantaged by globalization. Globalization must help to overcome inequality both within and between countries and contribute to the elimination of poverty.
- *Greater accountability to people.* Public and private actors at all levels with power to influence the outcomes of globalization must be democratically accountable for the policies they pursue and the actions they take. They must deliver on their commitments and use their power with respect for others.
- *Deeper partnerships.* Many actors are engaged in the realization of global social and economic goals – international organizations, governments and parliaments, business, labour, civil society and many others. Dialogue and partnership among them is an essential democratic instrument to create a better world.
- *An effective United Nations.* A stronger and more efficient multilateral system is the key instrument to create a democratic, legitimate and coherent framework for globalization.”

(Quoted from Synopsis, p. ix)

Summary of the key points concerning globalisation and labour

- Globalisation means growing global interdependence between countries, economies and people. Workers are most affected by economic globalisation.
- Economic globalisation is most characterised by an increase in international competition caused by liberalisation and deregulation.
- Economic globalisation has resulted in the opening up of many new development opportunities. Export and new investments have created jobs, income and economic growth. Formerly poor countries, especially in Asia, have managed to make an enormous leap forward.
- However, economic globalisation also causes more competition, both between companies and between countries.
- Competition causes pressure on wages and labour conditions, especially in labour intensive sectors. Competition also increases the gap between the rich and the poor.
- Economic globalisation presents a great challenge to national trade unions. Unions have to understand the basic mechanisms of the global economy in order to be competent and powerful negotiation counterparts to the company management and the government.
- Globalisation cannot be reversed but it can be shaped. National labour unions together with the GUFs, the ICFTU and solidarity alliances of civil society organisations should take part in this process!

- Thanks to the internet and e-mail, civil society organisations and unions from all over the world can easily and inexpensively exchange information and link up with each other and build larger alliances and solidarity networks. Unions should familiarise themselves with these new technologies and make use of the international networks.

2. What are labour standards and how can they be protected and promoted?

In this section we will try to find the answers to the following questions:

- What are labour standards?
- What categories of labour standards are there?
- Why are labour standards not sufficiently provided?
- How can labour standards be protected and promoted?

What are labour standards?

Labour standards are formal agreements on principles and rights at work that are not directly related to wages. They are minimum standards with regard to

- Working conditions,
- Industrial relations,
- Labour policy.

Definition

The intention of labour standards is to define social minimum standards that should not be regulated by the rules of the market but be guaranteed by laws or regulations. International labour standards are minimum standards that were defined at an international level to be observed by all countries.

There are a lot of misunderstandings concerning international labour standards. One common misunderstanding is that international labour standards try to set a global minimum wage for workers. However, international labour standards do not regulate wage levels in any way. Rather they deal with rights, principles and policies. Labour standards on industrial relations, like the right to collective bargaining, can of course affect the level of wages. In the same way, can labour policies contain wage policies like the right to receive a certain minimum wage. Yet when talking about labour standards what we are concerned about is the existence of such a right or policy not the height of the wage it stipulates or generates.

Labour standards can be codified (i.e. be given force through legal or regulatory mechanisms) at a national level, an international level, between private actors, and by states. Here is an overview:



Defending Labour Standards

Codification of labour standards

Level Actor	National	International
	State	Private
	National labour law	Most important: the ILO Conventions and Recommendations
	Collective labour agreements between employers and labour unions	Codes of conduct, international framework agreements, social label

The International Labour Organisation (ILO) is the norm setting agency for international labour standards, ILO Conventions serve as a reference point for national labour policy. 177 countries are member of the ILO – that is almost all countries in the world – and all of them have the same voice. Unique for an international organisation, the ILO has a tripartite structure. That means that, besides government representatives, workers’ and employers’ representatives have an equal part in the ILO. Not only the ILO Governing Body (its executive council) and the International Labour Conference (its legislative organ) are tripartite bodies but the principle of tripartism is imbedded in all ILO structures and programmes. This tripartite set-up promotes a consensus-based model where the three stakeholders – government, unions and business – make labour policy together. The broad participation of countries and the participation of labour and employers’ representatives ensure that the conventions on labour standards passed by the ILO are agreed upon by all countries and by all primary stakeholders.



What categories of labour standards are there?

Until March 2004, the International Labour Conference has passed 185 conventions. The ILO singles out eight conventions that are the most important, the so-called “core labour standards”.

International Labour Standards 185 conventions of the ILO	
Core Labour Standards The eight most important ILO Conventions: <ul style="list-style-type: none">• Freedom of association and the right to form unions (Conv. 87)• Right to collective bargaining (Conv. 98)• Abolition of forced labour (Conv. 29 and 105)• Prohibition of discrimination in employment and occupation (Conv. 100 and 111)• Elimination of child labour (Conv. 138 and 182)	Further Labour Standards All other ILO Conventions covering rights and provisions that go beyond the core labour standards: <ul style="list-style-type: none">• Working conditions (e.g. living wages, working hours, annual leave)• Occupational health and safety• Industrial relations• Social security• Vocational training• Protection for especially vulnerable groups of people (e.g. migrants, minors)• Others

Once the ILO has passed a convention, the governments of the member countries of the ILO must submit it to the “competent authority”, which is usually the national parliament. The parliament then discusses the convention and decides whether to ratify it. Ratification means the official recognition of the international law by the national law-maker. The international law will be incorporated into the national legislation. (The exact procedure varies among countries.) It is very important for labour unions to know, which ILO Conventions have been ratified by their parliaments and which have not in order to know which rights they can claim. Egypt, Indonesia, Turkey and Peru for example have ratified all eight core conventions, that means that all the core conventions have formally become recognized as standards for the national legislation.

Ratifications of the ILO Core Conventions by selected Asian countries

Country \ ILO Convention	Freedom of association		Forced labour		Discrimination		Child labour	
	C. 87	C. 98	C. 29	C. 105	C. 100	C. 111	C. 138	C. 182
Cambodia	1999	1999	1969	1999	1999	1999	1999	-
China	-	-	-	-	1990	-	1999	2002
India	-	-	1954	2000	1958	1960	-	-
Indonesia	1998	1957	1950	1999	1958	1999	1999	2000
Korea	-	-	-	-	1997	1998	1999	2001
Malaysia	-	1961	1957	- *)	1997	-	1997	2000
Nepal	-	1996	2002	-	1976	1974	1997	2002
Pakistan	1951	1952	1957	1960	2001	1961	-	2001
Philippines	1953	1953	-	1960	1953	1960	1998	2000
Singapore	-	1965	1965	- *)	2002	-	-	2001
Sri Lanka	1995	1972	1950	2003	1993	1998	2000	2001
Thailand	-	-	1969	1969	1999	-	-	2001
Vietnam	-				1997	1997	2003	2000
*) denounced								

Nevertheless, more important than the formal ratification are the actual implementation and enforcement of the conventions. Many countries have ratified ILO Conventions but are not actually implementing them. Other countries, on the other hand, have not ratified important ILO Conventions but have a national labour law that already regulates the issue in concern sufficiently. ILO Conventions are especially important as reference points for countries with a rather deficient labour legislation. Labour unions should monitor closely the implementation and enforcement of ratified ILO Conventions.

What are the characteristics of labour standards?

All labour standards are investments in people. Yet, core labour standards and further labour standards have slightly different characteristics.

Core labour standards...

- are basic human rights,
- do not imply any direct costs,
- can be implemented regardless the level of economic development,
- enable workers to negotiate all other labour standards and wage agreements,
- are a necessary condition for a functioning labour market and a sound industrial relations system, and
- are a pre-condition for sustainable economic development.

Core labour standards are basic human rights that can and should be guaranteed in every country irrespective of its level of economic development.

The economic characteristics of core labour standards

It is true that core labour standards – for example freedom of association – do not directly entail any costs either for the employer or for the national economy. However, when workers use their right to form unions, they have more bargaining power and can demand higher wages and better working conditions. So for the employer freedom of association can indirectly entail costs. That is why some companies fear labour unions and try to restrict basic union rights.

For the national economy though core labour standards are essential. Without them there are imbalances in the labour market which are harmful for the entire economy. The basic union rights are especially important because unions facilitate a fairer distribution of wealth and thus contribute to a more equitable and sustainable economic development. Empirical studies (see box below) have shown that core labour standards in fact do not hinder export, investment or economic development, but on the contrary favour economic stability and development. Countries with strong trade unions and decent work conditions are economically more successful. Governments should therefore protect and promote core labour standards and especially basic union rights.

Main findings of the OECD study “International Trade and Core Labour Standards” (Paris 2000):

- Strengthened core labour standards can increase economic growth and efficiency by raising skill levels in the work force and encouraging innovation and higher productivity.
- Countries with low core labour standards do not enjoy better export performance than high-standard countries.
- Countries that develop democratic institutions – including core labour rights – will weather the transition to trade liberalisation with smaller adverse consequences than countries without such institutions.
- Fears about a “race to the bottom” in labour standards are probably exaggerated.

Main findings of the World Bank study “Unions and Collective Bargaining: Economic Effects in a Global Environment” (Washington 2002):

- Workers who belong to trade unions earn higher wages, work fewer hours, receive more training, and have longer job tenure on average, than their non-unionised counterparts. Temporary layoffs are more frequent in unionised firms.
- Union membership reduces wage differences between skilled and unskilled workers and also between men and women.
- Countries with highly-coordinated collective bargaining tend to have lower and less persistent unemployment, lower earnings inequality, and fewer and shorter strikes than uncoordinated ones.
- Sound industrial relations can lead to a stable economy and prevent disruption to national life. Coordination among social partners can promote better investment climates while also fostering a fairer distribution of output.
- High unionisation rates can improve economic performance (in the form of lower unemployment and inflation, higher productivity and speedier adjustment to shocks).
- In contrast, fragmented unionism and many different union confederations are often associated with higher inflation and unemployment.

The interesting aspect of these studies is that two institutions, OECD and World Bank, that are known for their stark liberal stance officially acknowledge the importance of labour standards and trade unions.

In the long run, core labour standards and especially functional and competent labour unions also pay off for the employer. Employers benefit from a strong bargaining partner. A negotiated collective agreement gives the employer stability and security because the employer can assume that during the validity of the agreement there will be no strikes and industrial conflicts that might endanger production and profit. Collective agreements also facilitate the planning of business activities and the calculation of labour costs. Furthermore, fair and decent working conditions motivate the workforce and encourage workers to bring in their producers' knowledge which in turn increases productivity. Modern and successful employers therefore encourage unions, promote collective labour agreements, and provide decent work conditions.



Further labour standards are a little more complex. They are beneficial but also imply costs. Their benefits are:

- Higher quality of life. Not only higher salaries but also a healthy work environment, more free time and better social security improve the quality of life of workers.
- Better economic development especially for the domestic market. If the mass of the worker have better living conditions and more social security, they are able to spend more money on consume. As they will mainly spend it on basic, locally produced goods and services, the domestic market will grow and develop.
- More social justice. Labour standards assure that not only the rich benefit from economic development. They transmit economic growth into better working and living conditions for workers.

These benefits, however, are not achieved without costs. For example, less working hours may imply that the company has to employ more workers, improving the safety at the work place often implies investments, and social security mostly implies higher taxes or contributions. Yet better social and working conditions and constructive industrial relations increase a worker's motivation and productivity so the investment often pays off.

A company and a whole country can only afford to improve labour standards to the extent that their overall economic performance permits. It is obvious that a poor country like Nepal cannot afford such a costly social security system like in Sweden. Just like in everyday life: It is definitely more comfortable to drive to work by taxi, but if you cannot afford it, you have to take the public bus. If you still take the taxi, you may not be able to pay your rent or save money for the education of your children.

If the level of labour standards is too low – that is lower than the economic performance would allow – workers have an unnecessary low quality of life, the development of the domestic market is restrained and social inequality increases. If the level of labour standards is too high – that is the implied costs cannot be covered by the economic performance – the country loses competitiveness and economic opportunities, which normally results in a loss of employment. So a balance is needed!

Often the maximum of labour standards cannot be afforded at once. In this case, a decision has to be made, the improvement of which labour standards is priority. There also can be a trade-off between better labour standards and higher wages. Labour unions should listen to the wishes and needs of their members. Unions then should articulate the priorities of their members and should try to influence the national decision-making process in a way that is in the best interests of their members.

If they are so beneficial, why are labour standards not sufficiently provided for?

Despite the benefits of labour standards companies regularly try to prevent new labour standards legislation or try to evade existing regulations.

The dilemma is that there are low incentives for companies to comply with labour standards:

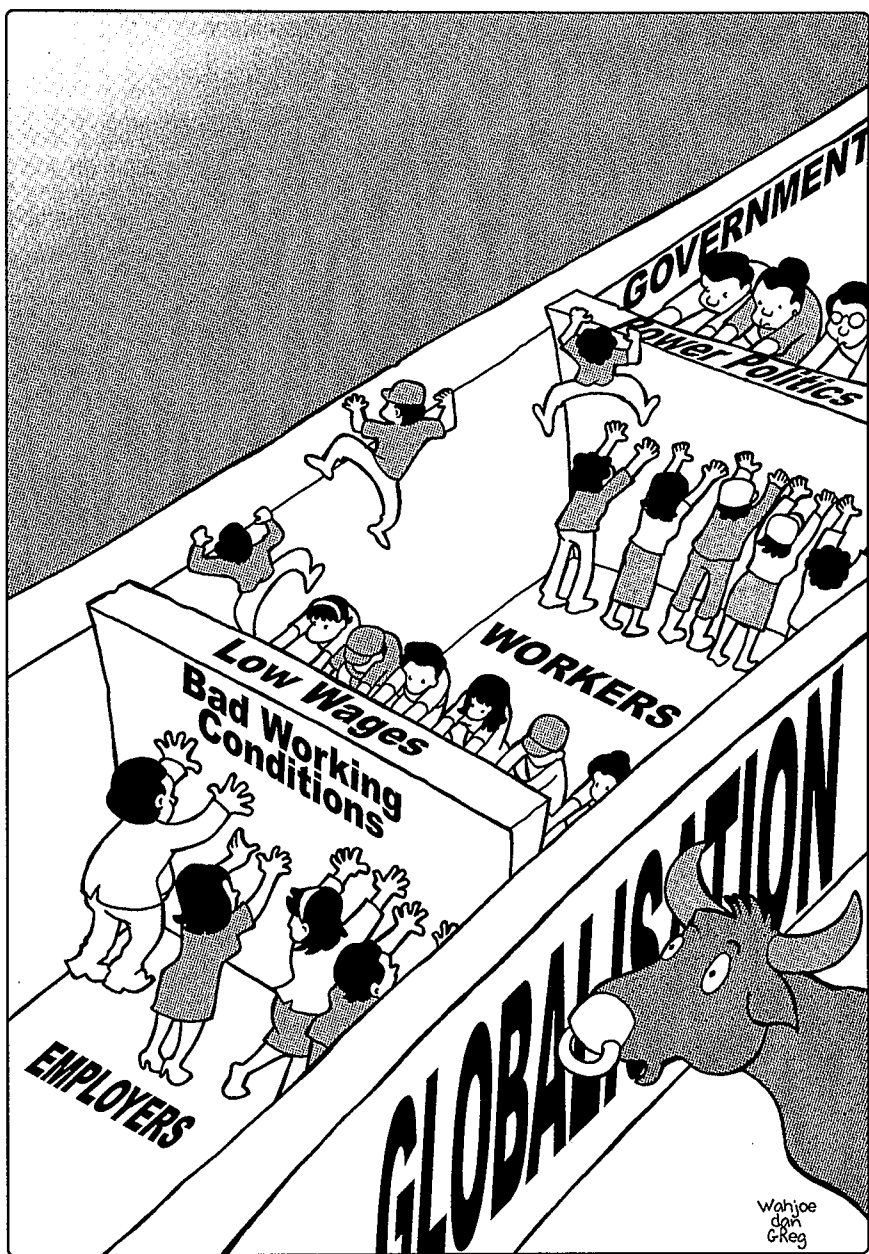
- The costs of labour standards appear in the short term, whereas the benefits appear in the long term.
- Also, the costs are felt by the individual company, whereas the benefits are mainly for the national economy as a whole.
- Companies often want to ease the competition pressure from the international market by reducing labour costs.

Because of these low incentives at the company level to provide sufficient labour standards, political and legal regulation of labour standards is necessary.

Nonetheless, the national labour law in many countries does not provide sufficient protection of labour standards and if it does so on paper, the enforcement is often lax. Unfortunately, there are also political reasons not to protect and promote labour standards:

- Undemocratic and authoritarian governments fear strong trade unions and the political empowerment of the working class and therefore try to oppress unions.
- The competition between countries exerts pressure on governments to make business-friendly policies and to cut back on social and labour policies.

At the same time, labour unions are often too weak to provide the necessary countervailing power to enforce the adequate level of labour standards. International regulation of labour standards becomes increasingly important due to the frequent lack of political motivation to protect and promote labour standards.



How can labour standards be protected and promoted?

Labour standards can be promoted by state and private actors on both national and international level. Ideally, unions make use of all available mechanisms.

Mechanisms to protect and promote labour standards

Level Actor	National	International
State	State institutions: parliament, government, judiciary	ILO monitoring of the ILO Conventions As promotional tools also: OECD Guidelines and social clauses in GSP
Private	Workers' and employers' organisations, also: NGOs	Civil society networks, global union federations, international NGOs and MNCs by using "alternative labour tools"

Promotion of labour standards on national level by workers' and employers' organisations

This is ideal! If workers and employers come up with agreements on protecting and improving labour standards no further regulation is needed. However this only can be achieved if all the following conditions are given:

- The basic trade union rights and freedoms (core labour standards) are granted.
- Powerful, democratic, independent, responsible, competent and coordinated trade unions.
- Democratic, independent, responsible and competent employers' organisations
- Constructive industrial relations and trust between workers and employers.

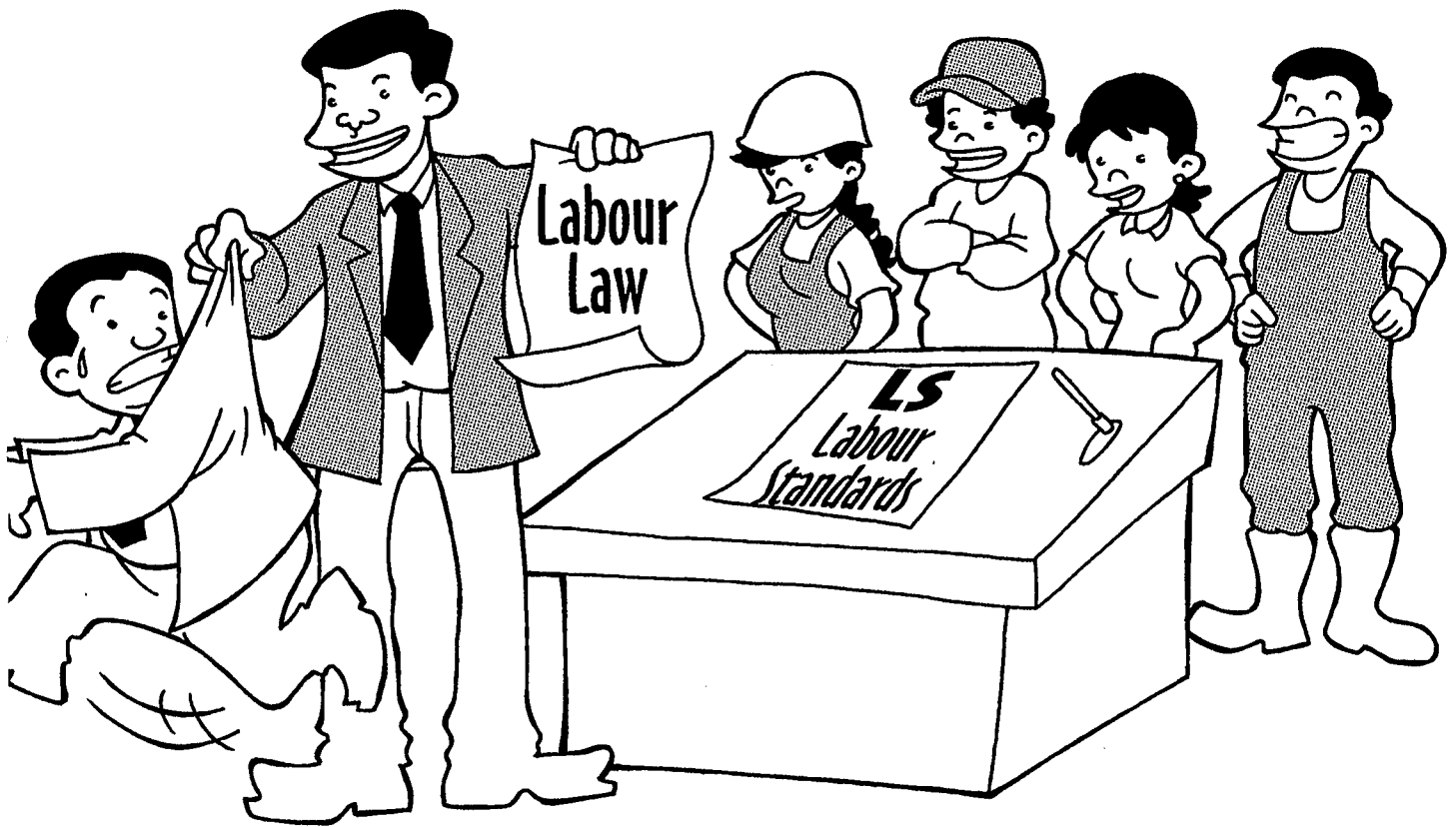
As this is rather rare (yet not impossible!) and as we have seen that there exist strong disincentives for companies to provide sufficient labour standards, additional regulation by the state is usually needed.



Protection and promotion of labour standards by state institutions

State institutions can follow a good labour policy that protects and promotes labour standards:

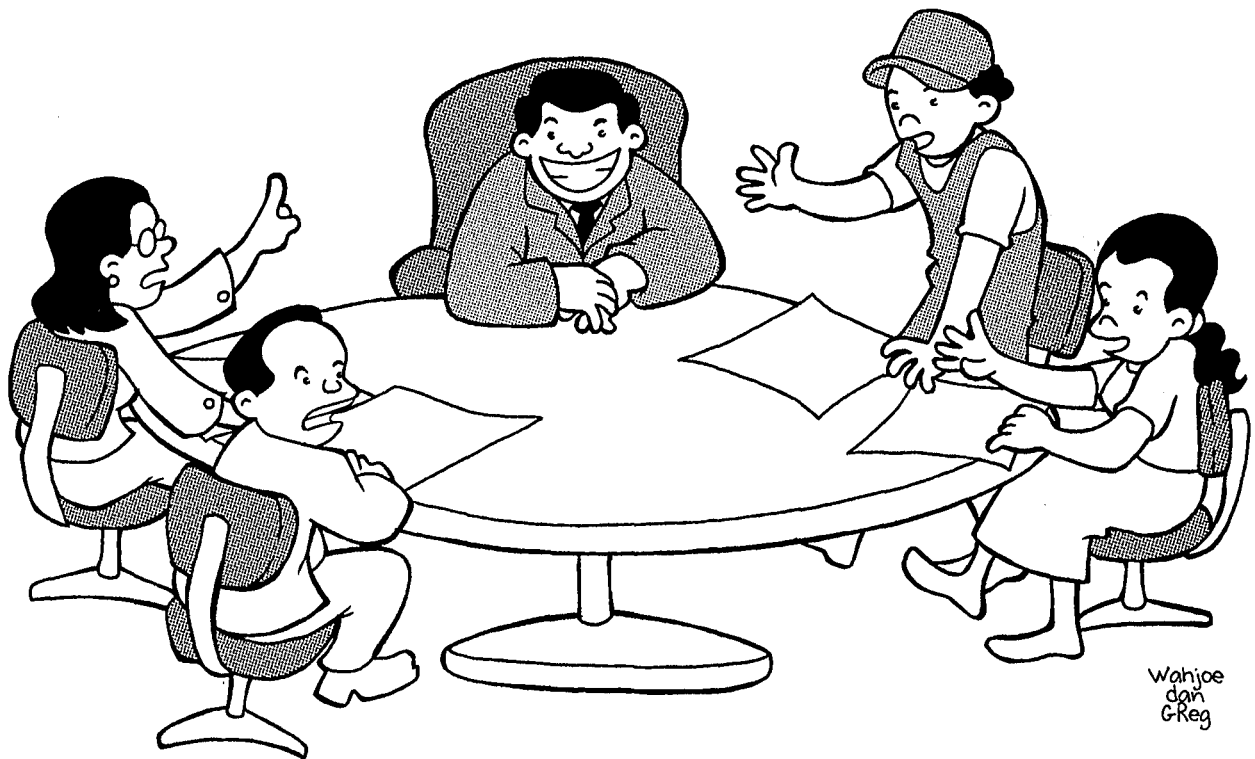
- The parliament and government can create a good national labour law that protects core labour standards, promotes further labour standards and fosters good industrial relations. A good labour law should be in accordance with the ILO Conventions; this also includes the ratification of all important ILO Conventions. A good labour law should be created in close consultation with the workers' and employers' organisations because they are the ones concerned.
- The government and judiciary should implement and legally enforce the labour law, e.g. by regular labour inspections and by specialised labour courts. The implementation should be done in consultation and with the help of the workers' and employers' organisations.
- The government together with the private sector can come up with a policy to upgrade the labour force qualification and raise national productivity. The workers' and employers' organisations should be consulted and involved.
- The government, especially the Ministry of Labour, can mediate in labour conflicts, promote good industrial relations and hold social dialogue.



Social dialogue means bringing all stakeholders (labour unions, employers' organisations and occasionally also non-governmental organisations) together at one table in order to discuss labour policies, listen to and consider the different opinions and concerns and involve everyone in the process of decision-making. The concept of social dialogue is also reflected in the tripartite structure of the ILO.

Social dialogue...

- reflects the democratic principle of participation.
- coordinates the preferences of the workers' and employers' organisations, creates transparency, reduces misunderstandings and builds trust between workers' and employers' organisations.
- helps to reduce costly labour conflicts and contributes to social peace.
- encourages workers to bring in their producers' knowledge, thus increasing productivity.
- makes decisions and policies more sustainable, thus creates political stability.



International monitoring of the ILO Conventions

International labour standards are universal in character. Their drafters intend that all countries be able to ratify and implement them – regardless of a country's stage of economic development, or social or economic system. Because of this intent, standards are often written with certain flexibility in their obligations. Several very important standards set only goals for national policy and a broad framework for national action. When ratified, these promotional standards oblige a country to use means appropriate to national circumstance to promote these goals and to be able to demonstrate progress over time in achieving the goals.

The ILO has set up an international monitoring mechanism to watch the enforcement of the ILO Conventions. In principle only conventions that were ratified – i.e. that were recognised by the national legislator – can be monitored but for the most essential conventions special supervisory mechanisms are in place.

Regular supervisory mechanism for ratified ILO conventions

Every five years governments have to send reports on the measures taken to give effect to the ratified conventions. For priority conventions a report has to be sent every two years. Besides the eight core conventions, priority conventions are the conventions on labour inspection (C. 81 and C.129), on tripartite consultations for international labour standards (C. 144) and on employment policy (C. 122). Workers and employers are invited to give their comments to the government reports.

The reports will be addressed to the Committee of Experts on the Application of Conventions and Recommendations who examines the reports. If the Committee finds that a government is not fully complying with the requirements of a ratified convention, it addresses a comment to that government, clearly naming the shortcomings and requesting that steps be taken to eliminate them. The objective of the examination is not to apportion blame, but to obtain results.

In addition to the regular reporting, workers' and employers' organisations can also directly file complaints to the Committee of Experts if they judge their government not fully compliant with a ratified convention.

Special supervisory mechanism for freedom of association conventions

A special supervisory mechanism is in place for the ILO Conventions 87 and 98 regarding freedom of association because freedom of association is considered the very essence of industrial relations and is an integral part of the ILO constitution.

Regardless the ratification of these conventions any workers' or employers' organisation can file a complaint against the government for non-observation of the freedom of association principles to the ILO Committee on Freedom of Association. Complaints to the Committee on Freedom of Association can be made any time, concerning any of the freedom of association principles. Complaints can be done together with national measures; in other words, it does not require that all national measures be exhausted before filing a complaint to the Committee on Freedom of Association.

If the Committee deems the case a violation of C. 87 or 98 it will issue a statement with concrete steps to be taken by the government to eliminate the inconsistencies with ILO law. In some cases a direct contacts mission is sent to the country to examine a case in more detail. The Committee's conclusions receive follow-up by the Committee of Experts.

Promotion of the eight core conventions

In 1998, in order to strengthen the commitment to the core conventions (C. 87, C.98, C.29, C.105, C.100, C.111, C. 138 and C. 182), the ILO passed the "Declaration on Fundamental Principles and Rights at Work". Under the follow-up procedure of the Declaration member states that have not ratified one or more of the core conventions are asked to send an annual report. The report should state the measures taken to give effect to the core conventions, efforts done to ratify the conventions, or requests for technical cooperation to get rid of obstacles to ratify the conventions. These reports are reviewed by the Committee of Independent Expert Advisors.

It is important to note that the annual review under the follow-up to the ILO Declaration is a promotional tool, which is different from the regular or special supervisory mechanism. Its main purpose is to create extra pressure on countries to ratify the core conventions.

Using the ILO monitoring mechanisms

Unions should know about the exact mechanisms and procedures and should make use of them in order to pressure their governments to effectively grant the rights they officially have acquiesced to.

In case of non-compliance with a convention they have the support of the ILO Governing Body who will exert international pressure on the country's government to comply with the convention. The effectiveness of the ILO monitoring mechanism, however, is limited:

- With the exception of the freedom of association conventions only ratified conventions are subject to the ILO monitoring procedure. Conventions that have not been ratified cannot be monitored.
- Other than moral suasion the ILO does not have any strong sanction mechanism at its disposition to effectively enforce the ratified conventions in its member countries. The effectiveness of moral suasion depends on the country's sensitivity to international pressure. In many cases it has few consequences. Especially countries ruled by non-democratic governments and with bad records in human and labour rights regularly ignore ILO rulings.

That is why the ILO mechanisms are often seen as a "toothless tiger". Lamentably workers' participation in the regular supervisory mechanism, in particular the regular reporting and the Annual Review of ILO Declaration is very low. If workers made more active use of these mechanisms the ILO mechanisms would gain effectiveness.

A couple of positive cases where the ILO monitoring and action successfully induced positive changes show that the effort of using these mechanisms may well pay off.

Two examples for the positive impact of the ILO supervisory mechanism

As a result of the criticism made by the ILO Committee of Experts on the Application of Conventions and Recommendations regarding the application of Conv. 87 (freedom of association) the ban on trade union activities in the Pakistan Water and Power Development Authority was lifted in 2000. Pakistan also lifted the exemption of export processing zones from the application of labour laws at the end of 2000.

An example illustrating the success of direct contacts mission of the ILO Committee of Freedom Association is a case in Guatemala – a country with a history of violence against trade unionists: During and shortly after a direct contacts mission in April 2001, the Guatemalan Congress adopted two decrees which addresses most of the issues on trade union legislation which the ILO supervisory bodies had been commenting upon. In addition, a special unit of the Public Prosecutor's Office on criminal acts against trade unionists (threats, murders) was set up following the mission's recommendations.

Trade unionist should therefore actively make use of the instruments the ILO provides. Even if their government ignores ILO rulings, the backing of the international law helps trade unions to bring attention to their problems and mobilise support also from other sides. The more the ILO instruments are being used the more relevance they gain.

⇒ Detailed information on the ILO monitoring mechanisms can be obtained at the representative office of the ILO in your country or region and at the ILO website. (See list of internet links in the Annex).

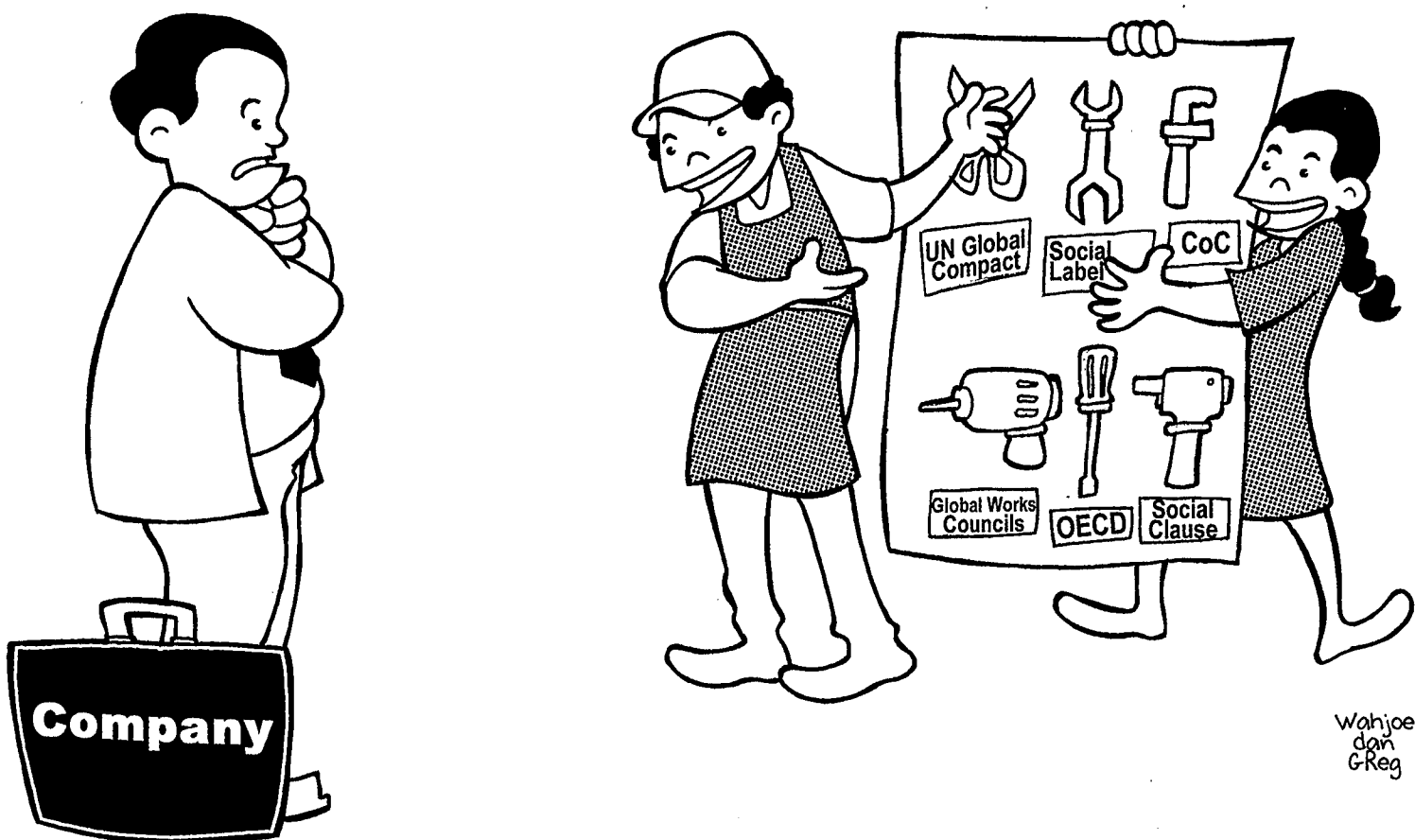
In addition to the monitoring, the ILO also conducts other activities to promote labour standards, such as technical assistance, capacity building and advisory functions to governments, employers and labour unions.

“Alternative labour tools” as a new international control mechanism

In times of increasing globalisation and competition pressure, the incentives for companies and countries *not* to comply with labour standards steadily increase. There are fears and already some incidences that international competition triggers a “race to the bottom” of labour standards. At least, international competition prevents that labour standards successively improve with labour productivity rising.

International monitoring of labour standards becomes ever more significant. As the ILO mechanisms alone cannot satisfy the need, new alternative control mechanisms for labour standards have been created. Many of these “alternative labour tools” to protect and promote labour standards are initiated by civil society organisations (unions, NGOs, consumer organisations). In nearly all cases the initiative originates in industrialised countries as an expression of global solidarity with workers in developing countries.

In the following chapter, these new “alternative labour tools” are explained in greater detail.



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Summary of the key points concerning labour standards

- Labour standards are formal agreements on principles and rights at work that are not directly related to wages, such as working conditions, industrial relations and labour policy.
- On national level labour standards can be codified in collective labour agreements and the national labour law.
- On international level the ILO is the international norm setting agency for labour standards. Its conventions define international labour standards and serve as a reference point for national labour legislation.
- Core labour standards such as freedom of association, the right to collective bargaining, the prohibition of forced labour, the elimination of child labour and the prohibition of discrimination are basic human rights.
- All other labour standards foster good living conditions of workers and more socially just economic development. However, different from the core labour standards, they usually imply costs. These costs of improved labour standards can be absorbed by the gains of improved productivity. If the costs cannot be covered, higher labour standards can harm the economic development. For that reason further labour standards should be adequate to the level of productivity.
- There are strong incentives for companies *not* to comply with labour standards, hence political regulation is needed.
- There are also adverse incentives for governments *not* to protect and promote labour standards, hence international regulation is needed.
- Globalisation and economic competition enhance those adverse incentives and make non-compliance with labour standards more likely.
- There are several ways and means to protect and promote labour standards. Unions should make use of all of them:
 - ⇒ Labour standards can be promoted by means of collective bargaining between workers' and employers' organisations.
 - ⇒ State institutions can protect and promote labour standards by means of a good national labour policy: a good labour law, good implementation and enforcement of the labour law, a policy to raise national labour productivity and social dialogue.
 - ⇒ The ILO possesses an international reporting and monitoring mechanism for all ratified conventions. However, the ILO cannot impose sanctions on governments for non-compliance.
 - ⇒ New "alternative labour tools" have been created to protect and promote labour standards in a globalised economy.

In order to address the challenges that economic globalisation poses on labour, new “alternative labour tools” have been created to protect and promote labour standards in the context of multinational corporations (MNCs) and international trade. In nearly all cases the initiative originated in industrialised countries as an expression of global solidarity with workers in developing countries. Many of them are initiatives of civil society organisations like NGOs, labour unions or consumer organisations.

The most important of these “alternative labour tools” are:

Alternative Labour Tools

- Codes of conduct
- International framework agreements
- OECD Guidelines for Multinational Enterprises
- Global works councils and union networks
- United Nations Global Compact
- Social labels and fair trade
- Social clauses in trade agreements

In this section we will give a brief introduction and explanation of each of these “labour tools”. For each tool the following question will be answered:

- What is the respective tool and how does it work?
- What is its potential to effectively protect and promote labour standards?
- How can it be used by workers and unions?

Codes of conduct

Codes of conduct are one of the most important but also the most diverse and complex of the labour tools introduced here.

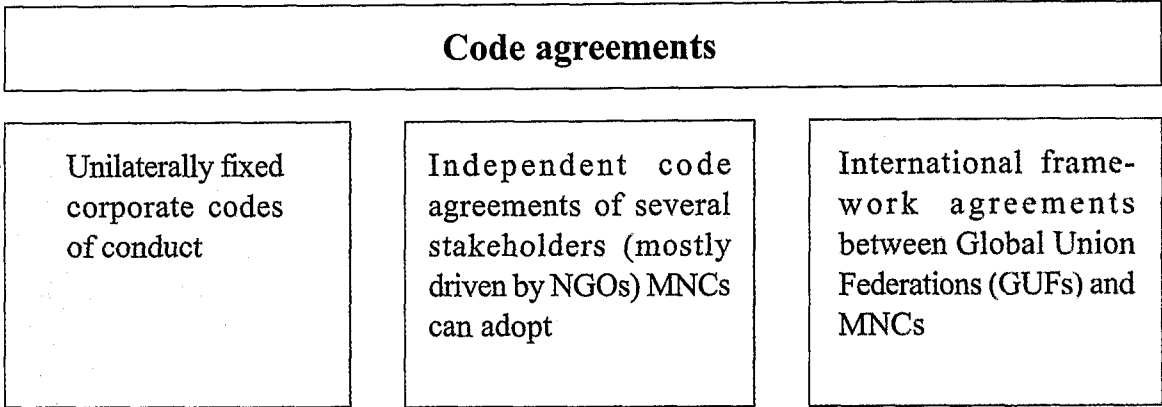
Codes of conduct are voluntary commitments by companies, associations or other entities that lay down standards and principles for the conduct of business activities in production and the marketplace.

Definition

Most codes of conduct cover social and labour issues; many also cover environmental and other issues. Up to date, over 250 codes of conduct were issued, most of which were in the 1990s. About half were issued by individual companies, another large portion by industry and trade associations and only a few by partnerships of stakeholders including unions and non-governmental organisations (NGOs).

Codes regulating business behaviour can be distinguished by their authorship, that is who defined the code’s contents and procedures.

Basically three different types of codes agreements can be distinguished:



Unilaterally fixed corporate codes of conduct and independent code agreements will be treated in this sub-chapter. International framework agreements will be dealt with in the following sub-chapter because they can be seen as a “labour tool” in their own right.

How do codes of conduct work?

The initiative for codes of conduct mostly comes from European and North American civil society organisations (human rights, women’s, labour organisations) as a manifestation of solidarity with exploited workers in developing countries.

The largest share of products produced in factories in developing countries like clothes, toys or home electronics is being exported to industrialised countries. Competition in these sectors is fierce causing widespread violations of workers’ rights. Prices are an important factor for consumers’ choice but not the only one. An increasing number of consumers in industrialised countries do not want to buy products that were produced under poor or in some cases even inhumane working conditions. NGOs organise these concerned consumers and try to mobilise more by carrying out awareness raising campaigns.

By means of lobby activities and public campaigns denouncing the appalling labour practices the NGOs exert pressure upon MNCs (brand-name companies or retailers) to act responsibly and only sell “fair” products. They demand that the MNCs respect labour standards and provide decent and humane work conditions to their factory workers. In case a MNC cannot show an improvement, the NGOs threaten the company with consumer boycott of its products.

Especially brand-name companies are very sensitive to such a threat. As competition in those market segments is fierce, brand-name companies cannot afford to have their good corporate image soiled. Since the corporate or brand name image is a very important factor of the consumers’ choice a soiled image can result in direct profit losses. In reaction, MNCs give themselves a corporate code of conduct or consent to adopt an independent code agreement. (So, in a strict sense, codes are not actually “voluntary” because lots of pressure is involved.) By doing so and by advertising their commitment to the public, they attempt to restore their brand name image, assure consumer fidelity, promote their products and stay profitable.

Campaigning against Nike

Nike is one of the largest and most profitable shoes and sportswear producers worldwide with an image of an active and healthy life. However, the working conditions in factories producing Nike articles in Asia and Central America are notoriously bleak. Workers are paid below subsistence wages, work forced overtime, work in unsafe and unhealthy working conditions, are threatened and insulted, and are dismissed when trying to organise. Although Nike does not own factories itself the manufacturers supplying to Nike often produce exclusively or to a large part for Nike. Nike therefore has an enormous leverage over the factories that depend on its orders but it does nothing to use its influence to change the situation of the workers.

Public criticism on Nike rose, and in 1996, a well-organised Nike campaign started. The Nike Watch campaign is managed by Global Exchange and Oxfam and supported by corporate watch institutions like Transnational Monitor. They systematically collect data and evidence on the working conditions of Nike's supplier factories and watch Nike's corporate behaviour, they publicise reports, lobby the company's management and politicians, and organise broad and highly visible public campaigns.

At first Nike reacted with denial and counter-campaigning. However, when public protest did not recede and started producing profit losses, Nike gave in to some demands. (In the USA, for instance, many universities threatened to cancel licensee agreements with Nike and Reebok unless they agreed to sign a code of conduct.) Nike slightly raised the salaries of shoe manufacturers in Indonesia, improved some occupational safety conditions in Vietnam and reinstated workers in Guatemala that were dismissed after trying to form a union. In a quest to regain consumer confidence and boost its image Nike gave itself a corporate code of conduct, that is widely criticised though as insufficient (see Annex). Moreover, Nike adhered to the independent code agreement FLA and joined the UN Global Compact. Despite small victories and improvements the overall exploitative corporate behaviour of Nike has not changed much and the campaign continues.

For more information see: <http://www.globalexchange.org/campaigns/sweatshops/nike/>, and <http://www.caa.org.au/campaigns/nike/index.html> and <http://www.nikeworkers.org>.

Similar campaigns exist for other brand-name producers and retailers (e.g. GAP, C&A, Levi's or Reebok)

The largest share of codes of conduct relates to the textile and garment sector. Global competition pressure in these sectors is intense. They are highly internationalised, labour-intensive, operate predominantly in developing countries and Eastern Europe and are characterised by a complex system of sub-contractors including home-based work. Companies in these sectors often also evade national labour legislation e.g. by producing in special export processing zones that are exempt from numerous laws and regulations. Because of these industry characteristics exploitation of workers is endemic. Unions in these sectors have particular difficulties to organise and are traditionally weak.



What is the potential of codes of conduct?

Codes of conduct are a potentially powerful tool for workers because they are supported by a very strong power: consumer power. Codes of conduct have great strengths and potentials but also a series of shortcomings and inherent dangers.

Strengths

- **Right target group.** Codes of conduct target those sectors that are most affected by the negative impact of economic globalisation: the sectors of exported mass consumer goods, especially textiles and apparel. Companies in these sectors are most prone to violate labour standards and exploit their workers. It should be reminded though that where workers can form independent trade unions and bargain collectively and where the national labour law is effectively enforced, there may be little need for a code of conduct.
- **Positive incentive setting.** Backed by the threat of consumer boycott codes of conduct render compliance with labour standards economically attractive. They set positive incentives for companies to comply with them and thus solve the dilemma of labour standards. Socially responsible companies are not punished by the competition but instead rewarded. As a consequence, codes of conduct can create a win-win situation for the company, consumers and workers.

- Complement to labour law. Codes of conduct do not necessarily depend on cooperative governments. Nonetheless, in order to avoid that private agreements substitute the publicly enforceable labour law, close cooperation with the responsible government authorities should be sought. Moreover, codes of conduct do not cause any additional costs for governments. Instead, they actually render it attractive for governments to enforce labour standards legislation. If the consumers demand good labour standards a government policy to protect and promote labour standards will not harm but instead support the country's competitiveness as exporter and investment location.
- Strength through networking. Workers in the production plants can use the code to nail down the company on its promises and exert pressure on the management. When linking up with GUFs, international solidarity networks, NGOs and unions from industrialised countries, they have a broad and powerful support lobby for their causes. With their support and the solidarity of conscientious consumers workers can effectively pressure the company's management in case a violations of the code took place.

Weaknesses

- Limited target group. Codes of conduct can only target MNCs that are sensitive to public pressure. These are only those MNCs producing mass consumer products, which are manufactured in developing countries but primarily sold in industrialised countries. Most sensitive are brand name companies. Companies producing specialised small series or industrial goods or companies primarily selling their produce in developing countries cannot be targeted.
- Unstable sanction mechanism. The only sanction mechanism of codes of conduct is consumer boycott and damage to the public image of the MNC. This is a very unstable mechanism because it depends on many factors: broad consumer awareness and willingness to participate in the consumer boycott and ongoing and costly public awareness raising campaigns that only reach a limited number of consumers. Consumers cannot personally control the working conditions in the production plants, and hence rely on information. Yet consumers often cannot distinguish reliable from unreliable information. In some cases their protest can therefore be dissolved by counter-campaigning of the MNC under attack, for example by advertisement campaigns that try to assure consumers of the company's social responsibility. NGOs that provide information in turn have to constantly reassure the public of their reliability.

Dangers of codes of conduct

- Phoney commitment. The company adopting a code of conduct does not show real commitment to improve labour conditions but just uses the code as a public relations tool to polish up its corporate image. Certifications are flawed, information is manipulated and answers are staged. Companies try to keep external control as little as possible.
- Privatisation of labour law. Companies may actually attempt to substitute the publicly enforceable labour law with self-defined regulations.
- Undermining of unions. Some employers try to use codes of conduct to set up institutions that they control as a means of avoiding trade unions or using them as evidence that workers do not need trade unions. Codes of conduct should promote freedom of association and collective bargaining and must not substitute for these basic workers' rights.
- Relegation of responsibility to suppliers. The risk is that the MNC does not take responsibility for improving labour standards in its supplier factories. Either suppliers are not covered by the code or the MNC makes the code a unilateral condition for suppliers while keeping up the price pressure. When complaints occur the MNC does not assist the suppliers in meeting the code's obligations but simply cancels the business contract and changes suppliers. In this case no improvement in labour standards in the supplier factory has been achieved.



The mentioned strengths and weaknesses are inherent to all codes of conduct no matter their design. The dangers, however, depend on the distinctive characteristics and set-up of a particular code. There are certain criteria that decide if a code in question is a useful workers' tool or just delusion.

Criteria to assess codes of conduct

Fundamentally a code of conduct depends on its credibility: the extent to which it is taken seriously by industry, unions, consumers and governments. Credibility, in turn, depends on its contents, scope, enforcement, transparency, and monitoring.

- Labour contents: Which labour standards are covered? Does the code make explicit reference to the ILO Conventions? Does the code contain provisions that should better be covered by collective labour agreements?

A code agreement is only effective for workers if its labour contents are clearly defined and cover significant labour standards. The minimum standards are the core labour standards (freedom of association, collective bargaining and the prohibition of forced labour, child labour and discrimination). A code agreement should make explicit reference to the ILO norms in order to avoid any ambiguity in interpretation. Most codes additionally cover occupational health and safety standards and maximum hours of work; some also stipulate the payment of a living wage. The broader the contents the better. As the international trade union organisations point out, codes of conduct should limit themselves, though, to setting forth minimum standards. They should not contain detailed provisions that belong into collective labour agreements as they could thus undermine collective bargaining.

- **Scope of application:** Are suppliers and subcontractors included in the code or does the code apply to a single company only?

Effective codes of conduct oblige MNCs to apply the code to their entire supply chain including contractors, subcontractors, suppliers and licensees. If the scope of application of the code is limited, no improvement in working conditions is made in the firms of the supply chain. In that case the code can even render outsourcing and informalisation of labour more attractive.

One approach is to certify single factories or companies. This approach is deficient as the production of most consumer goods is increasingly being outsourced. Another approach is to certify the entire brand. All products sold under this brand then have to guarantee that they were produced under the conditions laid down by the code. Although generally the preferable approach, problems emerge here as well. The MNCs hardly ever own the manufacturing companies but just have an often short-lived business relationship with them. Direct supervision in these circumstances is difficult but MNCs can use their influence and market power to improve working conditions in their suppliers.

- **Enforcement, response to violations and responsibility for corrective action:** If the code extends to the supply chain, do the suppliers, contractors and subcontractors know how to enforce the provisions in the code? Are they aided in the enforcement by the sourcing MNC? How does the MNC respond to violations? Who has to pay for corrective action in case the supply chain firms do not comply with the code's standards?

The enforcement of the provisions of the code often requires technical knowledge and investments. Often however, the supplier or subcontractor is lacking the know-how and the resources because it is a small, local company under enormous price pressure from the sourcing MNC. In order to ensure proper enforcement of the code, the MNC should assume responsibility for the code's implementation in their supplier factories.

Responses to code violations by employees (e.g. supervisors), subsidiaries, vendors, or business associates can include: demands for corrective action, monetary fines or penalties, providing training to the violator, cancellation of an individual contract, and severance of the employment or business relationship. Respect for the requirements of the code, in turn, can be positively reinforced by awarding additional contracts, for instance.

The best approach is that the MNC assist the supplier in the implementation of the code and in the necessary corrective action including training, additional investments, and the payment of higher product prices.

- **Transparency:** Are the contractors and subcontractors, business partners, employees, union bodies, the public, non-governmental organisations and governments aware of the code's existence and meaning? Are decisions and procedures transparent? Are monitoring results disclosed to the public?

It is especially important that the concerned workers and union bodies know about the code and all its provisions and procedures, including those in subcontracting firms. The minimum requirement is that the code is translated into the national language and publicly communicated and disseminated among the employees. Ideally, additional trainings are held to explain its provisions and procedures. Monitoring results should be rendered public.

- Monitoring/ verification systems to control the implementation: Does the code require regular monitoring or verification? Is the monitoring external, independent and transparent? Are workers and their unions included in the monitoring process?

If the monitoring of the code is deficient, the code most likely will not be properly implemented and risks being but a public relations exercise for the company.

Monitoring can be internal (e.g. through a committee, ombudsman, regular reporting obligation, field visits, or hot lines) or external (e.g. through an NGO, labour union, outside auditor, or consultant).

In order to be trustworthy, a code of conduct should require regular, independent and transparent monitoring and must render its findings public. The monitoring should be externally led and an independent monitoring board or verification body should be in charge of the supervision.

The monitoring is most credible when workers and their unions are involved at all levels of the monitoring because they are the victims and hence experts in labour standards violations. Ideally, workers' organisations are part of the monitoring board. Workers should also have the right to directly appeal to the monitoring board/ verification body.

Depending on their specific design, codes of conduct can have very different potentials. Each code has to be assessed individually according to the mentioned criteria in order to judge how useful it is as a tool for workers.

Unilaterally fixed corporate codes of conduct

A unilaterally fixed corporate code of conduct is a company's policy statement that defines ethical standards for the conduct of the company. Corporate codes of conduct are completely voluntary. Their main purpose is to improve the company's reputation and reassure customer loyalty. They can take a number of formats and can address any issue – workers' rights and working conditions being just one possible category. In most cases no external party is involved in the definition of the contents and procedures. Examples of MNCs with a code of conduct include Marks&Spencer, Nike, Levi's, GAP, WalMart, KarstadtQuelle, Toys'R'Us among many others.

⇒ Two examples of unilaterally fixed corporate codes of conduct can be found in the Annex: the Nike Code of Conduct as an example of a rather deficient code and the KarstadtQuelle Code of Conduct as a rather positive example.

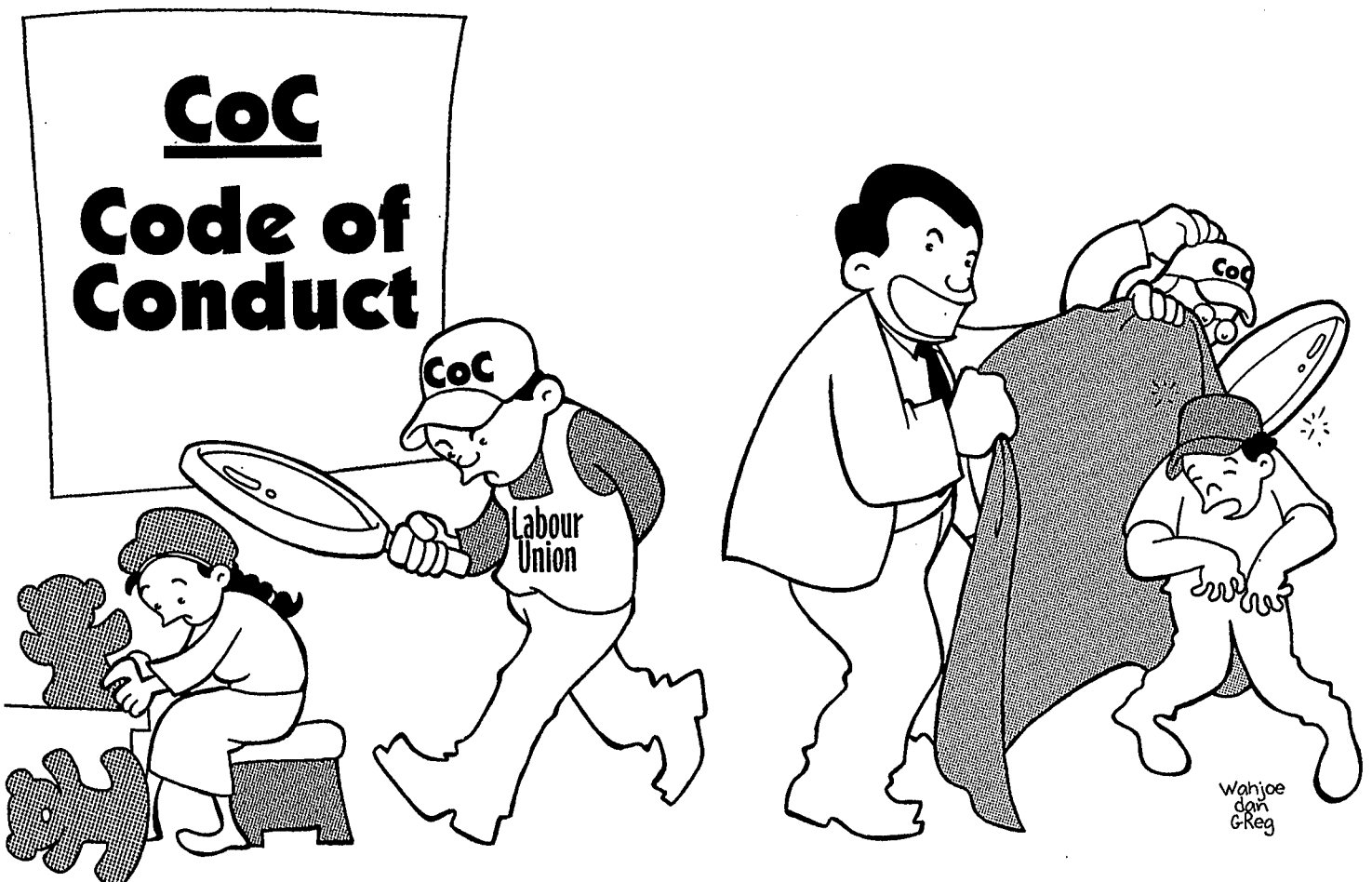
The quality of codes of conduct drafted by companies differs widely. In many cases their labour contents are limited. Many just vaguely assure a "reasonable work environment". Only 30% of the codes of conduct analysed by the OECD in 2000, cover freedom of association and only 10% specifically refer to ILO Conventions. Codes that do not recognise the essential union rights are of little use to workers. They may even serve to avoid union activities.

The scope of application of unilateral corporate codes of conduct is often limited, too. Practically no corporate code establishes that the MNC assist supply chain companies in the enforcement of the code's provisions. Instead, the responsibility for corrective action is left to the supplier. Frequently, the code is not sufficiently being communicated to all employees and business partners. In a Thai factory supplying to the American toy retailer Toys'R'Us, for instance, the code of conduct was printed on the back of the identity cards the workers had to daily wear to work.

The text, however, was in English that no worker was able to understand. The code was disseminated but no worker knew about it.

Many corporate codes of conduct do not allow for external, independent monitoring and do not involve unions. Most companies set up an internal monitoring system by company officials. In addition, many also hire external consultancy or audit firms to carry out the monitoring. Most of those firms, however, are lacking the necessary expertise and experience in social auditing. They are experts in management and finance rather than in industrial relations and working conditions. In most cases no interviews or discussions with workers take place during the monitoring process. A few companies commission NGOs to do the monitoring, which is definitely a better approach. Hardly any codes explicitly provides for the involvement of workers' organisations in the monitoring process. Companies often do not fully release the monitoring results to the public. In this case results and findings cannot be crosschecked by labour organisations and are of limited use.

To sum up, a great number of corporate codes of conduct are not very trustworthy and are more a public relations tool rather than a real commitment to improve labour standards. Nonetheless, some positive exceptions exist, too. Because of the great variance of corporate codes of conduct, it is necessary to analyse and assess each code individually.



Independent code agreements of several stakeholders

Independent code agreements are multi-stakeholder initiatives that externally define a code of conduct a company then can adopt. Their councils or boards consist of several stakeholders, which can include representatives of NGOs, universities, companies, Christian organisations, trade unions and in some cases also government agencies. The initiatives originated and are based in the USA or Europe where most MNC products are marketed.

The five most important independent code agreements are listed in the following box.

The most prominent independent code agreements

- Clean Clothes Campaign (CCC)
- Social Accountability International (SAI), which issues the SA 8000 certificate
- Ethical Trading Initiative (ETI)
- Fair Labor Association (FLA)
- Worker Rights Consortium (WRC)

The contents, scope, and monitoring of these code agreements differ slightly, but as these criteria are defined by externals, they are usually far better than in corporate codes of conduct. All of these five independent code agreements make explicit reference to the ILO norms and cover additional issues that guarantee decent work like a living wage, occupational health and safety, and maximum hours of work.

The most widespread code is SA 8000: As of 20 February 2004, 353 facilities in 39 industries have been SA 8000 certified with the apparel and textile industry making up the largest share. Out of 39 countries represented Italy, China, Brazil and India figure on top.

The SA 8000 certification is factory-based only. All other codes apply to the whole brand and include the whole supply chain. However, out of the five independent code agreements only Clean Clothes Campaign and Worker Rights Consortium require that the MNC pays for corrective actions in its supplier factories.

All code agreements set up an independent monitoring board/ verification body, which supervises the monitoring. Normally, however, the initiating civil society organisations cannot supervise all companies that subscribe to their code themselves and also have to hire external firms or organisations. Plant level workers and their unions are not always involved in the monitoring process. As a rule, monitoring results are rendered public.

⇒ For a more in-depth treatise of codes of conduct and a comparison of the five independent code agreements, please see the publication “Workers’ tool or PR ploy? A guide to codes of international labour practice” by Ingeborg Wick, which can be obtained from FES.

How can codes of conduct best be used by workers and their unions?

Let us quickly sum up the key points concerning codes of conduct:

- Codes of conduct are voluntary commitments by companies and other stakeholders to comply with a set of standards that define good business conduct, including labour standards.
- The power behind codes of conduct is consumer power. Most companies only consent to a code of conduct after a considerable amount of public pressure threatening to tarnish the good corporate image.

- They have certain inherent strengths but also weaknesses and dangers.
- Their potential to be a useful tool for workers to improve labour standards depends largely on their labour contents, scope of application, enforcement and response to violations, their transparency, and type of monitoring. Especially important is a regular and independent monitoring of the code.
- The responsibility for the implementation and the monitoring of the code lies with the company, but the more closely labour unions are involved in the design and the monitoring of the code the better.

Codes of conduct enable workers to strengthen their power in factories where globalisation pressure has caused them to lose ground over the past years – but only if they know their advantages and limitations! Whether a code of conduct is a useful tool for workers depends on the particular set-up and practice of the code. To make any code of conduct work for the concerned workers, the following points should be observed:

- Workers should know about the existence and contents of any code of conduct that applies to their workplace. Information is often one of the greatest problems in particular for employees of supply-chain companies. In order to find out, workers should first investigate which corporation is the main contractor of their company. (To which MNC does the factory deliver products or for which brand name is it producing?) The responsible union or federation should assist the workers to find out about any existing code of conduct the sourcing brand-name company has adhered to. It can receive information from the company itself (e.g. by addressing a formal inquiry to the company's management) but also from labour NGOs, solidarity networks and the GUFs. The workers and their unions should demand a copy of the code in their national language.
- The workers and their unions should jointly assess the potential of the code in question (in terms of its contents, scope, enforcement practice and monitoring) and discuss how it can best be used to their benefit.
- Local unions should demand to participate in the monitoring and verification process of the code. Even if their formal participation is not formally provided for, they should get involved. If there is an independent monitoring body, workers should inform the monitoring body about any violations of the code. If a monitoring mission is scheduled to visit their company or country, they should provide the mission with relevant information. It is partly also unions' responsibility to be proactive in the monitoring of the code.
- Any code of conduct can and should be used by workers and their unions as an instrument to exert pressure on the management when it does not comply with its own principles. If a company adopts a code of conduct, it shows it is sensitive to having a "clean" public image. Unions can use this weak point to their advantage. Any violations should immediately be reported to the sourcing MNC that committed itself to the code. To create extra pressure, they should contact and inform supporting solidarity networks, too. Another possibility is to make use of the media, e.g. writing an open complaint letter to the central management of the MNC and send copies to the media. If a company's public image is threatened, the management is more likely to react and try to remedy the problems.
- Workers and unions should avoid fighting alone against MNCs as they most likely will be the losers. Rather, they should try to involve the MNC in a constructive dialogue about labour standards with the aim to improve working conditions for the workers. They should try to convince large brand name companies to take responsibility for the working conditions in their supply chain companies. Industrial action such as strikes is often far less effective than the "soft pressure" of public shaming especially if it is supported by a broad international alliance and covered by the media.

It is easy to dismiss striking workers if they and their cause is unknown to the public, but if the whole world (the media, NGOs and consumer organisations) is watching, the management may give in to the workers' demands even before industrial action becomes necessary. Informing the relevant public and winning it over for the workers' case and building strategic alliances is therefore crucial.

- Codes of conduct should complement government regulation. In order to prevent that private codes are being used to substitute for publicly enforceable labour laws, unions should seek the close cooperation with government authorities.
- “Fight globalisation with globalisation”: Fight the negative effects of economic globalisation with the positive achievements of civil globalisation by making use of global solidarity networks and the media, e-mail and the internet. Workers and their unions should establish links to supporting NGOs, solidarity networks and the GUFs in order to exchange information, receive support and create a greater lobby for their concerns. Direct evidence from affected workers about working conditions and the implementation practice of codes of conduct helps NGOs in North America and Europe to back their campaigning efforts.

International framework agreements

International framework agreements are code agreements on labour standards negotiated between a multinational company (MNC) and a Global Union Federation (GUF) concerning the international activities of the company. International framework agreements usually contain a code of conduct. However, their main purpose is to establish an ongoing relationship between the MNC and the GUF.

Definition

The Global Union Federations are the international associations of trade unions grouped by industry or economic sector. Because the GUFs have affiliates throughout all regions of the world and often in both home and host country of MNCs, they are the legitimate international voice of workers in their respective industries.

As of March 2004, 29 international framework agreements have been concluded.

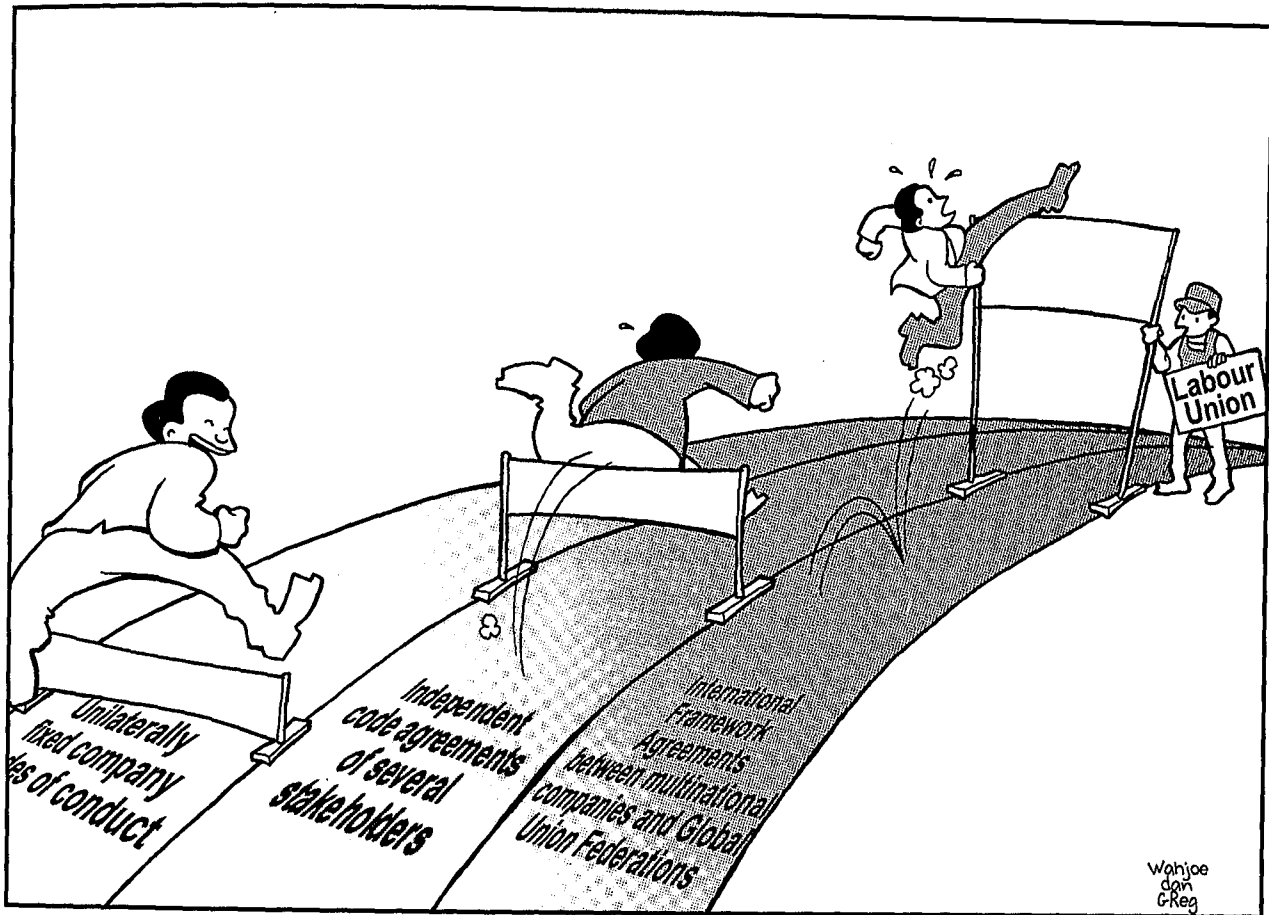
⇒ An example of an international framework agreement and a list of all currently concluded international framework agreements can be found in the Annex.

How do international framework agreements work?

All of the Global Union Federations try to dialogue with the international “big player” firms in their respective industry or economic sector. With international framework agreements the GUFs try to establish a permanent dialogue platform to address labour-related issues and problems directly with the central management of the MNC.

Although GUFs rarely engage themselves in consumer awareness campaigns, consumer pressure helps to support their efforts. The willingness of an MNC to sign a framework agreement with a GUF is often motivated by cultivating a clean corporate image.

International framework agreements, however, rely less on consumer pressure. Rather they try to convince MNCs of the benefits of constructive industrial relations. Framework agreements are therefore also possible for sectors producing industrial goods.



What is the potential of international framework agreements?

International framework agreements are also voluntary code agreements, but when compared to codes of conduct they show some distinctions.

Strengths

- Just as codes of conduct framework agreements set positive incentives for the compliance with labour standards for both companies and governments.
- One of their greatest advantages is that they establish an ongoing relationship between the signing MNC and GUF. In the dialogue between the MNC and GUF both general issues related to workers' rights and specific situations (like current labour conflicts in one factory) can be addressed.
- They depend less on the shaky factor of consumer pressure, nonetheless, critical buyer behaviour is a supporting factor.
- Since they are less dependent on consumer pressure, framework agreements can basically be concluded with any MNC in any industrial sector. Therefore they can reach a wider target group than codes of conduct.
- Framework agreements aim to organise, strengthen and support unions and encourage collective bargaining. A representative of the Global Union Federation IUF asserts, "For GUFs like the IUF, framework agreements with MNCs are an instrument to realise global workers' rights in a global company and to provide access and space for local and regional unions in these companies to organise and to work."
- Because they are steered by international trade union organisations, framework agreements do not run the danger to be a means of corporations to privatise the labour law or substitute for collective labour agreements.

When assessed according to the criteria of codes of conduct concerning contents, scope, enforcement, transparency, and monitoring, international framework agreements come off well.

Their contents are usually much better than in corporate codes of conduct. All framework agreements assert the right to form unions and to engage in collective bargaining and all make explicit reference to ILO norms. Their scope of contents differs though. Whereas some framework agreements contain a comprehensive list of labour standards including health and safety provisions, maximum hours of work and the payment of a living wage, others have a rather limited content. In these cases the focus of the agreement lies more on strengthening local unions and encouraging collective labour agreements rather than defining international standards.

Most framework agreements extend to the supply chain. However, they usually do not hold the MNC responsible for corrective actions in suppliers and subcontractors. Most importantly, all framework agreements provide for local unions and GUF representatives to participate in the verification process and allow them to address direct complaints. Nonetheless, many of them do not contain details of the verification procedure. Monitoring results are usually rendered public.

Weaknesses

Despite all their advantages, international framework agreements, face some difficulties in practice.

- Framework agreements try to establish constructive industrial relations on international level. However, in sectors where unionisation levels are low it has proved difficult to conclude framework agreements. That is also the main reason why no international framework agreement between a MNC and the International Textile, Garment and Leather Workers Federation (ITGLWF) has been concluded till now. Here, codes of conduct seem to have their strong points compared to framework agreements.
- One of the greatest challenges for the GUFs is to cope with the burden of monitoring. The GUFs often do not have sufficient resources to carry out a thorough and regular monitoring themselves. The best solution to this problem is to train and involve local unions and national federations in the monitoring. Yet problems arise if the local unions are not affiliated to the GUF. Unaffiliated unions are often not aware of the framework agreement and do not participate in the monitoring. Furthermore, the monitoring of the supply chain firms is often obstructed because the MNC does not disclose the names and addresses of the supplier firms to the GUF.

International framework agreements are still rather young instruments. In order to enhance their impact, there is still need to further refine their design and monitoring procedure.

Notwithstanding some deficits and difficulties, first experiences with international framework agreements are rather positive and make them appear useful instruments for workers. For example, after the conclusion of a framework agreement between IUF and the Accor hotel group, the anti-union stand of the company's hotels in the USA and Australia noticeably decreased. The framework agreement with Nestlé in 1996 improved the relationship between the management and the workers' representatives of Nestlé in Europe considerably. As a result of the framework agreement between IUF and Del Monte in 2000, banana workers in Guatemala that had been dismissed because of union activities were reinstated and compensated for wage losses. International framework agreements can support the organisation of local unions. That was demonstrated in a case in Malaysia where the outcome of a monitoring mission of the IFBWW was the organisation of a local union.

How can international framework agreements be used by workers and their unions?

What has been said about the use of codes of conduct basically also applies to framework agreements.

Again, the first step is information: Workers and their unions should investigate whether a framework agreement also applies to their workplace.

Either they are directly employed by an MNC that has concluded a framework agreement or they are working for a local company that is supplying to an MNC.

If their workplace is covered by an international framework agreement, workers and their unions can use it to build or strengthen their union and to engage in collective bargaining with the company's management.

Local unions should consult with the responsible GUF to discuss how to make best use of a framework agreement and how to participate in its monitoring. They should try to do so even though they might not be formally affiliated to the GUF.

OECD Guidelines for Multinational Enterprises

What is the OECD and what are the OECD Guidelines for Multinational Enterprises?

The Organisation for Economic Cooperation and Development (OECD) is the organisation of all industrialised countries. It is primarily engaged in economic research and policy dialogue. It has now 30 members. The OECD member states are home to practically all multinational corporations (MNCs). The OECD is an international governmental organisation, but trade unions and the business sector of the member countries have a consultative voice in the OECD through special advisory committees.

In 1976, the OECD issued a "Declaration on International Investment and Multinational Enterprises", which contains the "Guidelines for Multinational Enterprises" (short: OECD Guidelines). In those OECD Guidelines the OECD member governments lay down a set of rules and principles for good business conduct of MNCs. They are like a superior code of conduct that applies to all MNCs that have their headquarters or operations in an adhering country.

By their character, the OECD Guidelines are recommendations of the OECD governments to MNCs to abide by those rules. The OECD Guidelines are not legally enforceable but said to be "good practice for all". They are a set of recommendations covering a broad array of MNC activities. They have chapters on general policies, disclosure of information, employment and industrial relations, environmental protection, combating bribery, consumer protection, science and technology competition, financing and taxation. They seek to "encourage the positive contributions, which multinational enterprises can make to economic and social progress by helping to ensure that their operations are in harmony with the policies of the countries in which they operate". On the other hand the OECD Declaration also contains a rule that aims to protect MNCs from legal arbitrariness of the host country: The "national treatment principle" stipulates to treat MNCs in a way that is "no less favourable than that accorded in like situations to domestic enterprises".

The chapter on employment and industrial relations states that within the framework of applicable law enterprises

- should respect the right for workers to form unions and to engage in collective bargaining,
- should contribute to the effective abolition of child labour,
- should contribute to the elimination of all forms of forced or compulsory labour, and
- should not discriminate against any employees in employment and occupation.

Beyond these core labour standards, the OECD Guidelines contain some more provisions on the disclosure of relevant information to the employees, on training, and occupational health and safety. Furthermore, they state that in the context of negotiations with the employees representatives, the MNC should not threaten to transfer the whole or parts of an operating unit from the country.

In 2000, the implementation procedures of the OECD Guidelines was strengthened. With this new procedure the OECD Guidelines gained new relevance and turned into a potentially powerful tool for workers.

The new implementation procedure of the OECD Guidelines

The implementation procedure prescribes that every OECD member country set up a National Contact Point (NCP). In most cases the National Contact Point is located at the Ministries of Economic Affairs or Foreign Affairs. In different countries the structure of National Contact Points varies from single department to multi department.

Any concerned party, be it a government or a trade union (a company union, federation or GUF) can raise a case with a National Contact Point if it is believed that an MNC has violated the rules stipulated in the OECD Guidelines. Normally, the case is directed to the National Contact Point in the country where the violation has occurred. However, if the problem arises in a non-adhering country, the case will be raised with the National Contact Point in the country where the company is headquartered. The National Contact Point then examines the case and may intervene and mediate in the case. Until March 2004, TUAC recorded 39 cases that were raised with a National Contact Point, out of which 21 were concluded and 18 ongoing.

Also under this procedure, governments of member countries, the OECD Trade Union Advisory Committee (TUAC) and the OECD Business and Investment Advisory Committee (BIAC) can ask for clarifications and interpretations of the Guidelines.

Case study of the application of the OECD implementation procedure:

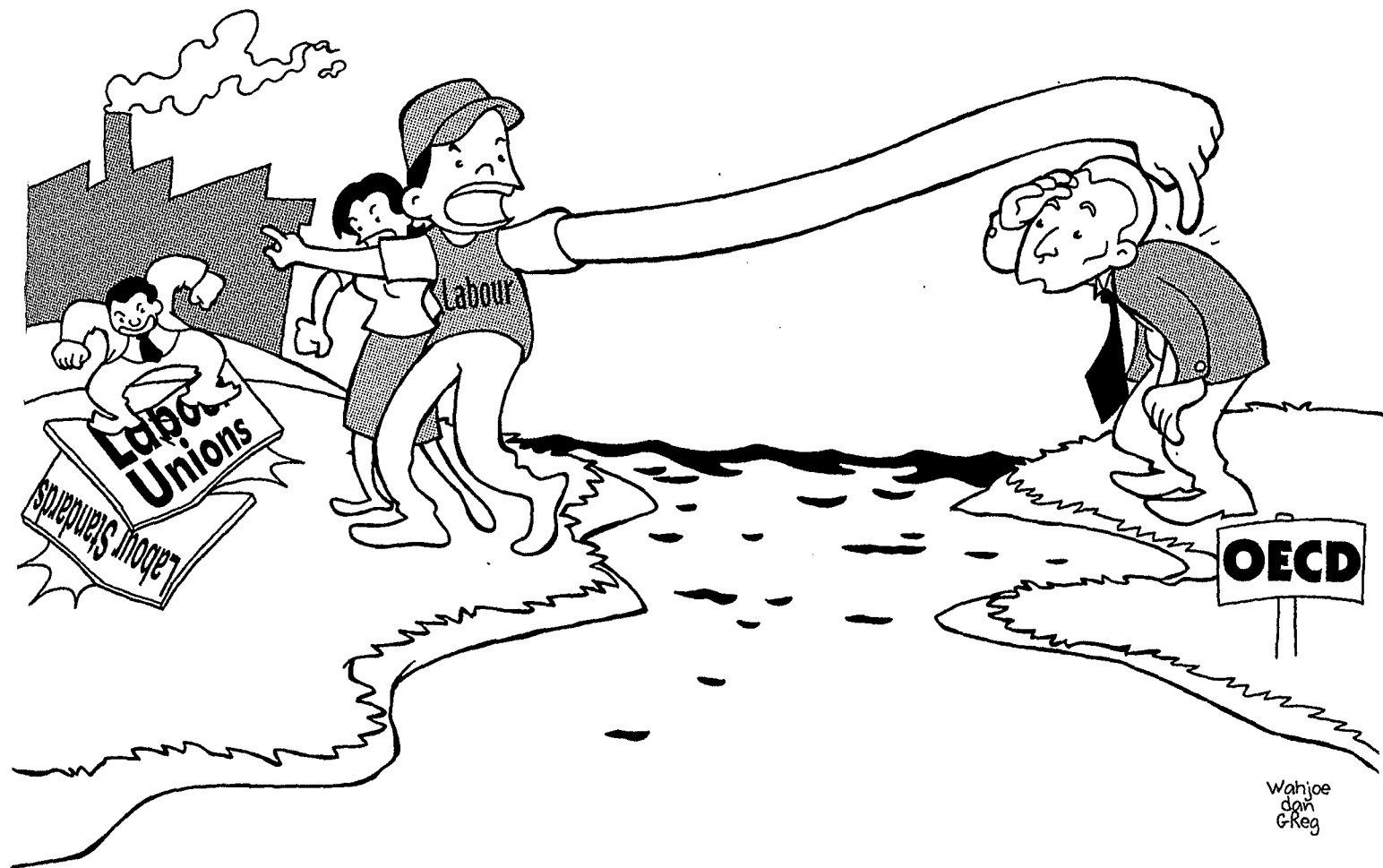
The case of Nestlé Korea, September 2003

The Korean Confederation of Trade Unions (KCTU) in co-operation with the International Union of Food and Allied Workers (IUF) and the International Federation of Chemical, Energy, Mine and General Workers' Union (ICEM) filed a case with the Korean National Contact Point (NCP) in the end of September 2003. The Swiss NCP was also informed of the case as Nestlé is headquartered in Switzerland. Nestlé had threatened to close its factory in Korea because of a collective bargaining dispute with the Nestlé Korea Labour Union. The union went on strike after the local management had refused to include issues over staffing levels and subcontracting in the negotiations for a new collective bargaining agreement. In response, the management initiated a lockout and threatened to close its operations in Korea. In a letter to the employees and in Korean and international business press, Nestlé announced that they were considering moving their production to China among other countries. This was an infringement of OECD Guidelines paragraph 7 in the chapter on Employment and Industrial Relations.

Nestlé in Korea came under heavy pressure to change its behaviour, not least from the parent company. In the end of November 2003, after the Province Labour Relations Committee ruled in favour of the union, a settlement was reached between the Nestlé Korea Labour Union and the company. The new collective agreement established a joint union-management committee to review any proposed changes to employment levels, working conditions and job classification. It also provided for a 5.5 percent increase in salaries.

The Korean NCP was not a very active in mediating in the case but the Swiss NCP has played a constructive role in trying to resolve the case. Although the Korean NCP has the main responsibility to deal with the case, the Swiss NCP has met with the unions involved and Nestlé several times. It also met with a labour delegation from Korea. After a meeting in December, it was decided that the Swiss NCP should reinforce its suggestion to the Korean NCP to call a meeting with all parties to attempt to reach agreement on the issues raised.

Source: TUAC Internal Discussion Paper: "The OECD Guidelines for Multinational Enterprises- TUAC summary of cases raised with National Contact Points", March 2004



What is the potential of the OECD Guidelines?

As the system is still young, few experiences have been made so far. An assessment of the OECD Guidelines can therefore only be a preliminary one.

Strengths

- The OECD Guidelines are a framework of standards. MNCs are reminded of their social responsibility. It becomes more difficult for MNCs to maintain an exploitative management style without it becoming known in their home country (which in many cases is also the country where its products are primarily marketed).
- The OECD Guidelines potentially have enormous leverage since practically all MNCs originate from OECD countries.
- The implementation procedure opens the way for unions to direct cases to governments of adhering countries and to seek their support to mediate and solve the problem. The NCP is a potentially strong ally in exerting public pressure on the MNC.

Weaknesses

- The principles set up in the Guidelines are rather general. They stress the prevalence of the national labour laws and policies, rather than establishing clear universal principles that transcend national specificities.
- The Guidelines do not provide for any regular monitoring. The implementation procedure is mainly a reactive mechanism. Actually, National Contact Points are supposed to act proactively in promoting the Guidelines. They can themselves look into cases. Governments are usually reluctant, though, to take action against big corporations because they are large employers and tax payers. Not surprisingly most National Contact Points prefer to wait for somebody else to raise a case.

- Raising cases with National Contact Points has proved to be rather slow and laborious. The examination process can take very long and actions have been cautious and reserved. TUAC encourages trade unions to prepare the cases well.
- The Guidelines cannot be legally enforced. Their only sanction mechanism is political and public pressure on MNCs.
- Trade unions have been disappointed with the outcome of some cases raised under the revised guidelines because some National Contact Points are not functioning properly, among them the Japanese, Korean, Mexican and US American National Contact Points.

Despite the problems encountered in raising cases with National Contact Points, the Guidelines can be an important tool for workers, especially when confronting MNCs that do not adhere to any other code of conduct.

The OECD Guidelines are not yet well known and their case procedure has not been used extensively so far. If the Guidelines are more frequently used, their relevance will increase.

How can the OECD Guidelines be used by workers and unions?

- Unions that represent workers who are employed in factories producing for MNCs should inform themselves and their members about the contents of the OECD Guidelines and how to raise a case with a National Contact Point.
- In case of a labour conflict that represents a violation of the Guidelines' principles, the workers and their unions can cite the Guidelines as a reference point and threaten the company's management to file a case to the responsible National Contact Point.
- In case of a labour conflict that represents a violation of the Guidelines' principles, the workers and their unions can cite the Guidelines as a reference point and threaten the company's management to file a case to the National Contact Point.
- In case a union decides to actually file a case to the National Contact Point, the union should contact and inform the OECD Trade Union Advisory Committee (TUAC). It is also advisable to inform and seek support from the responsible Global Union Federation (GUF). Trying to get additional media attention could add to the impact of the case.

- ⇒ More information can be found on the OECD website at <http://www.oecd.org>.
 - ⇒ The TUAC has published a "User's Guide" for the OECD Guidelines on Multinational Enterprises, which explains the contents and procedures in detail and contains the addresses of all National Contact Points. The "User's Guide" can be obtained from the TUAC-OECD – 26, avenue de la Grande Armée – 75017 Paris – France; Tel: ++33–1 55 37 37 37; Fax: ++33–1 47 54 98 28; website:<http://www.tuac.org> , e-mail:tuac@tuac.org

A similar tool: The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

Of a similar character to the OECD Guidelines is the "Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy" of the International Labour Organisation, which was adopted in 1977 by the ILO Governing Body and amended in 2000. The ILO Declaration on Multinational Enterprises is a set of recommendations concerning basic labour practices based on ILO principles in the fields of employment, training, conditions of work and life, and industrial relations. Of course all core labour standards are mentioned in the Declaration. Large parts of the Declaration are similar to the OECD Guidelines for Multinational Enterprises.

The ILO Declaration on Multinational Enterprises has the aim to “encourage the positive contribution, which multinational enterprises can make to economic and social progress and to minimise and resolve the difficulties to which their various operations may give rise” and provide guidance for the “social aspects of the activities of multinational enterprises, including employment creation in developing countries”.

The ILO Declaration on Multinational Enterprises is a tripartite instrument (that means it was agreed upon by government, employers’ and workers’ representatives) and is universally applicable. However, just like the OECD Guidelines it is not legally binding and its application cannot be enforced. Nevertheless, all members of the ILO – that is state governments, employers’ and workers’ organisations – as well as multinational enterprises, are expected to observe these principles on a voluntary basis. Above that, the ILO Declaration on Multinational Enterprises asks national governments to incorporate its principles into their national laws.

Unfortunately, the ILO Declaration on Multinational Enterprises has no strong tools for implementation. There is a follow-up procedure that consists of periodic reports of the ILO member countries on the application of the Declaration and of a procedure for the interpretation of the Declaration’s meaning in specific situations. Trade unions hoped that the survey procedure would in effect create an international complaint procedure against specific companies but, in fact, specific companies are not being mentioned in the surveys. Moreover, it has been difficult for requests for interpretation to become considered. One reason is that issues concerning freedom of association and collective bargaining are referred to the ILO Committee on Freedom of Association. Another reason is the resistance of the employers’ organisations to consider any questions involving the behaviour of specific companies.

The instrument has more symbolic rather than practical value. Still it can be used as a reference for trade unionists when dealing with MNCs.

In the almost complete absence of legally binding international rules, the ILO Declaration on Multinational Enterprises and the OECD Guidelines are an internationally recognised set of positive standards creating a framework to regulate MNCs and their social behaviour. They help to create an environment in which unions can freely perform their functions and encourage companies to take up their responsibilities. They put pressure on MNCs not to abuse their growing power to undermine government policies, workers’ rights and public interest.

Global works councils and union networks

What are global works councils and union networks?

Global works councils and union networks are company-wide employee representation structures that extend across borders and production plants of an MNC.

Definition

They can take different forms. Some operate only on regional level, e.g. within Southeast Asia or Europe, others operate globally. Some are initiated, sponsored and facilitated by the Global Union Federations (GUFs); in other cases the company’s management covers or contributes to the costs. They stretch from mere exchange of information between employee representation bodies at different plants to formal bodies of global employee representation in a MNC that hold regular meetings. Depending on the company and the nature of the structures, these transnational employee representations come under different names: Global Works Councils, World Company Committees, Group Councils, Regional or World Employee Conferences, Group-Wide Union Networks and others.

Basically three different forms of transnational structures of employee representation at MNC level can be distinguished:

- Global works councils
- Company-based union networks
- Extended European Works Councils that include non-European participants

Global works councils are company-wide employee representative bodies that are based on an agreement between employee representatives and the central management of an MNC.

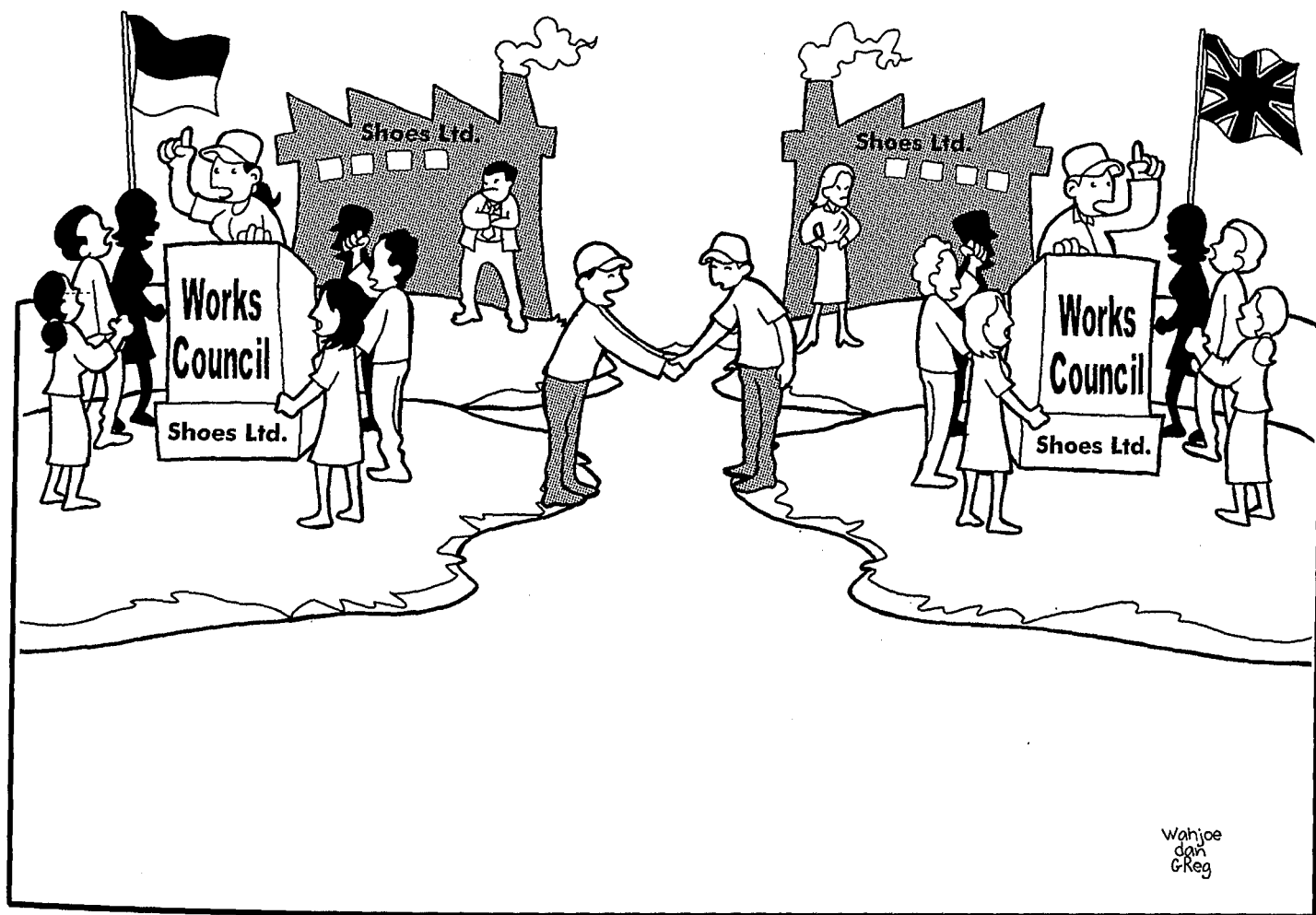
The central management enters into a number of commitments, especially to provide information to the forum and to cover a portion of the costs. A global works council is a global information and consultation structure between the single works councils on plant level. This requires, of course, that each plant and subsidiary has its own works council. Works councils are the negotiation counterparts for the company's management concerning the company's personnel policy. Works councils are not independent in-house unions, nonetheless, its elected members are usually union members and maintain regular exchange and close links to the responsible sector union. Good working examples of global works councils can be found at SKF and Volkswagen.

Company-based union networks (also: World Company Committees or Group Councils) are meetings of representatives of company-based unions. They are initiated and led by GUFs together with unions from some industrialised countries. In some instances, representatives of the central management take part in those meetings and report on the company's global strategy. Some of these union networks primarily consist of an internet-based exchange of information between single employee representations at plant level. Global meetings intend to consolidate these information structures.

Extended European Works Councils to include non-European participants is another option of global employee representation.

In the European Union (EU) since 1996, European Works Councils are mandatory for all companies with plants or subsidiaries in more than one EU country. The European Works Councils serve as institutionalised forums for information and consultation between employers and employees. Over 600 European Works Councils have been established so far. Some companies, e.g. Danone, have extended their existing European Works Council to include non-European participants.

Company-based union networks, global works councils and extended European Works Councils exist in approximately 40 MNCs, the large majority of which belong to the metal sector, esp. the automobile and electronics industry. The reason is that in the metal and particularly in the automobile industry union activities traditionally have been strong. Other MNCs have established regional employee conferences or networks instead of global networks. In 1999, BASF, for instance, established a Southeast Asia and a South America Network.



What is the potential of global works councils and union networks?

Global structures of employee representation in MNCs are still in their infancy. This applies both to their number and the quality of the arrangements. Therefore an assessment can only be a preliminary one.

Strengths

- Better communication and coordination of unions and works councils across different plants. Unions can form global strategies in response to the company's global policies.
- More solidarity and better understanding among employees and less competition among workers of different production sites. The plight of workers in one plant becomes the concern of all workers. Stronger unions can support weaker unions of other plants and countries.
- The company's global policies become better known to employee representatives of all plants.
- Collective labour agreements for the whole company become possible, assuring that all employees of the company worldwide can enjoy basic labour standards and decent work conditions.
- The position of workers is strengthened.

Limitations

Global works councils are purely voluntary. As opposed to European Works Councils, they do not operate in the framework of an international legislative or judicial authority equivalent to the EU. Global works councils are dependent on the willingness of the MNC management to participate, to disclose information, and, at least in part, finance meetings. Only a small number is prepared to do so.

Global works councils are only possible

- where there is a strong unionisation in all plants, like in the automobile sector,
- where the management of the company is open-minded, not hostile to unions, and
- where in general industrial relations are positive and constructive.

Company-wide union networks are less dependent on the support of the MNC's management. As autonomous trade union institutions they have to be supported and financed by unions themselves and in particular by the GUFs. However, given the considerable costs and preparation they involve, the organisation of global meetings of company-wide union networks often overwhelms the financial and organisational capacities of the GUFs. Impetus and capacities often dwindle over time. Once established not all of the transnational employee representations remain active.

The progressive expansion of European Works Councils to embrace participants from non-European countries offers a further option to create global structures for information and consultation. So far, though, few attempts of expansion have been made. The establishment and operation of European Works Councils already poses a challenge, on which unions and workplace employee representatives primarily concentrated their capacities. It has been difficult to persuade members of European Works Councils of the need to extend representations to the global level, especially if they already have access to information that covers the entire enterprise.

An inherent limitation of all global works councils and union networks is that they are limited to only one company or group and do not extend to workers employed in factories of the supply chain of the MNC.

Global works councils and union activities – different assessments and experiences

Global works councils are assessed differently by unions. In the metal industry where union activities traditionally have been strong, global works councils have established close relationships with union bodies. The International Metal Workers' Federation (IMF) therefore supports global works councils and initiated company-wide "Action Groups" in a number of other MNCs.

Some union bodies, however, have reservations towards global works councils. The International Federation of Building and Wood Workers (IFBWW) judges the instrument of Global works councils with caution, since they are not part of a legal structure nor base themselves on formal agreements between MNCs and unions. The IFBWW is concerned that in sectors that are less unionised, there is a risk of MNCs using global works councils to try to avoid the exercise of trade union activities rather than to complement them.

The experience with the European Works Councils has shown that the European Works Councils have so far not hindered or limited the work of unions even though the European Works Councils are separate from direct union structures in the countries in which these companies operate.

There is a clear necessity of ongoing consultations between unions and global works councils on the distribution of functions and tasks. Their impact largely depends on the unions involved and how they use the tool of global works councils.

How can they be used by workers and their unions?

Workers of companies with global works councils or union networks should definitely use those structures. They are a chance to exchange with fellow workers in other plants, build up company-wide solidarity networks and strengthen their own position.

In order to assure that the works councils do not weaken but complement and strengthen unions, workers should keep close contact with their respective sector unions and the responsible GUF.

United Nations Global Compact

What is the UN Global Compact?

The Global Compact was first proposed by United Nations (UN) Secretary General Kofi Annan in an address to the World Economic Forum in January 1999 against the backdrop of rising concerns about the effects of globalisation. The Global Compact is a joint initiative of leading representatives of business, labour and civil society to foster action and partnerships in the pursuit of good corporate citizenship.

The Global Compact is based on nine principles in the areas of human rights, labour, and the environment that refer to the Universal Declaration of Human Rights, the ILO's Fundamental Principles and Rights at Work and the Rio Principles on Environment and Development.

The nine principles of the UN Global Compact

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: eliminate discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

The Global Compact asks companies to integrate these principles of good corporate citizenship into their management strategy and core business operations and to pursue projects that advance the principles. It requires companies to publish in their annual reports and display on their website specific examples of progress in putting the principles of the Global Compact into practice.

Any company can adhere to the Global Compact, be it a medium-sized domestic one or an internationally operating MNC. By March 2004 over 1200 companies including large MNCs like Nike, DaimlerChrysler, Royal Dutch/Shell Group, Bayer and business associations like the International Chamber of Commerce have publicly pledged to support the Global Compact.

The Global Compact is conceived as a voluntary corporate citizenship initiative and not as a regulatory instrument. Its principles cannot be enforced and it does not police the behaviour of companies. Rather, the Global Compact relies and calls on the "enlightened self-interest" of companies to initiate and undertake action in pursuing the nine principles.

However, it allows unions and NGOs to publicly challenge the companies involved. The idea is that the company builds alliances with local or international labour and civil society organisations.



What is the potential of the UN Global Compact?

The UN Global Compact has more a symbolic character than concrete practical implications.

Strengths

- The Global Compact tries to sensitise global corporations to ensure that their business behaviour is socially responsible and sustainable. Many major MNCs as well as numerous local companies are participating in the Global Compact. It thus sets a positive example.
- It encourages the companies to build alliances and positive relations with labour and civil society organisations and can serve as an international dialogue platform.

Weaknesses

- The Global Compact does not have any monitoring system that controls whether the participating company is actually committed to the principles or is paying mere lip service in order to improve its public image. It solely relies on information emitted by the company.
- There is also no board or body to which complaints can be directed if the company does not comply with one of the principles.
- No sanction mechanism is in place that could punish a participating company, which does not comply with the nine principles. The Global Compact relies on moral pressure alone.

Since the Global Compact solely relies on moral commitment of the company, it appears to be a rather weak tool for workers. However, if a company participates in the Global Compact it shows that it is concerned about its public image.

How can the UN Global Compact be used by workers and their unions?

- Workers or their unions should find out whether their company is participating in the Global Compact. A list of all participating companies can be found on the website of the UN Global Compact.

- The Global Compact can be used as a reminder and tool for moral pressure during collective bargaining with the company's management.
- If any violations of the nine principles occur in a company participating in the Global Compact, they should immediately be rendered public. An open complaint letter to the UN General Secretary published in a local newspaper, for example, could prove very embarrassing to the company. The management would probably feel compelled to try to remedy the situation in order to restore its public image.

A growing trend: corporate social responsibility

The Global Compact is one of many initiatives advocating what is called "corporate social responsibility".

Corporate social responsibility is a rather vast and vague concept that encompasses all kinds of activities of companies that are meant for the common good and not for profit alone. For the last ten years corporate social responsibility has become a new fashion in business management policy as a response to public pressure on the global industry. An according trend in the capital market is socially responsible investment: investment funds that only invest in stocks of companies with a socially and environmentally responsible business conduct.

Traditionally, a company only had to satisfy one basic single requirement: profit. Now many large companies make a point in demonstrating that they are good "corporate citizens", i.e. that they conduct business activities in a socially and environmentally responsible manner and carry out activities for the common good.

An initiative worth mentioning in this context is a pilot project of the United Nations Industrial Development Organisation (UNIDO) called the "Triple Bottom Line", which was recently carried out in four Asian countries (Thailand, Pakistan, Sri Lanka, and India). The Triple Bottom Line describes the basic principles of corporate social responsibility:

The UNIDO Triple Bottom Line

Financial Bottom Line: The company should try to achieve long-term economic benefit while showing efficiency in the use of all available resources. The company should establish a management system and keep track of the actual use of the resources such as capital, raw material, labour, and the environment and of the value added in the production process.

Environmental Bottom Line: The company should minimise environmental impact caused by business operations and/or production. It should use resources economically and minimise the waste per unit. A clean production not only reduces the environmental impact but at the same time helps to reduce production costs.

Social Bottom Line: The company should allow employees and workers to work under decent working conditions. As a minimum the following elements must be assured:

- Core labour standards as defined by the eight ILO core conventions (prohibition of forced labour, elimination of child labour, elimination of any forms of discrimination, freedom of association and collective bargaining)
- Prohibition of sexual harassment and inhumane treatment
- Decent remuneration and compensation
- Maximum hours of work
- Appropriate occupational health and safety standards

Rather new is that global buyers and supply chains increasingly demand from delivering companies, too, to keep up those standards. This often represents a great challenge for export-dependent small and medium-sized enterprises in developing countries. The UNIDO Triple Bottom Line project assisted a sample of qualified small and medium-sized enterprises to meet those requirements. If the pilot project proves effective, other companies may follow the good example.

Large MNCs often engage in activities like charitable sponsorship and community development projects that go far beyond the minimum requirements of good business conduct.

If corporate social responsibility mainstreams the inclusion of labour standards and social aspects into the core business activities, this trend is certainly positive for workers. It may help to diminish exploitative business practices. Yet it is naïve to believe that companies will ever turn into social or charitable organisations.

The amounts spent in social projects are still negligible when compared to the huge profit margins of MNCs. Of course MNCs primarily engage in social projects that do not hurt them and that can be successfully marketed. Trade union rights do not necessarily count among them. As a matter of fact, of all principles of corporate social responsibility the most vulnerable are still the basic trade union rights.

There are some trade union concerns with corporate social responsibility. Neil Kearney from the ITGLWF and Dwight Justice from the ICFTU warn, “Sometimes, businesses appear to be using corporate social responsibility as a way of avoiding regulation. The important role of government is unrealistically diminished and the ability of business to resolve social and environmental problems is unrealistically exaggerated. Indeed, the responsibility of businesses to have good industrial relations and to participate in social dialogue rarely figures into the new corporate social responsibility idea.” (Source: “Workers’ Tool or PR Ploy” FES 2003, p. 113) Regulating business behaviour is and should remain the responsibility of the government. Corporate social responsibility should not be a means to privatise control.

Nonetheless, the trend of corporate social responsibility helps create a new management spirit and fosters more responsible and accountable corporate behaviour. It is thus conducive to the workers’ cause and the respect of labour standards. Yet corporate activities alone are insufficient and can never be an alternative to external control mechanisms. It must be prevented that corporate social responsibility are a means to avoid government control. Still the foremost mechanism to safeguard workers’ rights is the labour law and effective unions.

Fair trade and social labels

What is fair trade and what are social labels?

Fair trade is a trading partnership between the marketers in industrialised countries and companies or cooperatives in developing countries. Fair trade is an alternative approach to conventional international trade that aims at sustainable development for excluded and under-privileged producers.

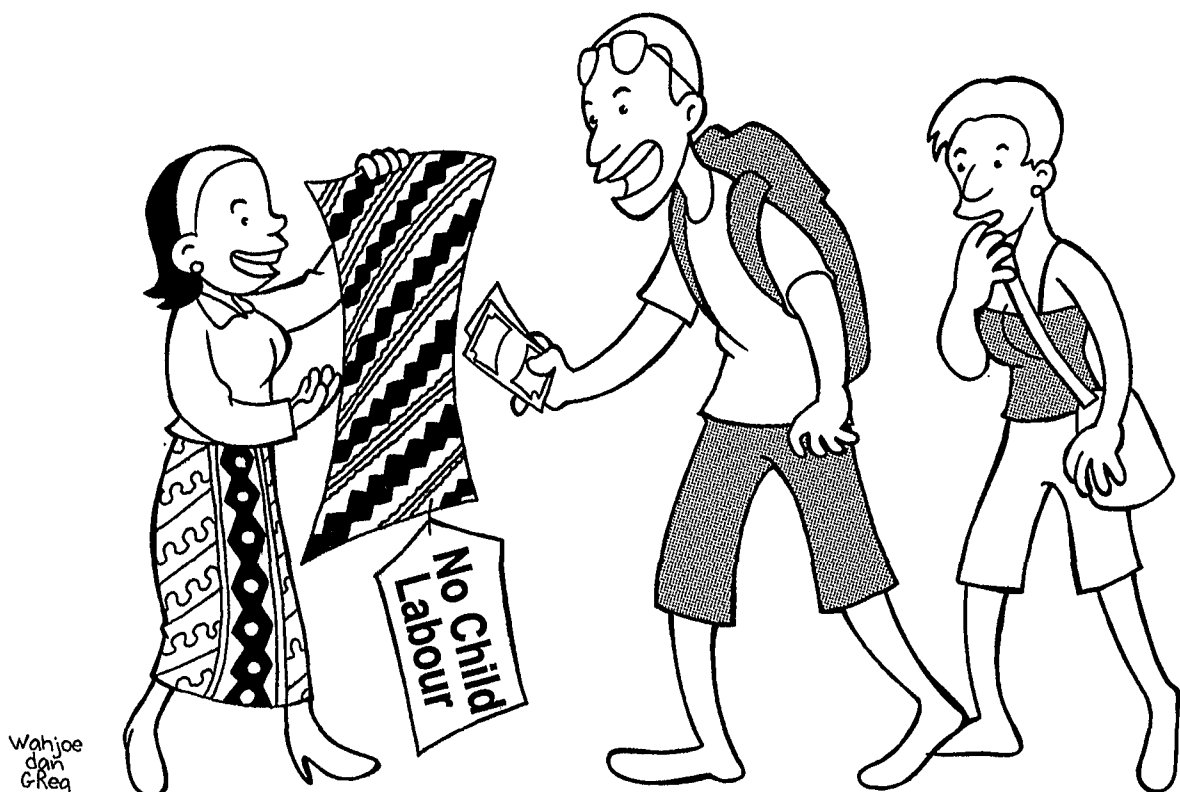
Definition

- This trading partnership offers marginalised and disadvantaged producers in developing countries fair prices and better trade conditions in order to help them sell their products in industrialised countries and overcome poverty. The producers receive
 - support to improve standards in production processes,
 - improved market access,
 - better prices for their products,
 - pre-financing of orders to facilitate investments, and
 - continuity in the trading relationship to allow planning security.
- At the same time, fair trade initiatives carry out awareness raising activities among consumers with the aim to:
 - sensitise consumers for the unfair conditions and negative effects of conventional trade regulations on small scale producers in the developing world and
 - convince consumers to buy fair traded products even though they usually have a higher price than conventional products.
- Fair trade initiatives are usually also accompanied by political campaigns and lobby activities that demand for changes in the rules and practises of conventional world trade.

Social labels are visual signs (labels) for products or companies that adhere to a certain code of responsible business behaviour like

- fair trade,
- environmentally responsible behaviour and respect for environmental standards,
- good working conditions and respect for labour standards, and/or
- socially responsible business behaviour (e.g. supporting community development projects).

Social labels allow sensitised consumers to distinguish “social” or “fair” products from conventional products.



What is the scope of fair trade and social labels?

Fair trade initiatives and social labels exist mainly for agricultural or handicraft products like coffee, tea, sugar, tropical fruits, flowers, carpets, footballs and traditional handicraft.

There are five international umbrella organisations of fair trade:

Umbrella organisations of fair trade initiatives

- Fair Trade Labelling Organisations International (FLO)
- International Federation for Alternative Trade (IFAT)
- Network of European World Shops (NEWS)
- European Fair Trade Association (EFTA)
- European Initiative for Ethical Production and Consumption (EIPCE)

Until the late 80s the fair trade products were limited to non-commercial retailers like action groups, charitable organisations and “One World Shops”. Due to the introduction of social labels like „Transfair“, „Fair Trade“ and others it was possible to successfully introduce fair traded products into the commercial markets. Now consumers can buy fair traded products in their regular supermarket.

In the space of a few years, the fair trade movement and the promotion of fair traded goods have gone from the margin to the mainstream. The retail sales of fair traded goods are worth more than US\$ 250 million in Europe alone. The market share of social label products in Europe rose to 1-2 % and now seems to stagnate at that rate. Although the overall market share of ethically traded goods remains modest, the fair-trade movement has become a stable political factor that plays an important role in questioning the current world trade system.

The knowledge and understanding of fair trade in industrialised countries have grown considerably. In a survey in Germany, for example, nearly 50% of the surveyed Germans knew a fair trade label. The theoretical disposition of consumers to buy ethical products is high but few actually buy them.

What is the potential of fair trade and social labels to promote labour standards?

Fair trade initiatives primarily aim at providing an alternative to conventional trade. Labour standards are one but not the main element of those initiatives.

Strengths

- Fair trade initiatives and social labels promote and support better social and economic conditions for small-scale producers and for labourers on plantations and manufacturers.
- They advise and assist producers in ways to improve labour standards and promote the establishment of workers’ representative bodies on plantations or manufacturers.
- The higher costs for the improvements of working conditions are covered by an accordingly higher buyer price. Local producers thus get positive incentives to improve working conditions.
- Increasing consumer awareness about working conditions and trade conditions in developing countries helps to build up political pressure for better labour standards and fairer trade conditions. Mainstream producers increasingly get under pressure to also provide better working and better trade conditions.

Limitations and shortcomings

- Fair trade and social labels only exist for a limited sector of goods, mainly agricultural and handicraft products. So far these initiatives do not extend to industrial products.
- Fair traded and socially labelled products have a stagnating small market share. Their growth potential seems to be exhausted.
- Fair trade and social labels demand constant advice for the producers as well as costly monitoring and control to assure that the required standards are met. That, apart from the limited market share, prevents fair trade and social labels from extending to much broader segments and to industrial production.
- Fair trade and social labels depend on social awareness of consumers and their willingness to pay a higher price for a “fair” product. Consumer awareness is unstable and needs constant awareness raising. This is especially true since some commercial marketers introduced fake social labels. Consumer education is needed to enable them to distinguish true from fake social labels.
- A risk of social labelling is that a label promising fair working conditions is applied without the labelling institution being able to guarantee the due monitoring. Proper monitoring usually is only possible for a certain area in a clear-cut market segment such as the “rug mark” label that marks hand-made carpets that are free of child labour.
- Social labels a company unilaterally applies to its own products are usually mere marketing tools and should be rejected by unions.

Altogether, social labels are very efficient to raise income, labour standards and living conditions of the producers and labourers who participate in the trading partnership. However, their potential to conquer greater market shares and to extend to new sectors is very limited.

How can fair trade and social labels be used by workers and their unions?

For unions once again the first thing is information: Unions or union federations should find out if any partnerships with fair trade/ social label initiatives exist in their respective branches. Unions should establish links to the initiatives in order to become partners in any questions concerning workers and labour standards. The information can be obtained from the five abovementioned umbrella organisations.

Building alliances with these initiatives can be a strategic asset because these initiatives are linked with broader solidarity networks.

Social clause in trade agreements

What is a social clause in trade agreements?

A social clause is a special clause in international trade agreements that links favourable trade conditions (mostly lower tariffs) to the observation of certain labour standards in the production of the traded goods and services.

Definition

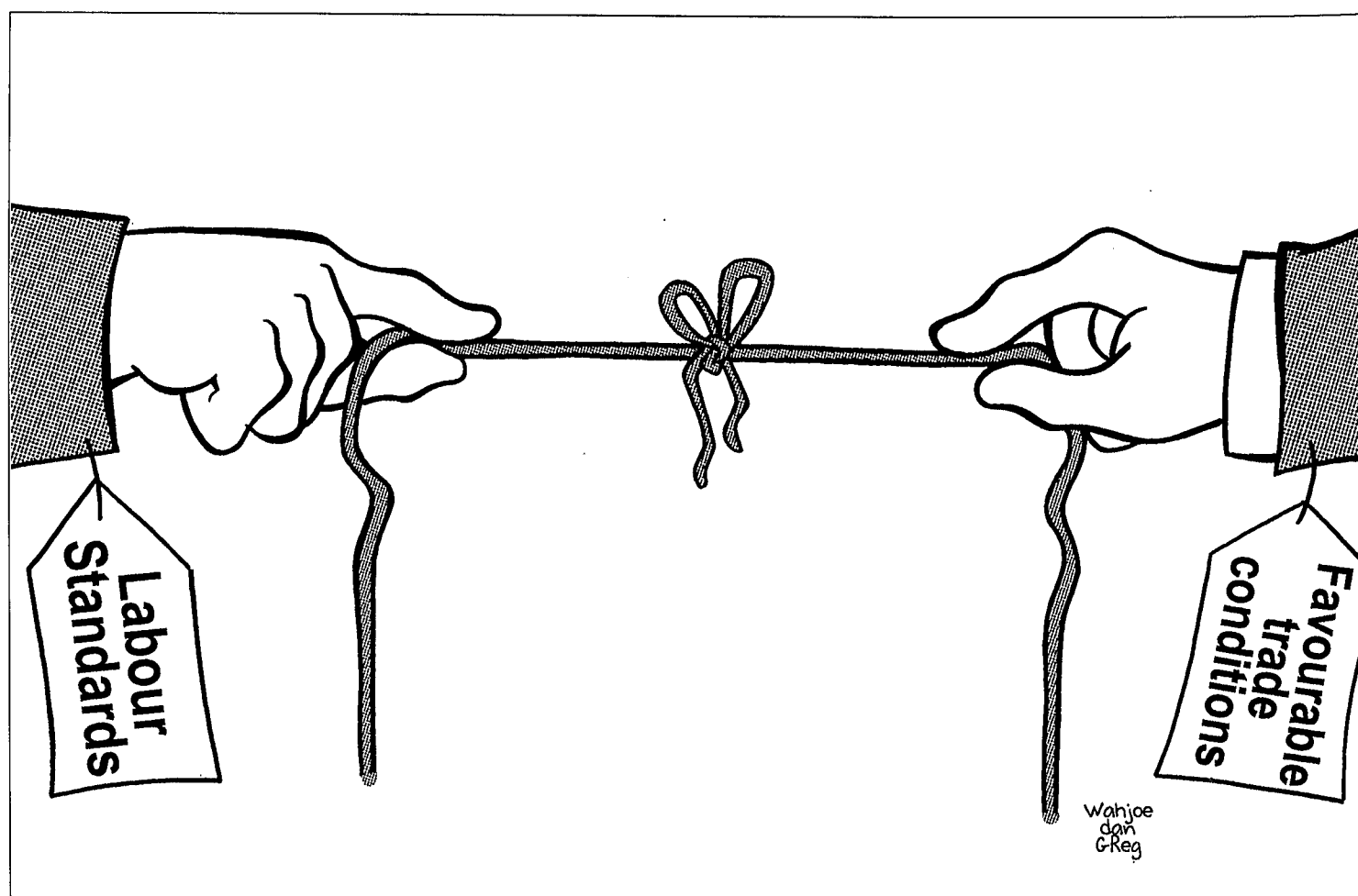
Trade agreements can be concluded between two or several countries. The most important trade agreements are those concluded in trade negotiations within the World Trade Organisation (WTO) that define common trade conditions for all WTO members. With the recent accession of China to the WTO nearly all trading nations are WTO members.

Favourable trade conditions, especially lower tariffs, signify getting easier access to other countries' markets. They are one of the key factors that determine how much a country can export, that is how much of its products can be sold in other countries. The more a country can export the more economic growth it can experience. (Exportation is by far not the only growth factor though.) Every country has therefore a keen interest in having the best possible trade conditions for its products. Trade agreements define those trade conditions.

Social clauses link favourable trade conditions to the application of decent labour standards. The community of countries granting better trade conditions refuses to open their markets for products that were produced under unfair labour conditions. If it becomes known that labour standards are violated, the importing country can withdraw the favourable trade conditions. This will result in trade losses for the exporting country. Trade sanctions can be directed against one product, one industrial branch, or against a whole country.

Social clauses are a powerful tool because trade sanctions are a severe threat. They directly result in a loss of trade shares, profit, wealth, and economic development opportunities for the targeted producer, branch, or country. The motivation of a social clause, however, is often not so much to promote labour standards in the exporting countries but rather to protect the importing economies from unfair competition as a result of social dumping. Social dumping signifies gaining an unfair competitive advantage over others by using unfair or even inhumane labour practices.

"Positive" social clauses work the other way around: Products that were produced respecting good labour standards are granted extra trade privileges. In this case no sanctions are involved but a positive incentive setting.



What is the potential of a social clause?

Strengths

- By linking trade with labour standards, social clauses set very strong incentives for the compliance with labour standards. Threatening to withdraw favourable trade conditions if labour standards are not respected is a very strong sanction mechanism and efficient deterrent. “Positive” social clauses, that concede extra trade privileges to countries that respect good labour standards, are no deterrents but create special positive incentives.
- By aiming at the export sector, social clauses target that sector which is most affected by the negative effects of globalisation and suffering under deteriorating labour standards.

Weaknesses

- The precise and fair implementation of a social clause is difficult. First, it is difficult to control the labour conditions of all imported products. Second, if violations of labour standards are known, the question is whether the trade sanctions are applied to just selected products or to all products of that particular country. The greater the scope of trade sanctions, the greater is the risk that the sanctions unfairly hit companies and branches with good labour standards, too.
- Danger of double standard in its application. If the importing country decides whether or not to apply trade sanctions in case of labour standards violations the danger is that the social clause will be used opportunistically: Products, which compete with domestically produced products, are more likely to be sanctioned than products the country needs and cannot produce domestically.
- Danger of misuse for trade protectionism purposes. Even worse, the importing country can misuse the social clause in an unfair way to protect its own market from uncomfortable competition. If a country wants to ward off competition, it may interpret the provisions of the social clause in a very generous and opportunistic way. These risks of double standard application and of trade protectionism can be reduced if the sanction mechanism is decided and implemented by international bodies like the WTO or ILO.
- Limited scope. A social clause only applies to a specific trade agreement. Products that are exported to countries that do not have a social clause (like, for example, China) cannot be targeted. Neither of course can a social clause target products that are not being exported.

The potential of a social clause is great but great is also the danger of its unfair application. Much depends on the exact provisions that define the use of the social clause. Many of the dangers, though never all of them, can be limited by careful provisions. The main difficulty of social clauses is to guarantee their objective, equal, and fair application.

Where do social clauses exist?

Social clauses exist in a number of trade agreements, for example in the North American Free Trade Agreement (NAFTA) between the USA, Canada and Mexico. They are also part of the Generalised Systems of Preferences (GSP) of the European Union and the USA. So far, however, there is no social clause in the global framework of the World Trade Organisation (WTO). A WTO social clause is being discussed but is highly controversial.

Labour Standards and the Generalised System of Preferences

The Generalised System of Preferences (GSP) is an international trade agreement that unilaterally grants developing countries favourable trade conditions and preferred market access.

The main intention is to increase trade opportunities for the least developed countries and promote their economic development. The European Union, the USA, Japan, and a number of other industrialised countries have GSP. There is also a GSP within the framework of the WTO.

The European and US American GSP contain a “positive” social clause that grants extra trade privileges (like zero-tariffs) to countries that observe fair labour standards and environmentally friendly production standards. They thus create a positive incentive scheme to promote responsible business behaviour in developing countries and at the same time prevent social or environmental dumping. The GSP of the WTO, Japan, and other countries do not contain like clauses.

The most elaborate GSP is the one of the European Union, which has been in force since 1971. Countries have to apply for the special privileges by giving evidence and records of good labour practices. Great relevance is given to the international reports and records kept by the ILO. As a minimum requirement, the national legislation has to be in accordance with the content of the eight ILO core conventions. It must also include legal measures to ensure the effective enforcement of the relevant laws.

After a thorough screening process that takes about a year, the European Commission decides whether the applicant qualifies for the GSP privileges and to what extent the privileges will be granted. In some cases, certain privileges will not be granted to a certain sector or type of industry where violations of labour standards occur regularly.

Experiences with the Generalised Systems of Preferences have been quite positive. They have fuelled endeavours in some developing countries to effectively improve labour standards.

The current discussion about a social clause in the WTO

So far no social clause exists in the regulatory framework of the World Trade Organisation. During the WTO Ministerial Meeting 1996 in Singapore the issue of a social clause was first raised. Yet the WTO disowned the issue and relegated the issue of labour standards to the ILO. Since then the idea of a WTO-ILO working group exists but has never been realised.

A social clause within the WTO is a highly controversial and emotionally charged issue. Both proponents and opponents have strong arguments. Proponents, who demand the introduction of a social clause for the eight ILO core conventions at the WTO, include the International Confederation of Free Trade Unions (ICFTU), the Global Union Federations (GUFs), the trade unions in industrialised countries, a number of NGOs, and national governments mainly from the industrialised world.

The proponents bring forward two major points of justification:

- The trade liberalisation by the WTO resulted in a massive increase of international trade that sharply intensified competition both between and within national economies. It is therefore one of the root causes of reckless and unfair labour practices because companies often try to cut production costs by cutting labour costs. The WTO, however, has never assumed responsibility for the social effects of trade liberalisation. A social clause would be a mechanism to require trade to be more socially responsible.
- The ILO monitoring mechanisms are often seen as a “toothless tiger” because they cannot impose sanctions upon non-complying member states. Equipping the ILO core conventions with a powerful sanction mechanism would render them more coercive. Also, the WTO dispute settlement and arbitration body could be used as an international jurisdiction on labour standards.

Opposition to the introduction of a social clause into the framework of the WTO comes from the business sector. A social clause is rejected as a regulatory measure that obstructs liberalisation and deregulation. From a different perspective, opposition to a WTO social clause comes from a series of governments, mainly from developing countries with an export-oriented economy, among them all ASEAN countries. NGOs and some major trade unions from the South, for example the unions of India, equally oppose a social clause. They argue:

- A social clause within the WTO bears the danger of protectionism. That means it can be misused by wealthier countries to discriminate against products from poorer countries simply in order to lessen the undesired competition. The danger is very real because many industrialised countries are losing export shares to developing countries and are under increasing pressure of competition. So a social clause could be an instrument of unfair competition in the hands of the richer countries and could result in severe trade losses and shrinking development opportunities for emerging economies, leading to even more inequality and unfairness in international trade relations. Proponents of the social clause take this argument very seriously and argue that before imposing trade sanctions, allegations of unfair labour standards have to be examined very carefully by a neutral body of experts. The ICFTU and the GUFs propose a WTO-ILO working group to do this task.
- Opponents argue however, that the current power structures within the WTO make it rather unlikely that a social clause will be used in a fair and objective manner. The large economies traditionally have dominated the WTO and they have more or less decided among themselves and behind closed doors how the world trade order should be designed. Developing countries, in turn have had very little say in past trade rounds of the WTO. In many occasions the WTO has passed policies that ignore the interests of the population of developing countries and that demonstrate a lack of social considerations.

That is why any serious effort to introduce a social clause into the framework of the WTO must be linked to a simultaneous reform process of the WTO rendering it more transparent and democratic and putting an end to contradictory, anti-social policies.

Although the issue of a social clause has been dismissed by the WTO, the discussion is still going on and could gain new impetus in the future again.

How can a social clause be used by workers?

A social clause is more a political instrument in the hands of governments rather than an instrument workers can apply. However, social clauses are probably one of the most powerful and most effective international provisions to protect labour standards. It is therefore of great importance for unionists and labour activists to be informed about them including the discussion revolving around a WTO social clause. National unions should take part in the discussion.

Unions can also use social clauses as an argument in lobbying activities at government level. They can argue that strict enforcement of at least the eight ILO core conventions is not only in the interest of the workers but also in the interest of the export-oriented economy.

In the same spirit: social charters in regional associations

Regional associations are platforms for political and economic dialogue whose main focus has been the economic liberalisation of the region. Social issues have usually been rather neglected in regional agreements even though it is known that economic liberalisation can enhance social problems. In recent years, the call to also integrate social policies into regional associations has become stronger. In reaction a number of regional associations complemented their regulatory framework with a social charter. Covering a vast array of social issues, social charters go far beyond the provisions of social clauses. However, different from social clauses, their provisions can usually not be enforced.

Europe that has the longest history of regional integration served as a model. There are currently two social charters in the European area. The oldest and most comprehensive social charter is the Social Charter of the European Council, which was adopted in 1961 to complement the European Convention for the Protection of Human Rights and Fundamental Freedoms from 1950.

It contains a comprehensive catalogue of social and labour rights such as the core labour standards, the right to work, protection of children and youths, vocational guidance, vocational training, fair salaries, healthy and safe working conditions and others. However, only 22 of the 40 member states of the European Council have ratified the Social Charter. The rights are not enforceable individual rights but the ratifying countries have the obligation to incorporate the provisions into their national legislation.

In 1989, The European Community (now European Union) adopted the “European Charter of Fundamental Social Rights of Workers” that covers an array of provisions on social and economic rights primarily relating to the labour market and labour conditions.

The Organisation of African Unity (OAU, since 2002 African Union, AU) does not have a separate social charter but its “African Charter on Human and Peoples’ Rights” (in force since 1986) also includes some social and economic rights.

Since then social charters have been adopted for

- the South American MERCOSUR plus Bolivia and Chile (“Charter of Buenos Aires on Social Commitment in MERCOSUR, Bolivia, and Chile”, 2000)
- the Southern African Development Community (SADC) (“Charter of Fundamental Social Rights”, 2003), and
- the South Asian Association for Regional Cooperation (SAARC) (“SAARC Social Charter”, signed in January 2004).

Furthermore, a social charter has been proposed for

- the Organisation of American States (OAS),
- the North American Free Trade Agreement (NAFTA),
- the ASEAN Free Trade Area (AFTA), and
- the Asia-Pacific Economic Cooperation (APEC).

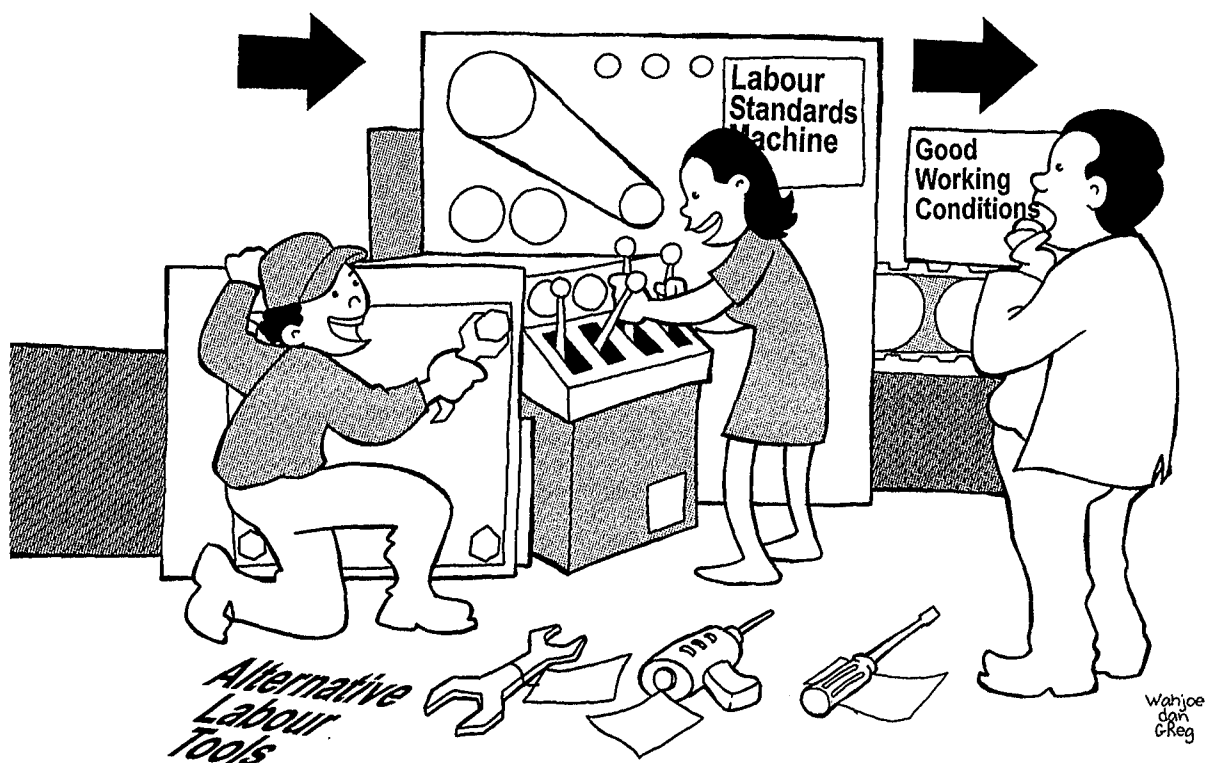
In addition, trade unions and NGOs are demanding the integration of a “social pillar” into the Asia-Europe Meetings (ASEM) to complement the already existing political, economic and cultural pillars of ASEM. ASEM is an interregional dialogue forum between seven ASEAN countries, China, Japan and the Republic of Korea and 15 (soon 25) countries of the European Union plus the European Commission.

Though not legally enforceable, social charters define and promote standards for social policy. The MERCOSUR social charter, for example, explicitly affirms support to the ILO Declaration on Fundamental Principles and Rights at Work. Social charters represent a platform for political dialogue on social issues in the region. In the absence of any effective global regulation on social issues, social charters on regional level can partly fill the gap. Apart from the well-established European ones, social charters have yet to prove their promise though. Governments of adhering states have to fill social charters with life and meaning and make social issues an equal and integral part of regional discussions and negotiations. Unions should remind their governments of their commitment.

Summary of the key points concerning “alternative labour tools”

- “Alternative labour tools” are mechanisms to protect and promote labour standards and workers’ rights in the era of globalisation.
- With exception of social clauses in trade agreements, these alternative tools are not coercive but voluntary. They cannot be enforced by law. Instead, they depend on the goodwill of the involved enterprises and on actions by unions and civil society organisations that monitor and use these tools and create public pressure on enterprises.

- Many of these tools, namely codes of conduct, international framework agreements, fair trade, social labels, global works councils and union networks are initiatives of non-state actors like labour unions, NGOs, consumer organisations and private enterprises.
- The OECD Guideline for Multinational Enterprises, the UN Global Compact and social clauses in trade agreements are tools of international organisations with no immediate involvement of unions or NGOs. Nevertheless, they can only work in the interest of workers if unions and NGOs actively engage in their implementation.
- Each of those “labour tools” has its strengths and potentials to be effective instruments for workers, but they also have their weakness and shortcomings. In order to make best use of them, it is important for workers and their unions to understand the way each of these tools work and to assess their potential for each particular case.
- So far the strongest potential both in terms of scope and effectiveness seems to lie with codes of conduct, international framework agreements, and the OECD Guidelines. They are tools especially designed to “tame” MNCs. Unions dealing with MNCs or their supply chain factories often encounter great difficulties defending workers’ rights. They should therefore explore the full potential of these tools.
- It must be reminded that the different “alternative labour tools” are mere supplements and complements to national and international law. They can never replace law. Priority should still lie in developing constructive industrial relations with the employer side and advocating a good national labour legislation and the effective and fair implementation of the law. Unions should also make active use of the “traditional” ILO monitoring mechanisms.
- The “alternative labour tools” do not replace traditional union activities but are useful complements where traditional union activities alone are less effective. Even though some of these tools were initiated by non-union actors none of them can replace unions and collective bargaining. These instruments can only work effectively with strong union involvement.
- All of these tools are most effective when local unions or national union federations link up with broader labour and civil society networks. These networks provide information, technical and moral support. Internet and e-mail provide an inexpensive, an easy means of communication. Dealing with globalisation demands broader and more global thinking. It is important for workers and their unions to understand that they are not alone with their struggle.



Checklist for union leaders for the use of “alternative labour tools”

General

- Do I and the other members of my union have a basic understanding of globalisation and how it affects me, my union, other workers and my country?
- Are members of my union directly working for a multinational corporation (MNC)? Or are they working for a supplier of an MNC? If so, who is the sourcing MNC? And what is the business relationship of their company with the MNC?
- Does my union have a thorough understanding of the MNC’s structure and policy? If not, from where can my union get the information? (A first contact point is the company’s website.)
- Does my union belong to any national federation or union congress? Does my union or the national federation/ union congress belong to any of the Global Union Federations (GUF)? If so, which one?
- Which local or international NGOs are active in labour affairs that concern me and my union? Which NGOs or international solidarity networks can offer my union information and support?
- Does my union know a competent labour lawyer who can support my union not only in handling national labour affairs but also in relating with international organisations such as the ILO and the OECD?
- Does my union know any journalists that are willing to report on labour issues? Does my union know how to successfully relate with the media and communicate with the public?
- Do I and the other members of my union know how to use e-mail and retrieve information from the internet? If no, where can we learn to use internet and e-mail or who can assist us in the use of these technologies? Do we have daily access to the internet?

ILO Mechanisms

- Which of ILO conventions have been ratified by my country? In particular, which of the eight core conventions have been ratified by my country? Do I know their exact contents and provisions? (All information can be obtained from the ILO website.)
- Am I and is my union familiar with the ILO reporting procedures, monitoring mechanisms and the reporting schedule? (Also on ILO website.)
- When does my government have to submit the next government report on ratified ILO conventions? Does my union know the contents of the government report and has it submitted a commentary?
- Is there any severe case of violation of the freedom of association and the right to collective bargaining that can be filed as a complaint to the ILO Committee on Freedom of Association?

Codes of conduct and international framework agreements

- Does the company of my union members adhere to any code of conduct? Or does their company produce for an MNC adhering to a code of conduct that also applies to their workplace?
- Do members of my union work for a MNC that has concluded an international framework agreement with a GUF? Or is their company covered by an international framework agreement because it supplies to a MNC?
- Does my union and do all concerned workers know the exact contents and provisions of the code of conduct or framework agreement? If not, from where could we get a copy in our national language?
- Have there been any violations of the contents and provisions of the code or framework agreement?

- In case of violations of the code or framework agreement, where can my union direct questions or complaints?
- How is the verification procedure of the code or framework agreement organised? Are workers' organisations involved? How can my union participate in the monitoring and verification?
- What are the experiences others have made with the practice of that particular code of conduct or framework agreement?
- Which GUF, NGOs or solidarity networks can provide information and support in the use of the particular code of conduct or framework agreement?

OECD Guideline for Multinational Enterprises

- Am I and is my union familiar with the exact contents and provisions of the OECD Guidelines, including the implementation procedure of National Contact Points?
- Have there been any violations of the contents and provisions?
- Do I or does my union know how to use the OECD Guidelines and the implementation procedure? Who can support us?
- In case we want to file a case to a National Contact Point, in which country are the headquarters of the MNC in concern? To which National Contact Point do we have to address the case?

Global works councils and union networks

- Does the MNC in concern have a global works council or an extended European Works Council that also embraces to the workplace of members of my union?
- Does the in-house union, works council or other workplace employee representation of the company belong to an MNC-wide network of unions? If so, which GUF is supporting it?
- If any of the above, who are the representatives representing the plant or workplace?

UN Global Compact

- Has my company adhered to the UN Global Compact or does my company propagate any other corporate social responsibility initiative? (Information can be obtained from the Global Compact website.)
- If yes, do I know the exact contents and provisions of the UN Global Compact or the respective corporate social responsibility initiative?
- Have there been any violations of the contents and provisions?

Fair trade/ social labels

- Do my union members work in a plantation, cooperative or manufacture that maintains a partnership with a fair trade initiative? If so which one?
- If yes, are the workers and their representatives involved in the initiative?
- If no, does my union want to establish contact with a fair trade/ social labelling initiative to network and exchange information?

Social clause in trade agreements

- Which bilateral or multilateral trade agreements has my country signed? Do these agreements contain a social clause?
- Does my country qualify for the special preferential treatment of any of the Generalised Systems of Preferences (GSP)?
- Is my union informed about and involved in the international discussions about social clauses, especially a social clause in the WTO?

Two examples of unilaterally fixed corporate codes of conduct**NIKE Code of Conduct (as of March 1997)**

NIKE Inc. was founded on a handshake. Implicit in that act was the determination that we would build our business with all of our partners based on trust, teamwork, honesty and mutual respect.

We expect all of our business partners to operate on the same principles. At the core of the NIKE corporate ethic is the belief that we are a company comprised of many different kinds of people, appreciating individual diversity, and dedicated to equal opportunity for each individual. NIKE designs, manufactures and markets products for sports and fitness consumers. At every step in that process, we are driven to do not only what is required, but what is expected of a leader. We expect our business partners to do the same. Specifically, NIKE seeks partners that share our commitment to the promotion of best practices and continuous improvement in:

1. Occupational health and safety, compensation, hours of work and benefits.
2. Minimizing our impact on the environment.
3. Management practices that recognize the dignity of the individual, the rights of free association and collective bargaining, and the right to a workplace free of harassment, abuse or corporal punishment.
4. The principle that decisions on hiring, salary, benefits, advancement, termination or retirement are based solely on the ability of an individual to do the job.

Wherever NIKE operates around the globe, we are guided by this Code of Conduct. We bind our business partners to these principles.

While these principles establish the spirit of our partnerships, we also bind these partners to specific standards of conduct. These are set forth below:

1. Forced Labor. (Contractor) certifies that it does not use any forced labor -- prison, indentured, bonded or otherwise.
2. Child Labor (Contractor) certifies it does not employ any person under the minimum age established by local law, or the age at which compulsory schooling has ended, whichever is greater, but in no case under the age of 14.
3. Compensation (Contractor) certifies that it pays at least the minimum total compensation required by local law, including all mandated wages, allowances and benefits.
4. Benefits (Contractor) certifies that it complies with all provisions for legally mandated benefits, including but not limited to housing; meals; transportation and other allowances; health care; child care; sick leave; emergency leave; pregnancy and menstrual leave; vacation, religious, bereavement and holiday leave; and contributions for social security, life, health, worker's compensation and other insurance.
5. Hours of Work/Overtime (Contractor) certifies that it complies with legally mandated work hours; uses overtime only when employees are fully compensated according to local law; informs the employee at the time of hiring if mandatory overtime is a condition of employment; and, on a regularly scheduled basis, provides one day off in seven, and requires no more than 60 hours of work per week, or complies with local limits if they are lower.

6. Health and Safety (Contractor) certifies that it has written health and safety guidelines, including those applying to employee residential facilities, where applicable; and that it has agreed in writing to comply with NIKE's factory/vendor health and safety standards.
7. Environment (Contractor) certifies that it complies with applicable country environmental regulations; and that it has agreed in writing to comply with NIKE's specific vendor/factory environmental policies and procedures, which are based on the concept of continuous improvement in processes and programs to reduce the impact on the environment.
8. Documentation and Inspection (Contractor) agrees to maintain on file such documentation as may be needed to demonstrate compliance with this Code of Conduct, and further agrees to make these documents available for NIKE or its designated auditor's inspection upon request.

Remarks:

The Nike Code of Conduct is an example of a rather deficient code of conduct although this is already the revised version of the code that was initially issued in 1993. In response to international pressure, Nike improved the initial code in some aspects. For instance, it now includes a clause that limits overtime to max. 60 hours/week. However, two major campaign aims of the Nike campaign, the rights to organise and collective bargaining still did not make it into the new list of requirements. Note that no explicit reference is made to ILO Conventions and that the code does not provide for external inspections or monitoring.

The KarstadtQuelle Code of Conduct

Acting responsibly

A group such as KarstadtQuelle AG obviously has social responsibilities – not only towards its employees but also towards its suppliers, customers, and its social environment.

KarstadtQuelle developed a set of guidelines to ensure social and environmental standards for all companies within the group. This "Code of Conduct" applies to all goods and all countries. It contains binding rules for every single supplier and their sub-suppliers. The guidelines do not only settle social and environmental standards but also set up mechanisms to control and enforce them as well as general rules of application.

This code of conduct is a binding part of the procurement contract. They are a prerequisite for every business relationship for all companies of the KarstadtQuelle Group.

Guidelines

Essentially, the guidelines are based on international conventions and agreements:

- The social standards correspond to the conventions of the International Labour Organization, a special organization within the United Nations;
- The environmental standards have been based above all on the Convention on International Trade in Endangered Species, the Montreal Protocol on Substances that Deplete the Ozone Layer, as well as the criteria of the Forest Stewardship Council and the Eco-Tex Standard 100.

The social principles include

- maintenance of the local minimum social standards,
- a ban on child labor,
- a ban on forced labor,

- a ban on prison labor that disrespects human dignity,
- protection of the dignity of all workers,
- a ban on discrimination,
- compliance with labor security and health protection standards,
- appropriate pay,
- compliance with limits on working hours, and
- the freedom to form associations, especially unions, and the freedom of unions to represent workers.

Foreign business partners are put under the obligation to ensure that the procurement guidelines are met. They are monitored by external audit organizations as well as by our purchasing managers and quality control employees working on the site.

Implementation of and compliance with the social and environmental standards are based on dialogue, consensus, and cooperation. They take local conditions into consideration, primarily the interests of those directly affected as well as the principle of appropriateness. They also take into account, that these guidelines might have to be implemented over a longer period of time depending on how developed the target country or supplier is.

Source: <http://www.karstadtquelle.com/englisch/konzern/1211.asp>

Remarks:

KarstadtQuelle AG is Europe's largest retailer company. The KarstadtQuelle Code of Conduct is a rather positive example of a unilateral corporate code of conduct. Its labour content is quite comprehensive and explicitly refers to international norms, and the code also provides for external monitoring. KarstadtQuelle has allowed unions to participate in the monitoring. Nonetheless, the implementation of the code is often flawed as well – alone the mere size and complexity of the sourcing network poses a challenge.

Example of an international framework agreement

Declaration on Social Rights and Industrial Relationships at Volkswagen

Preamble

Volkswagen documents fundamental social rights and principles with this declaration. The social rights and principles described in this declaration represent the basis of Volkswagen Corporate Policy. The social rights and principles described in this declaration take the Conventions of the International Labour Organisation concerned into consideration.

The future security of the Volkswagen Group and its employees ensues from the spirit of cooperative conflict management and social commitment, on the basis and with goal of ensuring economic and technological competitiveness. A particular expression of social commitment is in the security and development of employment opportunities.

The globalisation of Volkswagen is essential to secure the future of the company and its employees.

Volkswagen and its employees face the challenges of globalisation together. Together they should utilise the opportunities for the success of the company and the workforce, while limiting potential risks.

Volkswagen AG, the Group Global Works Council of Volkswagen AG and the International Metalworkers' Federation agree on the following goals for the countries and regions represented in the Group Global Works Council. The realisation of the following goals ensues under the consideration of applicable law and prevailing customs in the different countries and locations.

§ 1 – Basic Goals

1.1. Freedom of association

The basic right of all employees to establish and join unions and employee representations is acknowledged. Volkswagen, the unions and employee representatives respectively work together openly and in the spirit of constructive and co-operative conflict management.

1.2. No Discrimination

Equal opportunity and treatment, regardless of race, skin colour, sex, religion, citizenship, sexual orientation, social origin or political persuasion (as far as it is based on democratic principles and tolerance towards persons thinking differently) is assured.

Employees will be chosen, hired and promoted only based on their qualifications and abilities.

1.3. Free Choice of Employment

Volkswagen rejects any knowing use of forced labour and indentured as well as debtor servitude or involuntary prison labour.

1.4. No Child Labour

Child labour is prohibited. The minimum age for acceptance for employment in accordance with governmental regulations will be observed.

1.5. Compensation

The compensation and benefits paid or received for a normal work week correspond at least to the respective national legal minimum requirements or those of the respective economic sectors.

1.6. Work Hours

The work hours correspond at least to the respective national legal requirements or to the minimum standards of the respective economic sectors.

1.7. Occupational Safety and Health Protection

Volkswagen meets at least the respective national standards for a safe and hygienic working environment and in this context will undertake appropriate measures to assure health and safety in the work place so that healthy employment conditions are assured.

§ 2 Realisation

2.1. The employees of Volkswagen will be informed about all of the provisions of this declaration. Within the context of the respective plant practice, unions or existing elected employee representatives will have the possibility to inform the workforce together with representatives of management.

2.2. Volkswagen supports and expressly encourages its contractors to take this declaration into account in their own respective corporate policy. It views this as an advantageous basis for mutual relationships.

2.3. At the suggestion of the Board of Management of Volkswagen AG or the Volkswagen Group Global Works Council, this declaration and its realisation will be discussed and considered with representatives of management of Volkswagen AG within the framework of the meeting of the Group Global Works Council. If necessary, appropriate measures will be agreed upon.

2.4. Third parties cannot drive or enforce any rights from this declaration . This declaration enters in to force on the day it is signed. It has no retroactive effects.

Bratislava, 6th June 2002

For the Group Global Works Council [signature]

For Volkswagen AG International [signature]

For Metalworkers' Federation [signature]

List of all currently concluded international framework agreements

(As of March 2004)

International framework agreements are code agreements on labour standards between Global Union Federations (GUFs) and particular MNCs.

A constantly updated list of international framework agreements with direct internet links to them can be found on the ICFTU website: Go to <http://www.icftu.org> ⇒ click on navigation bar "Multinational Enterprises" ⇒ click on "List of framework agreements". More background information on any particular agreement can be obtained from the website of the respective GUF.

GUF	MNC	Year	Home Country of MNC	Branch
ICEM	Statoil	1998	Norway	Oil industry
ICEM	Freudenberg	2000	Germany	Plastics/ Synthetics
ICEM	ENDESA	2002	Spain	Electrical power
ICEM	Norske Skog	2002	Norway	Paper
ICEM	Anglogold	2002	South Africa	Mining
ICEM	ENI	2002	Italy	Energy
IFBWW	IKEA	1998	Sweden	Furniture
IFBWW	Faber-Castell	1999	Germany	Office materials
IFBWW	Hochtief	2000	Germany	Construction
IFBWW	Skanska	2001	Sweden	Construction
IFBWW	Ballast Nedam	2002	Netherlands	Construction
IMF	Merloni Elettrodomestici	2001	Italy	Electrical appliances
IMF	Volkswagen	2002	Germany	Automobiles
IMF	Daimler Chrysler	2002	Germany/USA	Automobiles
IMF	Leoni	2003	Germany	Wires/ cables
IMF	GEA	2003	Germany	Industrial technology
IMF	SKF	2003	Sweden	Metal products
IMF	Rheinmetall	2004	Germany	Metal products
IMF	Bosch	2004	Germany	Electronics
IUF	Accor	1995	France	Hotels
IUF	Danone	1989	France	Food processing
IUF	Chiquita	2001	USA	Agriculture/ fruits

GUF	MNC	Year	Home Country of MNC	Branch
IUF	Fonterra	2002	New Zealand	Dairy products
IUF	Club Med	2004	France	Holiday resorts
UNI	Telefonica	2000	Spain	Telecommunication
UNI	Carrefour	2001	France	Retailer
UNI	OME-OTE	2001	Greece	Telecommunication
UNI	ISS	2003	Denmark	Property services
UNI	H&M	2004	Sweden	Apparel retailer

List of internet links on globalisation and labour

Selected International Organisations

United Nations	http://www.un.org
World Bank	http://www.worldbank.org
International Monetary Fund (IMF)	http://www.imf.org
World Trade Organisation (WTO)	http://www.wto.org
Asian Development Bank (ADB)	http://www.adb.org
International Labour Organisation (ILO)	http://www.ilo.org
United Nations Industrial Development Organisation (UNIDO)	http://www.unido.org
United Nations Conference on Trade and Development (UNCTAD)	http://www.unctad.org
Organisation for Economic Cooperation and Development (OECD)	http://www.oecd.org
Association of Southeast Asian Nations (ASEAN)	http://www.aseansec.org http://www.asean.or.id
South Asian Association for Regional Cooperation (SAARC)	http://www.saarc-sec.org

Global Union Federations and labour related organisations

International Confederation of Free Trade Unions (ICFTU)	http://www.icftu.org
ICFTU – Asia-Pacific Regional Organisation (ICFTU-APRO)	http://www.icftu-apro.org
International Metal Workers' Federation (IMF)	http://www.imfmetal.org
International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)	http://www.icem.org
Education International (EI)	http://www.ei-ie.org
International Federation of Building and Wood Workers (IFBWW)	http://www.ifbww.org
International Textile, Garment, Leather Workers' Federation (ITGLWF)	http://www.itglwf.org
International Transport Workers' Federation (ITF)	http://www.itf.org.uk
International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF)	http://www.iuf.org
Union Network International (UNI)	http://www.union-network.org
Public Services International (PSI)	http://www.world-psi.org
International Federation of Journalists (IFJ)	http://www.ifj.org
Trade Union Advisory Committee to the Organisation for Economic Co-operation and Development (TUAC-OECD)	http://www.tuac.org

European Trade Union Confederation (ETUC)	http://www.etuc.org
ILO International Training Centre – Bureau for Workers’ Activities (ILO ACTRAV)	http://itcilo.it/actrav

Selection of some major national unions and federations

Deutscher Gewerkschaftsbund (DGB)	http://www.dgb.de
British Trade Union Congress (TUC)	http://www.tuc.org.uk
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	http://www.aflcio.org
Congress of South African Trade Unions (COSATU)	http://www.cosatu.org.za
Unified Workers' Confederation Brazil (CUT)	http://www.cut.org.br
Japanese Trade Union Federation (RENGO)	http://www.jtuc-rengo.org
Korea Confederation of Trade Unions (KCTU)	http://www.kctu.org

ILO mechanisms for the protection of labour standards

International Labour Organisation (ILO) official website	http://www.ilo.org
International Labour Organisation (ILO) Bureau for Workers' Activities (ACTRAV)	http://www.ilo.org/actrav
ILO – information on labour standards, conventions, ratifications, procedures	http://www.ilo.org/public/english/standards/norm
The ILO Committee on Freedom of Association – procedures, reports and cases	http://www.ilo.org/public/english/standards/norm/enforced/foa/cfa.htm
ILO Declaration on Fundamental Principles and Rights at Work – text, information, follow-up procedure	http://www.ilo.org/public/english/standards/decl/declaration
ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy	http://www.ilo.org/public/english/standards/norm/sources/mne.htm
ILO World Commission on the Social Dimension of Globalization	http://www.ilo.org/public/english/wcsdg/index.htm

Multilateral code agreements

Clean Clothes Campaign (CCC)	http://www.cleanclothes.org
Workers Rights Consortium (WRC)	http://www.workersrights.org
Ethical Trading Initiative (ETI)	http://www.ethicaltrade.org
Fair Labor Association (FLA)	http://www.fairlabor.org
Social Accountability International (SAI)	http://www.sa-intl.org
Worldwide Responsible Apparel Production (WRAP)	http://www.wrapapparel.org

Fair trade and social labelling organisations

Fair Trade Labelling Organisations International (FLO)	http://www.fairtrade.net
International Federation of Alternative Trade (IFAT)	http://www.ifat.org
European Fair Trade Association (EFTA)	http://www.eftafairtrade.org
Network of European World Shops (NEWS)	http://www.worldshops.org
European Initiative for Ethical Production and Consumption (EIPCE)	http://www.eipce.org

Other “alternative labour tools”

United Nations Global Compact	http://www.unglobalcompact.org
OECD Guidelines for Multinational Enterprises	http://www.oecd.org/daf/investment/guidelines
European Works Councils (EWC)	http://europa.eu.int/scadplus/leg/en/cha/c10805.htm
Generalised System of Preferences (GSP) of the European Union	http://www.eurunion.org/legislat/gsp/gsp.htm
US American Generalized System of Preferences (GSP)	http://www.ustr.gov/gsp/general.shtml
Corporate Social Responsibility Europe (with excellent list of links to all relevant websites on corporate social responsibility)	http://www.csreurope.org
Corporate Social Responsibility Wire information and news on corporate social responsibility)	http://www.csrwire.com

Selected civil society organisations and networks

Friedrich-Ebert-Stiftung	http://www.fes.de
Friedrich-Ebert-Stiftung Global Union Project	http://www.fes.de/gewerkschaften
Oxfam	http://www.oxfam.org
Solidar	http://www.solidar.org
Human Rights Watch	http://www.hrw.org
Amnesty International	http://www.amnesty.org
ATTAC (network of anti-globalisation NGOs)	http://attac.org
Focus on the Global South	http://www.focusweb.org
Global Policy Forum	http://www.globalpolicy.org
Third World Network	http://www.twinside.org.sg
Asian Human Rights Commission (AHRC)	http://www.ahrchk.net
Asia Monitor Resource Center (AMRC)	www.amrc.org.hk
International Labour Solidarity Website	http://www.labournet.org
International Centre for Trade Union Rights (ICTUR)	http://www.ictur.labournet.org
American Center for International Labor Solidarity (ACILS) (AFL-CIO)	http://www.solidaritycenter.org
Sweatshop Watch	http://www.sweatshopwatch.org
United Students Against Sweatshops	http://www.usasnet.org
Solidarity Network	http://www.nodo50.org/cgt/solidnet
The Steward for Human, Civil and Workers' Rights	http://www.thesteward.net
Campaign for Labor Rights	http://www.clrlabor.org
Laborlink	http://www.laborlink.org

Labour Net	http://www.labournet.net
Workers Democracy Network	http://www.workersdemocracy.org
Codes of Conduct information	http://www.codesofconduct.org
Women Working Worldwide	http://www.poptel.org.uk/women-ww
Maquiladora Solidarity Network	http://www.maquilasolidarity.org
Women in Informal Employment Globalizing and Organizing (WIEGO)	http://www.wiego.org
Global Labour Institute	http://www.global-labour.org
Transnationals Information Exchange – Asia (TIE-Asia)	http://www.tieasia.org

Labour related online magazines, news sites and data bases

Global Unions (a joint news and campaigns site from the ICFTU, the Global Union Federations and TUAC)	http://www.global-unions.org
ICFTU Online Daily News Service	http://www.icftu.org >click on "ICFTU OnLine"
ICFTU-APRO Labour Flash Newsletter	http://www.icftu-apro.org/flash.html
The ICFTU Trade Union Guide to Globalisation	http://www.icftu.org/pubs/globalisation
Human Rights for Workers	http://www.senser.com
Asian Labour News	http://www.asianlabour.org
Asian Labour Update	http://www.amrc.org
Multinational Monitor	http://multinationalmonitor.org
Transnational Resource and Action Center	http://www.corpwatch.org
Global Exchange	http://www.globalexchange.org
Labour Start	http://www.labourstart.org
Globalization and Labor Standards (GALS) Database (American and international database of labour information resources with search function)	http://www.laborstandards.org
ETUI Labourline (database of European labour information resources)	http://www.labourline.org/etui

Some publication for further reading

There are thousands of academic and non-academic publications, policy papers, and reports on globalisation, labour standards, and instruments for protecting and promoting labour standards. The following list of publications is a more or less arbitrary selection of a few relevant publications that were also used for this manual. Most are also accessible to non-academic readers. The interested reader, who likes to acquire more in-depth knowledge on a certain topic, is encouraged to make his or her own research. The provided internet links in the above list can be a starting point for an internet search. Other places where further information can be obtained are the local or regional UN, World Bank and ILO offices, the local or regional representations of FES and other international NGOs and development agencies, and, of course, national or local research institutions, union centres and NGOs.

Aidt, Toke and Zafiriz Tzannatos: *"Unions and Collective Bargaining: Economic Effects in a Global Environment"*, World Bank, Washington 2002

Compa, Lance and Jeffrey S. Vogt: *"Labor Rights in the Generalized System of Preferences: A 20-Year Review"*, Comparative Labor Law & Policy Journal v. 22 no. 2/3 (2001) p. 199

Dollar, David and Paul Collier: *"Globalization, Growth, and Poverty: Building an Inclusive World Economy"*, World Bank, Oxford University Press, 2001

Gravel, Eric and Chloe Charbonneau-Jobin: *"The Committee of Experts on the Application of Conventions and Recommendations: Its Dynamic and Impact"*, ILO, Geneva, 2003

Gravel Eric, Isabelle Duplessis and Bernard Gernigon: *"The Committee of Freedom of Association: Its Impact over 50 years"*, ILO, Geneva, 2001

ICFTU: *"Globalising Social Justice, Trade Unionism in the 21st Century"*, Brussels 2000

ILO: *"ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up"*, Geneva 1998

ILO: *"Report of the Committee of Experts on the Application of Conventions and Recommendations"*, Geneva (appears annually)

⇒ **Report to the 91st International Labour Conference 2003:**

<http://www.ilo.org/public/english/standards/relm/ilc/ilc91/pdf/rep-iii-1a.pdf>

Kühl, Bianca: *"Social Standards in Indonesia: A Review of Existing Tools and Regulations"*, FES International Development Cooperation Occasional Papers, Bonn, April 2003

Murray, Jill: *"Corporate Codes of Conduct and Labour Standards"* ILO/ ACTRAV website, <http://www.itcilo.it/english/actrav/telearn/global/ilo/guide/jill.htm> (accessed March 2004)

ILO/ World Commission on the Social Dimension of Globalization: *"A Fair Globalization – Creating opportunities for all"*, Geneva 2004

(English synopsis: <http://www.ilo.org/public/english/wcsdg/docs/synope.pdf>)

Leary, Virginia A. *"The WTO and the Social Clause: Post-Singapore"*, European Journal of International Law, Vol. 8 (1997), No.1, Article 7

<http://www.ejil.org/journal/Vol8/No1/art7.pdf> (accessed March 2004)

OECD: *"International Trade and Core Labour Standards"*, Paris 2000

(summary: <http://www.oecd.org/dataoecd/2/36/1917944.pdf>)

OECD Working Party of the Trade Committee: *"Codes of Corporate Conduct – An Expanded Review of their Contents"*, 7 June 2000

Rüb, Stefan: *World Works Councils and Other Forms of Global Employee Representation in Transnational Undertakings*, (unpublished paper, 2000 – can be requested from FES)

Sengenberger, Werner: *“Globalization and Social Progress: The Role and Impact of International Labour Standards”*, Bonn 2002 (can be obtained from FES)

Solidarity Center: *“Justice for All – A Guide to Workers’ Rights in the Global Economy”*, Washington 2003 (available at the local ACILS office in your country or can be ordered from http://www.solidaritycenter.org/our_programs/global_programs/communications/rightsmonitor.cfm)

TUAC: *“User’s Guide for the OECD Guidelines on Multinational Enterprises”*, Paris 2002

Turnell, Sean: *“Core Labour Standards and the WTO”*, Macquarie Economics Research Papers, Number 3/2001
<http://www.econ.mq.edu.au/research/2001/Number%203%202001.PDF>
 (accessed March 2004)

UN Non-Governmental Liaison Service/ UNRISD: *“Voluntary Approaches to Corporate Social Responsibility. Readings and a Resource Guide”*, NGLS Development Dossier, Geneva 2002
<http://www.un-ngls.org/developmentdossier.htm>

UNDP: *“Human Development Report”*, New York (appears annually) <http://hdr.undp.org>

UNCTAD: *“World Investment Report”*, Geneva (appears annually)

UNCTAD, Website of the Generalized Systems of Preferences [with links to all existing GSP and GSP user guidelines]
<http://www.unctad.org/Templates/Page.asp?intItemID=1418&lang=1> (accessed March 2004)

UNO: *“1999 World Survey on the Role of Women in Development. Globalisation, Gender and Work”*, New York 1999

Wick, Ingeborg: *“Workers’ tool or PR ploy? A guide to codes of international labour practice”*, 3rd revised edition, Bonn 2003 (can be obtained from FES)

World Bank: *“World Development Report”*, Washington (appears annually)
<http://econ.worldbank.org/wdr>