

International Framework Agreements: Possibilities for a new Instrument

by Siglinde Hessler

A new instrument of international labour regulation

International Framework Agreements (IFA) are important in international labour regulation. As the globalization of production and markets is increasing, an international regulation of labour is strongly needed. Existing instruments such as the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy and the great number of ILO conventions among others have set important marks in the debate, but still lack recognizable success as they lack the power of sanctions. Furthermore, the growing number of voluntary and unilateral declarations on social standards, which are part of the Corporate Social Responsibility strategy of companies, have not attained concrete results as they lack binding force.

IFAs are a relatively new in international labour regulation, operating at company level. They are agreed to between companies and workers' representatives, such as Global Union Federations and/or works councils, and they define fundamental labour standards – primarily, the ILO core conventions – for a company's plants worldwide. Furthermore, they recommend the standards to the suppliers of the enterprises which have concluded the IFA. In contrast to other instruments of international labour regulation, IFAs have a strong binding character: As they refer to international norms such as the ILO core conventions and as they are agreed by company and workers' representatives, they involve workers' representation in the implementation and monitoring of the IFA. Furthermore, since IFAs are to some extent a reaction by companies to public pressure to respect labour rights, companies try to avoid the negative publicity arising from cases where labour rights are disrespected.

Since Danone concluded the first IFA in 1988, the number of IFAs has increased continuously. Today, there are about 91 IFAs worldwide, which, of course, is still a low number in contrast to 82.000 international corporations worldwide.¹ But as most of the existing IFAs are concluded by huge international corporations, they do have a 'model' character for other companies. For example, the 2002 Volkswagen IFA was followed by the conclusion of various other IFAs in the automotive and metal industry. Most IFAs are concluded in European companies: only recently have some Asian, African and North and South American companies agreed on an IFA. The Global Union for Skills and Services (UNI Global) has played a notable

role with their efforts to conclude IFAs in corporations domiciled in Canada, USA, Brazil, Indonesia, Malaysia, Japan and South Africa.

There are two main reasons IFAs are concentrated in Europe. First, the European system of labour relations has a tradition of social dialogue and, therefore, in many cases there is a strong tradition of compromise between employer and unions and/or works councils. IFAs are fostered by this tradition, as the main actors concluding them are managements, unions and/or works councils which, in general, have direct communication and a strong commitment to cooperative labour regulation. Second, the expectations of customers, media and business and political organizations pressure enterprises to conclude IFAs. Respect for fundamental labour rights has become a significant marker of good corporate management, and an important element in the competition for customers.

But, if the circumstances in the home countries of the corporations are important for the conclusion of IFAs, and if there is nonetheless, no legal binding force to put them into practice, what does this mean for the implementation and adaptation of IFAs worldwide? How are the IFAs adapted in countries outside Europe which rely on very different labour relations systems, and where workers representation is often weak, with public pressure for the respect of fundamental labour rights limited or absent?

IFAs in Mexico

Some lessons can be learned from the implementation of IFAs in German automotive enterprises in Mexico. Several German automotive enterprises have plants in Mexico, most of which are suppliers to international automotive companies; only a few are car makers. Working conditions in the Mexican automotive sector are comparatively good, but most workers in automotive companies in Mexico are confronted with problems such as the increasing use of temporary work and a disrespect of workers' rights, especially their collective rights.

So-called "protection contracts" (*contratos de protección*), which violate ILO core conventions 87 and 98, are often agreed to by a company and a union, without the knowledge of the workforce. Rather than aid workers, they establish poor working conditions. Over the past

decades, the number of protection contracts has increased significantly. Experts estimate that almost 90 % of management-union contracts are protection contracts.² Workers in many cases do not even know about the existence of the union in the plant. Particularly in the companies operating in the *maquiladoras* export industry, abuse of worker's rights is a daily occurrence. However, such violations also exist in production sites of German automotive enterprises, where protection contracts exist.

Besides these "protection" unions, there are also the official so-called "unions, which stabilized the government of the *Partido Revolucionario Institucional* (PRI) for more than 70 years. These too show little interest in international fundamental labour standards. Generally, the official unions are company-friendly, focusing on issues such as qualifications and work schedules. Meanwhile, the economic liberalization process has also decreased the influence of the official unions in the political system and in the tripartite structures for labour jurisdiction. At the same time, state and company power has increased.

So, how can IFAs help improve working conditions and labour rights in Mexico? As demonstrated, workers' representatives should be partners in implementing IFAs. But protection and official unions in Mexico are weak, and therefore do not have the power, or the willingness, to implement fundamental labour rights. Furthermore, there is no public pressure to respect labour standards, since the media, political or other organizations do not show much interest in fundamental labour rights.

Despite unfavorable preconditions for the implementation of IFAs in Mexico, there are some prospects for success. Even if IFAs did not bring substantial changes, and have not yet been able yet to abolish the "protection" contracts, small steps towards their implementation can be noticed. In the case of a certain German automobile company, the local Mexican union used the IFA to improve the working conditions of cafeteria and other service staff. In another case, the "protection" contract in a Mexican plant was discussed, and an attempt was made to replace the "protection" union with an authentic, independent union.

In many cases IFAs, and fundamental labour standards, are published visibly in the plants, and even in the collective agreements. Furthermore, and this may be the most important impact, in many cases the IFAs have intensified communication between European and Mexican unions, helping build stronger international networks and placing the issue of fundamental labour rights on the Mexican as well as the international agenda. One example: an international campaign was mounted by the International Metal Workers Federation (IMF), with a complaint against Mexico taken to the ILO, over of the practice of the "protection"

contracts.

Conclusions

It has been shown that there are opportunities to use IFAs to improve working conditions, and to internationalize labour standards. If IFAs are published and adequately promoted, they raise the expectations of actors, and can be used as leverage for other kinds of negotiations. Pressure and interference by international actors is an opportunity to strengthen actors in emerging markets, who can use IFAs (and other instruments of international labour regulation) for their immediate interests, and to build stronger networks. If we recognize small results like the strengthening of international networks as well as fundamental changes, then we can evaluate the outcome of IFAs positively.

But at the same time, it has been shown that more must be done than just agreeing to an IFA. Since IFAs are situated between formal, enforceable rights and contracts on the one hand, and voluntary declarations, on the other hand, they can be seen as embedded, and entangled, in the broader 'emerging transnational texture of labour regulation'.³ For successful IFA implementation, it is essential to systematically promote and discuss IFAs on an international level. This implies that, first, communication between the production sites, the central management, and the representatives of unions and/or works councils across the company, worldwide, has to be intensified; second, actors outside Europe have to be integrated into the IFA-bargaining process, so that their needs, interests and concerns can be considered; and third, that in international discourse, the role of IFAs and of fundamental labour standards generally needs to be reevaluated. It has to be argued clearly that respect for fundamental labour standards is necessary not only to the workers, but also to global society, which should not be willing to tolerate violations of these rights.

1 UNCTAD (2010) *World Investment Report 2010: Investing in a Low-Carbon Economy*, New York, Geneva

2 Rafael Tena Suck (2006) *Contratos de protección: a quiénes protegen?*, in: Inés González Nicolás (ed.) *Auge y perspectivas de los contratos de protección. Corrupción sindical o mal necesario?* Mexico City, p 113-118

3 Ludger Pries (2008) *Die Transnationalisierung der sozialen Welt. Sozialräume jenseits von Nationalgesellschaften*, Frankfurt a. M.

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