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## INTERNATIONAL FRAMEWORK AGREEMENTS AND THE FUTURE OF COLLECTIVE BARGAINING IN MULTINATIONAL COMPANIES<sup>1</sup>

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### ABSTRACT

This article emphasizes the contribution of International Framework Agreements (IFAs) to collective bargaining within multinational companies (MNC). For this purpose, we used various data, including content analysis of 42 IFAs and interviews with representatives of the five Global Union Federations (GUFs) involved in the negotiation of these IFAs, in order to assess the content and efficiency of these agreements. Our analysis reveals that IFAs usually include a commitment by the signatory MNC to conform to ILO's core conventions in all its operations, and to inform its business partners of their obligations under the agreement. Regular meetings are held with unions' representatives for the monitoring of these agreements to ensure their respect by the signatory multinational companies and their business partners. According to GUFs' representatives, the IFAs have been effective in protecting basic trade union rights covered by ILO conventions 87 and 98. In the last part, we emphasize the IFAs' contribution to collective bargaining within MNCs and discuss the prospects for future development of international collective bargaining, particularly in light of Levinson's seminal work (1972) on this subject.

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**E**conomic and political changes of the last two decades have radically modified the structures and practices of international trade union movement (Bourque 2008). The dismantling of communist regimes in Eastern European countries and the Soviet Union has helped to increase the membership of the International Confederation of Free Trade Unions (ICFTU), at the expense of the World Federation of Trade Unions (WFTU) which lost most of its European affiliates in the former USSR and countries of Eastern Europe. The creation of the International Trade Union

Confederation (ITUC) in 2006 by the ICFTU and the World Trade Union Confederation (WTUC) affiliates has reduced the WFTU to a marginal role at the international level. The International Trade Secretariats (ITS), which group together national industry federations have also been affected by these changes. The rising power of multinational companies in the global economy has given rise to a wave of mergers of ITS whose number dropped from more than fifteen in 1980 to ten in early 2000. During this period, the ITS also set up some forty World Union Councils so as to coordinate union action within multinational companies, mainly in the automotive, electronics and chemical products sectors and the mining industry (Rüb 2002; Windmuller 2000). In 2002, the ITS transformed themselves into Global Union Federations (GUFs)<sup>2</sup> in order to reflect the renewal of their goals and structures in the globalization era (ICFTU, 2004).

In 1995, the ICFTU and the ITS created a working committee which proposed in 1998 a Code of Labour Practices considered as a trade union guide on the codes of conduct of multinational companies (ICFTU 2002). This Code specifies that multinational companies (MNCs) must respect the fundamental rights covered by the 1998 ILO Tripartite Declaration and this same obligation is imposed on their business partners. The fundamental rights referred to by this ILO Declaration are freedom of association and collective bargaining (Conventions No. 87 and No. 98), the prohibition of forced and compulsory labour (Conventions No. 29 and No. 105), non-discrimination and equal treatment (Conventions No. 100 and No. 111), and the abolition of child labour (Convention No. 138). This last category of rights was reinforced by the adoption in 1999 of Convention No. 182 on the Worst Forms of Child Labour (Duplessis, 2004; Kellerson, 1998). The ICFTU/ITS Code was used by the ITS as a reference for negotiating International Framework Agreements (IFAs) which the ICFTU presented as follows: "Framework agreements negotiated between MNEs and ITS are agreements on certain principles which, while they do not constitute collective bargaining agreements in the same sense as agreements reached at the national or local levels, provide a rights framework to encourage recognition and bargaining to take place at those levels." (ICFTU 2002, 22).

Following the groundbreaking agreement concluded in 1989 between the IUF and the French food processing group BSN-Danone, the number of IFAs increased rather slowly during the 1990s and more rapidly since the early 2000s. According to a recent list established by Sobczak (2007), there were 50 International Framework Agreements (IFAs) in January 2007 and nearly 80% of them have been signed since January 1, 2002, confirming the recent nature as well as the importance taken by this activity within the GUFs. The increasing importance accorded to the negotiation of IFAs by the GUFs has reinvigorated the debate initiated in the 1970s by Charles Levinson on trade union collective bargaining with multinational companies. In his seminal 1972 work *International*

Trade Unionism, Levinson argued that, faced with the rapid expansion of multinational companies worldwide, the trade union movement must develop a strategy of international collective bargaining within MNCs. Only in this way might the unions counter multinationals' strategies to make workers in different countries compete with each other as a way of increasing corporate control over the world economy. This article aims to highlight the contribution of IFAs to the promotion of workers and trade unions rights and collective bargaining in multinational companies, to identify the main problems associated with the implementation of these agreements, and to discuss the prospects for the development of international collective bargaining in light of Levinson's writings and other recent research on this subject.

As part of a study conducted at the ILO International Institute for Labour Studies (IILS), we carried out in 2004 a content analysis of 28 International Framework Agreements in force on April 30, 2004, and collected data from representatives of the five GUFs signatory to the IFAs, including the General Secretaries of each of them, as well as two ICFTU representatives involved with GUF representatives in IFA development (Bourque, 2005). For the purpose of this article, we completed this study with an analysis of fourteen IFAs concluded between April 30, 2004 and January 2006, and with telephone interviews with GUFs' representatives in 2006. Our research focused on both the content of these 42 IFAs and their effectiveness regarding respect of the principles and rights stated in these agreements by the signatory MNCs and their business partners. Fourteen (14) of these agreements were negotiated by IMF, nine (9) by ICEM including a joint agreement with IFBWW and another with Public Service International (PSI), nine (9) by IFBWW including the joint agreement with ICEM, five (5) by UNI and five (5) by IUF (See Table 1).

This article is divided into three parts. Part 1 presents the scope and normative content of the 42 IFAs included in our study, Part 2 analyzes the monitoring procedures and effectiveness of these IFAs, and in Part 3, we discuss the contribution of IFAs to international collective bargaining in light of previous research on this subject.

## **SCOPE AND NORMATIVE CONTENT OF INTERNATIONAL FRAMEWORK AGREEMENTS**

Nearly all (38 out of 42) of the multinational companies (MNCs) signatory of the IFAs in force in January 2006 have their headquarters in Europe. More specifically, thirteen of these MNCs are based in Germany, seven in France, five in Sweden, three in Italy, three in Norway, two in Spain, two in the Netherlands, one in Denmark, one in Greece and one in Luxembourg (see Table 1). The four non-European multinational companies involved in these agreements have their headquarters in the United States (Chiquita), South Africa (AngloGold), New

Zealand (Fonterra) and Russia (Lukoil).<sup>3</sup> The number of direct employees of the multinational companies involved in these IFAs varies approximately from 3,000 employees at Shwan-Stabilo (Germany) to 400,000 in the case of the French multinational Carrefour. The total number of direct employees of the 42 multinational companies involved in these IFAs is around 3.6 millions, excluding the employees of subcontractors and suppliers that may be linked indirectly by these agreements. The predominance of European multinational companies among the employers signatory to IFAs can be explained mainly by the legal obligation imposed on them since 1994 to create European Works Councils (EWCs) integrating representatives of workers and unions from the various European countries in which they are present, and which must be consulted on the economic and social aspects of company management (Martin and Ross 2000). The active role played by EWCs in the area of corporate social responsibility has, in many cases, led to their involvement in the negotiation and monitoring of IFAs.

**Table 1:**  
List of the 42 International Framework Agreements at January 31, 2006\*

Multinational Company (MNC)	Country of Origin of MNC	Total direct employees	GUF responsible for IFA	Trade Unions Partners involved in IFA**	Year of signature of IFA
MERLONI-INDESIT	Italy	20,000	IMF	NUF (3); EWC	2001
<a href="#">VOLKSWAGEN</a> (VW)	Germany	325,000	IMF	NUF (1); WCC	2002
DAIMLER-CHRYSLER	Germany	372,000	IMF	NUF (1); EWC; WCC	2002
LEONI	Germany	18,000	IMF	NUF (1); CEE	2002
GEA	Germany	14,000	IMF	NUF (1); RUF (1); EWC	2003
<a href="#">SKF</a>	Sweden	39,000	IMF	NUF (1); RUF (1); WCC	2003
RHEINMETALL	Germany	26,000	IMF	NUF (1); RUF (1); EWC	2003
BOSCH	Germany	225,000	IMF	NUF (1); EWC	2004
<a href="#">PRYM</a>	Germany	4,000	IMF	NUF (1); EWC	2004
RENAULT	France	130,000	IMF	NUF (9); EWC	2004
BMW	Germany	106,000	IMF	NUF (1); EWC	2005
EADS	Netherlands	110,000	IMF	RUF (1); EWC	2005
RÖCHLING	Germany	8,000	IMF	NUF (1); RUF (1)	2005
ARCELOR	Luxembourg	95,000	IMF	RUF (1)	2005
<a href="#">IKEA</a>	Sweden	84,000	IFBWW		1998

<a href="#">FABER-CASTELL</a>	Germany	6,000	IFBWW	NUF (1)	1999
<a href="#">HOCHTIEF</a>	Germany	37,000	IFBWW	NUF (1)	2000
<a href="#">SKANSKA</a>	Sweden	79,000	IFBWW		2001
<a href="#">BALLAST NEDAM</a>	Netherlands	7,800	IFBWW	NUF (1)	2002
IMPREGILO	Italy	13,000	IFBWW	NUF (3)	2004
VEIDEKKE	Norway	5,000	IFBWW	NUF (2)	2005
SCHWAN-STABILO	Germany	3,000	IFBWW	NUF (1); EWC	2005
LAFARGE	France	77,000	IFBWW /ICEM	ITU (1)	2005
<a href="#">STATOIL</a>	Norway	16,000	ICEM	NUF (1)	1998
<a href="#">FREUDENBERG</a>	Germany	27,500	ICEM	NUF (1)	2000
<a href="#">ENDESA</a>	Spain	13,600	ICEM	NUF (2)	2002
<a href="#">NORSKE SKOG</a>	Norway	11,000	ICEM	NUF (1)	2002
<a href="#">ANGLOGOLD</a>	South Africa	65,000	ICEM	NUF (1)	2002
<a href="#">ENI</a>	Italy	70,000	ICEM	NUF (3)	2002
<a href="#">SCA</a>	Sweden	46,000	ICEM	NUF (1); EWC	2004
LUKOIL	Russia	150,000	ICEM	NUF (1)	2004
EDF	France	167,000	ICEM/PSI	NUF (16); WCC; ITU (2)	2005
TELEPHONICA	Spain	162,000	UNI	NUF (2); UNI Telecom	2001
<a href="#">CARREFOUR</a>	France	400,000	UNI	NUF (1)	2001
<a href="#">OTE</a>	Greece	18,500	UNI	UNI Telecom	2001
<a href="#">ISS</a>	Denmark	280,000	UNI		2003
<a href="#">H&amp;M</a>	Sweden	40,000	UNI	UNI Commerce	2004
BSN-DANONE	France	100,000	UIF		1988
<a href="#">ACCOR</a>	France	147,000	UIF		1995
<a href="#">CHIQUITA</a>	USA	26,000	UIF	RUF (1)	2001
<a href="#">FONTERRA</a>	New Zealand	20,000	UIF	NUF (1)	2002
<a href="#">CLUB MÉDITERRANÉE</a>	France	20,000	UIF	RUF (1)	2004

\*Agreements available at : [www.icftu.org/Global](http://www.icftu.org/Global) Unions

\*\*EWC : European Works Council - WCC : World Company Works Council - NUF : National Union Federation -  
RUF : Regional Union Federation (or Coalition) - ITU : International Trade Union Organisation other than GUF

In most IFAs (38/42), the GUFs joined together with other trade union partners to negotiate and to sign these agreements. For example, some of the IMF agreements were negotiated in partnership with the European Metal Federation-EMF (GEA, Rheinmetall, SKF, EADS, Röchling, Arcelor), and others with affiliated national union federations (Merloni, VW, DaimlerChrysler, Bosch, BMW, Renault). Agreements concluded by the IMF were also signed by either the representatives of the World Works Council (VW, Daimler Chrysler, SKF, Renault), or of the European Works Council (Leoni, GEA, Rheinmetall, Bosch, Prym, EADS). The agreements negotiated by the ICEM also bear the signature of

the representatives of one or more affiliated national union federations based in the country of origin of the multinational company concerned by the agreement, and the EDF agreement (Électricité de France – French public hydro company) negotiated jointly with ISP is also signed by sixteen national unions federations from Europe, Asia and Latin America. Among the nine agreements negotiated by IFBWW, one has been negotiated jointly with ICEM, six are also signed by affiliated national federations (Faber Castell, Hochtief, Ballast Nedam, Impregilo, Veiddeke, Shwan-Stabilo), but IFBWW is the sole signatory on the union side to two agreements (IKEA and Skanska). The trade union partners associated with the agreements concluded by the UNI are most often internal sector-based bodies that correspond to the former ITS merged to form UNI in 1999, that is, the UNI-Commerce (Carrefour, H&M) and UNI-Telecom (OTE), and in the case of Telefonica, two affiliated national federations have also signed the agreement. Of the five agreements concluded by the UIF, two bear its single signature (Danone, Accor) and three were also signed by either a regional trade union organization (COLSIBA for the Chiquita agreement, EFFAT for the Club Méditerranée agreement) or an affiliated national union federation (Fonterra agreement). The international trade union networks involved in the negotiation of IFAs are an important resource for the global monitoring of these agreements.

While most International Framework Agreements (27/42) are concluded for an indeterminate period, those signed by the ICEM are usually for a two or three-year term (five year term in the case of the AngloGold agreement). However, the Lafarge agreement negotiated jointly with IFBWW is for an indeterminate period, an exception in regard of the agreements signed by ICEM (interview with Fred Higgs, ICEM General Secretary, Brussels, February 2004). Since 2001, other GUFs have negotiated agreements for a determinate period, in particular the UNI which concluded five-year agreements with Telefonica and International Sanitary Services (ISS), the IFBWW with Ballast Nedam (2 years) and IUF with Club Méditerranée (3 years). Since 1989, the IUF has signed six separate agreements with the BSN-Danone Group on different issues: information for worker representatives, trade unions and collective bargaining rights, employment equity, occupational training, restructuring and delocalization of jobs within the Danone Group. According to the IUF General Secretary, this “permanent negotiation” with the Danone Group has helped to maintain a constructive social dialogue while promoting the trade union’s point of view on strategic aspects of company management, in particular on investment and industrial restructuring projects (interview with Ron Oswald, Geneva, January 2004).

The document presenting the commitments and obligations of the signatory parties can be one-page long, as in the case of the Carrefour (UNI) and Accor (IUF) agreements, or as long as six to eight pages, as in most of the agreements concluded by the IMF, IFBWW, ICEM, IUF and UNI-Telecom. The

first agreements are essentially declaratory in nature and amount to a commitment by the multinational company to comply with the ILO fundamental conventions and to ensure, jointly with the signatory trade union organizations, that this commitment is met in all of its subsidiaries. The other agreements are generally more binding regarding the obligations that they impose on the signatory companies and the monitoring procedures of the agreement. Thus, two types of International Framework Agreements can be distinguished (Hammer, 2005). Agreements of the first type are «Rights Agreements» limited to declaratory clauses on the fundamental social and human rights that the signatory company undertakes to respect and promote. Agreements of the second type are more similar to a traditional collective agreement because of the larger scope of the rights and the obligations that they impose on the employer, in particular with regard to subcontractors and suppliers, the duration, and the procedures for handling and settling disputes related to implementation of the agreements.

The normative content of the International Framework Agreements is essentially based on the ILO fundamental conventions. Thus, all the agreements examined refer explicitly or implicitly to Conventions No. 87 and No. 98 on the Right to Organise and the Right to Collective Bargaining, and three-quarters of them (32/42) also refer to the other core conventions covered by the 1998 ILO Declaration. Most of the IFAs also deal with the working conditions covered by other ILO conventions, in particular respect for national minimum standards related to wages and hours of work (Conventions No. 1 and No. 47), occupational health and safety, and respect for the environment (Conventions No. 156 and No. 167), occupational training (Conventions No. 140 and No. 150) and freedom of action of workers' representatives (Convention No. 135). A third of these agreements (14/42) also refer to the declarations from intergovernmental international organizations, in particular the OECD and ILO declarations on multinational companies, the ILO declarations on fundamental principles and rights at work and the UN declarations on Human Rights and the Global Compact. Lastly, several agreements (13/42) refer to the code of conduct of the signatory multinational company to recognize the GUFs and their trade unions partners as «stakeholder» in the field of corporate social responsibility.

## **MONITORING PROCEDURES AND EFFECTIVENESS OF INTERNATIONAL FRAMEWORK AGREEMENTS**

In almost all cases (36/42), the implementation and monitoring of the agreement are under the responsibility of a joint committee made up of representatives of the signatory parties who meet on a regular basis. These agreements usually provide for an annual meeting of the joint steering committee (in the case of the Faber Castell-IFBWW agreement, every two years),

but the IKEA-IFBWW and Chiquita-IUF agreements are more binding in this regard because they impose two annual meetings of the joint steering committee. These two agreements also establish an external audit procedure involving NGOs and expert consultants whose mission is to conduct inspections of the company and its subcontractors' workplaces and submit a report to the joint steering committee. These two individual cases are explained by the particular context which led to the signature of these agreements, that is, as a result of public denunciation campaigns regarding child labour in IKEA subcontracting companies (IFBWW 2003), and the violation of freedom of association in some banana plantations of the Chiquita Group and its suppliers in Central America (Riisgaard 2005).

International Framework Agreements usually stipulate that monitoring be conducted by representatives of the signatory parties, but in some cases, it is carried out by an existing representative structure, such as the European Works Councils or World Company Works Councils which are involved in the negotiation and the monitoring of the majority of the agreements concluded by the IMF. Several IFAs confirm the decisive role of management and union representatives at the local level in the application and settlement of disagreements deriving from the agreement. Almost all IFAs provide for a procedure of amicable settlement of disputes or complaints related to the implementation of the agreement, the only exception being the Skanska-IFBWW agreement under which disputes related to the interpretation or application of the framework agreement can be referred to an arbitration board. The General Secretaries of the five GUFs involved in the negotiation of IFAs see them more as "gentlemen's agreements," that is, voluntary agreements that put the onus of application on the signatory parties only. From this point of view, these agreements belong to «soft law», since they do not expose the signatory parties to mandatory sanctions (Duplessis 2004). The most effective sanction in the case of violation by the signatory company of the rights or principles stated in these agreements remains, in the view of the GUFs' General Secretaries, the tarnished corporate image resulting from denunciation campaigns organized by the international trade union movement.

In a large majority of cases (32/42), the International Framework Agreements include a commitment by the company to inform or to encourage the subcontractors and suppliers to respect the principles and the ILO conventions mentioned in the agreement. Some agreements (Endesa, Fonterra, AngloGold) stipulate that the stated principles apply to the subsidiaries and administrative units that are under the direct or indirect control (joint venture) of the signatory company, but do not explicitly mention subcontractors or suppliers. Several of them limit the multinational company's obligation to inform or to encourage the subcontractors and suppliers to respect the principles stated in the agreement (IKEA, Skanska, Statoil, OTE, Telefonica, VW, Norske Skog).



However, other agreements which contain provisions linking the suppliers and subcontractors go further in this regard. The Hochtief (IFBWW), Carrefour (UNI), Chiquita (IUF) agreements, and all the agreements negotiated by the IMF include a provision which obliges the signatory multinational company to ensure that the principles stated in the agreement are respected by its suppliers and subcontractors. These prescriptions are very important to enforce IFAs' effectiveness in the case of suppliers and subcontractors operating in countries where labour law implementation is deficient. Nevertheless, the agreements containing such provisions are usually aimed only at the direct suppliers and subcontractors of the signatory company and, according to the GUFs, it is difficult to monitor the agreements in these cases because of the weak union presence in these establishments. It can thus be considered that IFAs have limited influence in workplaces that are not under the direct control of the signatory multinational company.

The effectiveness of International Framework Agreements refers to the respect of the trade union rights and the social and human rights by the signatory companies and their business partners covered by these agreements, as well as the impact of the procedures to monitor these agreements. As a general rule, at least one annual meeting is devoted to the monitoring of the application of the agreement, in which representatives of the different signatory trade union organizations participate. In several cases, these meetings coincide with the annual meeting of the European Works Council (Carrefour, Merloni, Leoni, GEA, Rheinmetall agreements) or of the World Works Council (VW, Daimler-Chrysler, SKF agreements), which gives an international scope to the process of monitoring the agreement. In addition, the trade union organizations can resort to the employer's independent and specialized resources to conduct studies or inspections within the company or at the subcontractors. Thus, since 1999, the joint committee monitoring the IKEA agreement, which includes two IFBWW representatives, has conducted several inspections of establishments belonging to the company's subsidiaries or subcontractors in Eastern Europe and Asia. Similarly, the IUF representatives within the committee monitoring the Chiquita agreement participated in the inspections and the drafting of public reports on the respect of human and social rights in the company's plantations and at a number of its suppliers in Central America.

The interviews conducted with the General Secretaries of the five GUFs involved in International Framework Agreements reveal that their interventions in regard to the application of these agreements relate mainly to respect of union rights by the subsidiaries or subcontractors of the signatory company. The information obtained from IUF representatives on the application of the agreement concluded in 1995 between the IUF and the Accor management confirms the conclusions of Wills' study (2002) that it was mainly used to back up union organization campaigns in the Group's establishments in the United

States, the United Kingdom, Indonesia, Canada and Australia. According to IFBWW representatives, the application of the Faber Castell, Skanska and Hochtief agreements gave rise to problems relating to respect of union rights by the subsidiaries or subcontractors, particularly in the United States, and the General Secretary intervened with these companies' European senior management in order to get them involved in solving these problems in collaboration with local managers in their subsidiaries in non European countries (interviews with Anita Normark and Marion Hermann, IFBWW, Geneva, January 2004). The ICEM General Secretary also had to intervene with the senior management of the Swedish multinational company Statoil during a conflict over union recognition involving a subcontracting oil refinery in Texas whose contract was cancelled because it refused to respect the principles stated in the agreement (interview with Fred Higgs, ICEM, Brussels, February 2004). As regards the IMF, the World Works Council of Daimler Chrysler has notified two subcontractors in Turkey and Costa-Rica that their contracts could be cancelled if they did not respect the ILO conventions on freedom of association and collective bargaining mentioned in the agreement, which led to union recognition in these establishments (interviews with Marcello Malentacchi, IMF General Secretary, Geneva, January 2004 and February 2006). The Telefonica agreement facilitated unionization within its subsidiary in Brazil, but the interventions of the UNI General Secretary with the management of this multinational company concerning respect of trade unions collective bargaining rights in the subsidiaries in Chile have been, however, less successful and led to a work conflict (interview with Phillip Jennings, UNI, Nyons, February 2004).

### **INTERNATIONAL FRAMEWORK AGREEMENTS: A PREMISE TO INTERNATIONAL COLLECTIVE BARGAINING?**

In this last part, we examine the extent to which International Framework Agreements contribute to international collective bargaining, drawing on, in particular, the analysis of the conditions which led to the conclusion of the Seafarers international collective agreement negotiated by the International Transport Workers' Federation (ITF).

According to many authors, the ITS and the World Company Works Councils that they put in place were not successful in asserting themselves as bargaining actors at the international level, as their promoters had intended, in particular Charles Levinson who was IMF Deputy General Secretary before becoming ICEM General Secretary in the 1970s (Gumbrell-McCormick 2000; Ramsay 1997; Windmuller 2000). Levinson (1972) predicted that trade unions' international collective bargaining structures would develop in three phases: the first phase being characterized by the organization of solidarity networks between the national unions representing employees of the same multinational

company; the second phase involving the coordination of collective bargaining within multinational companies by the international and national unions or federations; leading to a third phase, integrated collective bargaining under the leadership of ITS which involves all the industries covered by the activities of the same multinational company. According to Levinson, the first two phases of this development were already under way in the early 1970s, and the process must continue as a condition of survival of international trade union federations (Ramsay 1997).

Research conducted in the mid-1970s (Northrup and Rowan 1979) on several American and European multinational companies has, however, called into question Levinson's optimistic view. As a result of a survey of several corporate managers and representatives of national and international unions, the authors concluded that international collective bargaining was not highly developed and essentially involved a few European multinational companies. In their view, the main obstacles to the development of international collective bargaining were due to the reluctance of companies as well as the lack of enthusiasm of national unions which jealously guarded their autonomy and were riddled with conflicts of interest and ideological divisions. The differences in collective bargaining structures and practices in the various countries, the divergent views between the unions of developed countries and those of developing countries, the lack of interest in international solidarity among members of the national unions of industrialized countries were, according to the authors, the main reasons referred to by the North American and European union officials to explain why international collective bargaining was not highly developed. However, these analyses were tempered in another study conducted ten years later by a team directed by one of these researchers (Northrup, Campbell and Slowinski 1988) which emphasized the progress made in the structures of employee representation and social dialogue in European multinational companies.

In a more recent study, Dolvik (2000) emphasises the role played by some European industry trade union federations, in particular the European Metalworkers' Federation (EMF), in the development of transnational collective bargaining at the European level. Thus, Shulten (2000) underlines the proliferation of structures put in place by the EMF in the 1990s (standing committee on collective bargaining, specialized working groups, conferences, interregional networks) to coordinate negotiations on wages and hours of work in the European metal industry. Similarly, Pulignano (2004) highlights the EMF's strategic role in concert with the European Works Councils in view of linking the various bargaining levels within the multinational companies, since the information transmitted at the level of the European Works Councils was often relayed in national and local bargaining on wages and employment. However, Sisson and Marginson (2002) consider that collective bargaining within the

European Works Councils is limited to the settlement of non-conflictual problems such as occupational training and employment equity. They note the employers' reluctance to engage in collective bargaining at the European level and their preference for benchmarking to introduce the "best practices" into their establishments in Europe. According to these authors, this managerial practice helps to standardize working conditions but also leads to increased competition among the European establishments of the multinational companies.

These studies also underline that the coordination of collective bargaining at the European level gives rise to tensions between the national and transnational trade union organizations related to the sharing of powers and responsibilities among the various bargaining levels. These tensions also exist between the GUFs and their union partners in the negotiation of International Framework Agreements, which partly explains the essentially declaratory content and the limited scope of these agreements. Indeed, the latter do not govern wages, social benefits or other financial aspects of work which remain the prerogative of national industry trade unions, and more rarely of national union confederations in countries where wage negotiations take place at the national level. Similarly, with the exception of the Danone, Chiquita and Club Méditerranée agreements which were negotiated by the IUF, they rarely deal with investments, job transfer and employee protection measures in the case of economic lay-offs. IFAs are not traditional collective agreements, but rather framework agreements on the fundamental principles and rights at work that national or local agreements can use or improve on, thus creating a new space for transnational and national trade unions' cooperation in collective bargaining.

The general secretaries of the five GUFs whom we interviewed in 2004 and 2006 emphasized the importance for their respective organizations to conduct international collective bargaining at the industry level, and they considered the agreement concluded in 2000 between the International Transport Federation (ITF) and the International Maritime Employers Conference (IMEC) to be a model in this regard. This international collective agreement regulates the working conditions of sailors employed on commercial ships registered under the flag of convenience system. This system was established after the Second World War and allows maritime employers to register their ships in countries where wages and social benefits are not highly regulated, thus allowing them to reduce their labour costs and to avoid the national law of the company's country of origin (ILO 2004; Lillie 2004). The ITF's action in this sector intensified from the 1960s onwards, with the considerable increase in the number of ships registered under a flag of convenience. Currently, the ITF-IMEC international collective agreement can be considered to be the only one which truly has a sector-based scope, since the IFAs apply only to the signatory multinational company and eventually to its business partners. The analysis of the economic and political context which led to this original agreement is highly instructive

regarding the conditions and requirements of international sector-based collective bargaining.

The strategy pursued by the ITF to negotiate this international collective agreement brings to mind the action of the first workers' organizations to impose union rates on employers in the 19th century European countries. It is also comparable to the pattern bargaining practised by the major North-American trade unions in some highly concentrated industries, such as the automotive industry, which involves extending a collective agreement negotiated with a major company to other employers in the industry by resorting to strikes if necessary. This collective bargaining strategy is described by Sisson and Marginson (2002) as «unilateral union coordination», with the union organization mobilizing its resources in order to impose the bargaining process and issues on employers. The ITF has based its action on the determination of minimum rates for each of the jobs on the merchant ships and their application under the control of the ITF inspectors in the main commercial harbours worldwide. If a ship owner refused to let the latter inspect its ships or did not hand over the crews' wage accounts, the dockers, who were also members of unions affiliated with the ITF, would usually prevent the ship from being loaded or unloaded (Lillie 2004). After many years of coordinated union action, this strategy allowed the ITF to be recognized as a bargaining agent by the main maritime employers in the flags of convenience sector which was operating an increasingly larger share of the international shipping trade (International Labour Office 2004). According to Lillie (2004) who conducted an in-depth study of this sector, the rate of coverage of ITF agreements in the flags of convenience sector worldwide was between 30% and 40% in 2000.

The ITF has had to overcome the resistance of not only maritime employers but also some affiliated unions in Asia which considered that the main goal of the ITF was to protect sailors from developed countries against wage competition from the less developed countries (Lillie 2004). These internal tensions forced the ITF to adopt a more flexible approach by distinguishing three categories of shipping companies subject to different minimum rates while controlling the overall wage gaps between these categories (Lillie 2004). Moreover, the arrival of new workers on the international market of sailors in the 1990s, in particular from the Baltic countries and the former USSR, led the Asian unions to unite under the ITF banner in order to protect themselves against this new competition. As regards the employers, the creation of the IMEC in 1993 was aimed at taking advantage of the divisions within the ITF in order to obtain lower rates for the Asian zone by counting on, in particular, the support of the sailors' unions in this region. The agreement concluded in 2000 between the ITF and the IMEC was thus the result of a compromise which laid the basis for an international regulation of the working conditions of sailors working under the flag of convenience system. It contains not only provisions on minimum wages

and their annual progression from 2001 to 2004, but also provisions on hours of work, vacation, social benefits and grievance settlement procedures in the case of presumed violation of the agreement (Lillie 2004).

What can be learned from this example in terms of the development of international collective bargaining? Lillie (2004) analyzes the conditions which favoured the success of international collective bargaining in the flag of convenience shipping industry. First, the flag of convenience system created an international labour market whose regulation was beyond the control of national unions. This allowed the ITF to intervene jointly with its national affiliates in order to deal with the system's negative effects on the working conditions of sailors in the advanced industrialized countries with strong maritime traditions, such as the United States, France, Great Britain, Germany, the Scandinavian countries and Japan. The sailors' unions in these countries supported the ITF strategy because it helped to slow down, or even prevent ships from abandoning their national flags for the flags of convenience. The affiliated unions in the Asian zone also supported the ITF strategy when they were confronted with the influx of sailors from other developing countries into the flags of convenience system. In this sector, the actions of the ITF and its affiliated unions in developing international collective bargaining complement and mutually reinforce each other, thus neutralizing the different national characteristics and interests which usually hamper international union cooperation. The highly integrated maritime transport industry at the international level is a key factor in explaining the success of the ITF's campaign for international collective bargaining for sailors working under the flags of convenience system (Lillie 2004). This industry's structures presented the ITF with a special situation as regards the context of action of other GUFs and their national affiliates within multinational companies, since the negotiation of wages, social benefits and other working conditions are the prerogative of national trade unions which are not generally in favour of sharing their power and authority with the Global Union Federations in these matters.

Given the predominant role played by national trade unions in the negotiation of wages and working conditions, the prospects for the development of IFAs concern mainly the recognition and application of ILO conventions on fundamental rights and minimum labour standards by the multinational companies and their business partners. If we consider the scenario developed by Levinson (1972), the negotiation of IFAs refers to the second phase of development of international collective bargaining since it involves the coordination of national trade unions actions by the GUFs in order to establish minimum labour standards covering all establishments under the direct or indirect control of signatory MNCs. However, the coordinated collective bargaining of wages and other substantial working conditions at the level of the multinational companies, which, in Levinson's view, represents the ultimate goal

of international trade unionism, implies that the GUFs' mandates and resources be broadened, which constitutes a major organizational challenge for the international trade union movement given the structural and cultural obstacles to international union cooperation (Cooke 2005; Hennebert and Dufour-Poirier 2008; Martin and Ross 2000; Ramsay 1997). Moreover, the monitoring of IFAs in the establishments of suppliers and subcontractors of the signatory MNCs would require an intensification of international campaigns to strengthen trade union presence in countries where these establishments and, also very often, the worst working conditions are found (Cooke 2005; Hammer 2005; Ramsay 1997).

## CONCLUSION

The ITS and the ICFTU were the main driving forces behind the emergence of International Framework Agreements during the 1990s. However, these agreements, through which multinational companies undertake to respect the fundamental labour rights in all their establishments worldwide, have limited scope given the nature of the obligations that they impose on the signatory companies and their business partners as well as the voluntary and non-binding nature of this type of agreements. Nevertheless, the IFAs are important for developing international collective bargaining within multinational companies, whose effectiveness depends on the capacity of international and national trade union organizations to coordinate their actions. In this respect, a great deal can be learned from the experience of the European labour movement since the structures and coordination of union action at the transnational level have developed mainly on that continent over the last twenty years. However, the European example also illustrates how difficult it is to overcome trade union differences and national characteristics, whether institutional, cultural or linguistic. Coordination of union action in the European Union implies a transfer of responsibilities to the level of transnational union structures, such as the European Industry Federations, but the bargaining powers conferred on these regional union organizations remain limited even though such an example of extensive regional union cooperation currently cannot be found in any other region of the world (Martin and Ross 2000).

The GUFs' representatives view collective bargaining within multinational companies as a prerequisite to the development of international sector-based collective bargaining. The diffusion of International Framework Agreements in the same industrial sector, like the case of IMF in the automotive industry, could create conditions that are conducive to the negotiation of international sector-based agreements similar to the ITF-IMEC agreement in international maritime transport. But as shown by the ITF's action in this sector, international union solidarity is needed to impose on employers in the same industry the obligation to negotiate their employees' working conditions with

trade unions coalitions and thus reduce the wage gaps between workers hired for comparable activities internationally. Similarly, collective bargaining within multinational companies must rely on the support of union solidarity networks in order to mobilize the workers of these companies in the various regions of the world and to coordinate their actions so as to achieve a more balanced distribution of the multinational companies' profits between employees and shareholders, and greater pay equity within multinational companies worldwide.

According to the GUFs' representatives, International Framework Agreements are an important instrument for the development of trade union cooperation in collective bargaining within MNCs and the promotion of fundamental social and human rights at the international level. They can also open the way for international sector-based collective bargaining on minimum working conditions and fundamental social and human rights. However, these developments need to be enhanced by international trade union structures with more resources and responsibilities than the GUFs currently have. Although IFAs represent a significant progress for the development of international collective bargaining, they are still a long way from the objective that Levinson put forward more than thirty years ago to the international trade union movement. Thus, the trade union movement must continue to build stronger transnational structures and international solidarity in order to achieve these goals.

## NOTES

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1. This article is an updated version of the paper presented at the Global Unions Conference organized by Cornell University School of Industrial Relations in New York City, February 9-11, 2006.
2. The term Global Union Federations (GUFs) became in 2002 the official name of the former International Trade Secretariats (ITS).
3. It is also important to underline the signing in April 2007 of the first IFA concluded with a Canadian multinational company by UNI, as a result of an international campaign to organize workers of QuebecorWorld that started in Canada and the United States in 2000 (Tate 2006).

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