



European and international framework agreements: Practical experiences and strategic approaches

Executive summary

Introduction

The increasing number of transnational framework agreements (TFAs) signed in recent years both, at global and European levels, has begun to attract the attention of the ILO, the European Commission and research experts. A Eurofound report on the subject provides an analytical presentation of the content of TFAs, examines the strategies of companies as well as employer and union organisations involved in signing these agreements and assesses the contribution of TFAs to the internationalisation of industrial relations. This leaflet summarises the main results of the research.

Policy context

According to the European Industrial Relations Dictionary, the term International Framework Agreement (IFA) has been adopted as a means of clearly distinguishing negotiated agreements from voluntary codes of conduct. While codes of conduct represent unilateral initiatives, the negotiation of IFAs can potentially be seen as the start of a bargaining procedure at transnational level, since they are by definition bilateral company-related agreements concluded between Global Union Federations (GUFs) and central management. In general, IFAs are signed by GUFs and have a global scope of application, whereas European Framework Agreements (EFAs) are signed by European Industry Federations (EIFs), EWCs and/or national unions and central management and have a regional (European) scope of application.

IFAs and EFAs have expanded since 2000, with only a few signed before that date. Most IFAs address the fundamental social rights or core labour standards contained in the ILO's 1998 *Declaration on Fundamental Principles and Rights at Work*. A few IFAs also address other issues such as health and safety. The vast majority of IFAs have been signed by four GUFs (IMF, ICEM, UNI and BWI). On the company side, 61 of the 68 existing IFAs

were signed by companies having their headquarters in continental Europe, particularly in Germany and France. Many IFAs are also meant to be applied to suppliers and subcontractors, although the implementation of these principles varies considerably.

EFAs are more heterogeneous than IFAs, both in terms of content and procedure. EWCs play an important role not only in the negotiation and signature of EFAs (they have signed a large majority of them), but also in the implementation and monitoring processes of a growing number of them. EFAs cover a great variety of issues, including restructuring, social dialogue, health and safety, human resources management and data protection. Fundamental social rights play only a minor role in EFAs, whereas they are the predominant issue in IFAs.

Key findings

Almost 70% of the existing IFAs mention suppliers and subcontractors. Half of the agreements oblige companies to inform and encourage their suppliers to adhere to the IFA, 14% actually contain measures to ensure compliance by suppliers, and 9% are to be applied to the whole supply chain, with the transnational company assuming full responsibility.

Most IFAs stipulate the formation of a joint body consisting of employee and management representatives in order to ensure the implementation of the agreement. The employee-side delegation usually comprises company-level representatives and a representative from the GUF and from the union of the company's home country. Sometimes a representative of the EWC is involved as well. In other cases, no such joint body is set up and the annual meeting of the EWC is used to communicate the

implementation of the IFA. If there is a World Works Council (WWC) in place, this body is in charge of the implementation of the IFA.

IFAs vary considerably in terms of the provisions defining their scope of implementation. Nearly all IFAs contain the obligation to inform the employees about the agreement. In 16% of all IFAs, no further implementation measures are specified. A substantial number of IFAs contain concrete steps of implementation, such as including compliance with the IFA in the catalogue of the company's corporate auditing process. Several IFAs lay the foundation for building up a structure to deal with grievances: usually, rather than stipulating a system of mediation (ombudsperson), a chain of grievance resolution is laid out. Sometimes compliance has to be integrated into all purchasing contracts with suppliers and licensees. More than 50% of existing IFAs contain provisions to strengthen the rights of local unions based on ILO Convention No. 135, which prohibits discrimination against workers' representatives. The overall trend is that IFAs signed more recently are more precise and include more specific provisions of implementation than earlier IFAs.

The great majority of the agreements identified in the report as EFAs were signed by EWCs (52 out of 73): 42 were signed by EWCs alone and 10 were co-signed in cooperation with EIFs, among which 3 were also co-signed by national unions. Five EFAs (Total in 2004, 2005 and 2007, Areva in 2006 and Schneider in 2007) were signed by EIFs alone. This very recent development reflects a more critical attitude of EIFs towards EWC agreements. The European Metalworkers' Federation (EMF), followed by the ETUC and other EIFs, requests that the negotiation and signature of transnational agreements be reserved to union organisations.

Policy pointers

IFAs are a qualitatively new instrument for industrial relations at the global level that encourages recognition of social partnership across national borders and yields entirely new forms of social regulation at global level. Potential spill-over effects include the promotion of social dialogue and cooperation, the development of mutual trust, and new potential for conflict resolution. IFAs can also

help to close the gap between the employees' and trade unions' largely national action arena and the overarching global arena in which TNCs operate.

The rationale for taking the initiative to negotiate IFAs can be traced back to the effects of the globalisation of production structures and human resource strategies. Following on from these developments, the national unions and structures of interest representation perceived the need to develop transnational representation structures and to sign IFAs in order to develop a capacity to act globally. From the management point of view, IFAs could contribute to facilitating the introduction of transnational policies, thereby avoiding time-consuming processes of conducting parallel negotiations in the individual countries.

The cases analysed indicate the potential of IFAs as a tool for solving local conflicts. The application of IFAs in the EU15 countries illustrates that this so-called 'soft' tool can also help to resolve conflicts in highly institutionalised industrial relations contexts. The cases show that the coordination between GUFs and local actors can play an important role in the process of solving local conflicts by gathering and communicating information on the cases concerned and by verifying the solutions to the problem.

IFAs serve to promote key features of the respective national models of social partnership and cooperative industrial relations. This implies that IFAs are clearly present in TNCs whose headquarters are located in social market economies characterised by collective interest representation as the basis for the regulation of work and the labour market, while there are only a few examples of IFAs in liberal market economies.

The spread of IFAs, particularly among TNCs from outside continental Europe, has so far remained quite limited and it is probably unlikely that the situation will change in the near future given the evolution of the strategies of the social partners at global level. In that event, the existing IFAs might just remain a significant but restricted number of positive cases. Thus, because of their limited spread, not to mention their relatively short existence, the contribution of IFAs to the internationalisation of industrial relations has so far been slight.

Further information

The report on *European and international framework agreements: Practical experiences and strategic approaches* is available at <http://www.eurofound.europa.eu/publications/htmlfiles/ef08102.htm>

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