

# The impact of European and International Framework Agreements on the internationalisation of industrial relations

Presenting author:

*Volker Telljohann*

IRES Emilia Romagna

Additional authors:

*Isabel da Costa*

CNRS-IDHE, ENS de Cachan

*Torsten Müller*

European and Global Industrial Relations Research Group

*Udo Rehfeldt*

IRES France

## Abstract

Transnational framework agreements (TFAs) at global and European level have recently emerged as a new tool of regulation within an increasing number of transnational companies. Based on an outline of the historical origins of TFAs, a quantitative overview of TFAs and an analysis of the strategies pursued by global and European union federations in concluding these texts, we discuss, whether TFAs advance the internationalisation of industrial relations. We conclude that a whole range of sector and company specific conditions must exist for a TFA to be signed and that because of their small number, currently less than 200, their contribution to the internationalisation of industrial relations has so far remained limited. However, TFAs give global and European Union federations as well as EWCs a recognized place in the area of global social regulation, and in some cases have successfully been used to solve local conflicts. Thus, the results of our research suggest that TFAs have the potential to contribute to the development of international industrial relations at company level and even, in the long run, to facilitate the trade unions' organising activities.

## INTRODUCTION

The recent emergence of transnational framework agreements (TFAs) over the last ten years has been gaining increased attention in the academic literature and in the publications of international institutions such as the International Labour Organization (ILO 2004; Schmidt 2007; Papadakis 2008), the European Commission (Pichot 2006a and 2006b; European Commission 2008a and 2008b) and the G8 (see EWCB 2004). This paper is based on the results of the research project on 'International framework agreements: a stepping stone towards the internationalization of industrial relations?' that was carried out in 2007 and 2008 on behalf of the European Foundation for the Improvement of Living and Working Conditions in Dublin (Telljohann et. al. 2009a)<sup>1</sup>.

This emergence of TFAs can be explained by the interplay of a range of political and economic conditions. The first and probably most important driving force has been the intensification of the internationalisation of economic activities on a global scale. This process is marked by the globalisation of financial markets, the increase in foreign direct investment and the growing importance of transnational companies (TNCs) (Hoffmann 2001). The increasing internationalisation of companies has been accompanied by massive restructuring activities involving mergers, take-overs, joint ventures and cooperation schemes.

As a consequence of TNCs' growing capacity to shift production from one country to another, trade unions intensified their attempts to create a social framework for the global economy in order to bridge the gap between TNCs' strategic options, which transcend national borders,

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<sup>1</sup> A larger version of the paper has been published in *Transfer* (Telljohann et al. 2009b).

and their own capacity to act, which is largely circumscribed by national boundaries. Given the limited capacity for legal regulation at global level, trade unions attempted to create a form of social framework by pushing for more self-regulation through the conclusion of International Framework Agreements (IFAs) at global company level. By contrast, in the European Union, negotiation activities can draw on a higher level of institutionalisation of industrial relations. European Works Councils (EWCs) have, since the adoption of the EWC Directive in 1994, contributed to the spread of European Framework Agreements (EFAs) and even, significantly, to that of IFAs – the majority of which have been negotiated with TNCs headquartered in Europe.

For the purposes of the following discussion, it is important to distinguish between European and international framework agreements. The main objective of our research project was to contribute to the ongoing debate about the Europeanization and internationalisation of industrial relations, and in particular to understanding the development of new forms of regulation at transnational company level. We used the term TFAs to refer to all agreements which transcend national boundaries. Depending on the employee-side signatories and the scope of application we then distinguished between international and European framework agreements. In our terms, a TFA is an IFA when it is signed by a GUF and has a global scope of application; by contrast, it is an EFA when it is signed by European industry federations and/or EWCs and has a European scope of application. This definition is consistent with that used by the GUFs, which consider IFAs – or “global framework agreements”, as some GUFs call them – to be agreements between the central management of a TNC and a GUF, but we have added one criteria, the scope of application. However, a few IFAs, even if signed by a GUF, have only a regional scope. Some of them evolve with time: for example, all the five Danone agreements signed from 1989 to 1997 initially applied only to Europe, but were extended to the global level in 2006. On the other hand, some EFAs, even if signed by an EIF, have a global scope.

The results of our research are based on the analysis of all the IFAs and EFAs in existence by June 2008, as well as on the examination of the academic literature and policy documents of the European institutions, the European Industry Federations (EIFs), the Global Union Federations (GUFs) and the employers’ associations at transnational level. Furthermore, we carried out interviews with practitioners from both sides of industry including representatives from employers’ and workers’ organisations and EWCs.

Our objective is to analyse TFAs as a new tool of transnational industrial relations and the role played by global and European union federations in this process. We start by discussing the historical origins and providing a quantitative overview of TFAs. We then analyse the trade union strategies at global and European level before discussing the impact of EFAs and IFAs on the Europeanization and internationalisation of industrial relations.

## **1. ORIGINS OF TRANSNATIONAL AGREEMENTS**

In the 1960s the International Trade Secretariats (ITSs), called Global Union Federations since 2002, encouraged the creation of networks and world councils within TNCs to develop exchanges of information and eventually engage in transnational negotiation with those companies, particularly in the metal, chemical and food sectors. Given the refusal of TNCs to recognize them as bargaining agents, the absence of a legal framework for TNC bargaining at the international level, and internal divisions on the labour side, among other things, transnational collective bargaining (TCB) was not an easy endeavour. The obstacles to TCB have been the object of academic debate since the 1970s. The dominant assessment was rather sceptical since a number of legal and sociological factors were perceived as obstacles to collective bargaining even at the European level. Considerable differences exist between the actors and systems of industrial relations at both the global and European levels, now as back then. Yet TCB has started to emerge. The Europeanization of industrial relations and particularly the adoption of the Directive on European Works Councils have played an

important and often underestimated role in the emergence of transnational negotiations and framework agreements (da Costa and Rehfeldt 2008).

In the 1970s, TNCs faced restrictive actions on the part of different national governments and attempts at regulation at the international level. The OECD *Guidelines for Multinational Enterprises* were adopted in 1976, soon followed by the *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* of the International Labour Organization (ILO) in 1977, and there were on-going negotiations to establish a United Nations Code of Conduct for Multinational Enterprises. At the European level, the European Commission introduced a series of projects, including what was then called the “Vredeling” directive, aiming at promoting European-wide employee representation and the possibility for negotiating with TNCs. In a moderate version, this project led to the Directive on EWCs, which was adopted in 1994.

The negotiations for the setting up of EWCs constitute a unique European contribution to TCB. According to the ETUI’s EWC database, 1,486 agreements to set up EWCs had been signed by February 2009. We have not included these agreements to set up EWCs in our analysis of EFAs because, for us, EFAs are one of the results of the interaction between these new European institutions for worker representation (once set up), trade union organisations and TNCs in Europe. What we analyze is an unforeseen evolution in the practical functioning of certain EWCs from information and consultation towards the negotiation of TFAs. Some of these EFAs have far-reaching consequences in terms of industrial restructuring, the most significant so far being those negotiated at Ford and General Motors (da Costa and Rehfeldt 2007).

EWC initiatives and involvement coordinated with the strategies of union organisations at the national, European and global levels have given a new impetus to TCB with TNCs. The role of EWCs and the evolution of union strategies at the national, European and global levels help explain why European TNCs have been willing to sign agreements with ITSs/GUFs after decades of refusal to acknowledge them as bargaining partners. Part of the answer lies also with the evolution of the debate about codes of conduct, which has been the object of several studies. The strategy of the firms and even sometimes the personality of their managers have been determining factors in some cases. With the development of corporate social responsibility (CSR), of coordinated human resource practices at the group level, or during transnational restructuring for example, the management of certain TNCs has also been interested in these voluntary and autonomous forms of social dialogue.

In 2004 the European Commission announced its intention to make a study and to consult the social partners on the elaboration of an “optional” framework for transnational collective bargaining. It was included into the Social Agenda 2005-2010. The group of experts submitted its report in 2005 (Ales et.al. 2006) backing the adoption of such an optional legal framework through a Directive about the establishment of a European system of transnational collective bargaining complementing the existing national systems. The report, together with a first analysis of existing IFAs and EFAs (Pichot 2006a), was presented and discussed during a seminar organised by the Commission with the representatives of the social partners in May 2006. The representatives of the union organisations were in favour of such an optional framework whereas the majority of the employers present at the seminar were opposed to it. They all agreed however, on the need to have more information on the subject (Bé 2008). A survey about transnational agreements interviewed human resource managers and EWC members in a sample of 25 European companies whose results were presented during a second seminar on the subject organised by the Commission in November 2006. A second analysis of existing IFAs and EFAs (Pichot 2006b) was also presented at that seminar. This time the employer representatives expressed a strong opposition to any legal framework on transnational collective bargaining, even if it were to be “optional”. The ETUC on the other hand, expressed its conditional support. The Commission issued a new document on the topic in July 2008 announcing the creation of a group of experts to study transnational company agreements. Since there is currently no legal framework for TCB neither at the company level in Europe nor at the international level, only

TFAs co-signed by national trade unions or replicated by a series of identical national agreements can have a legally binding affect.

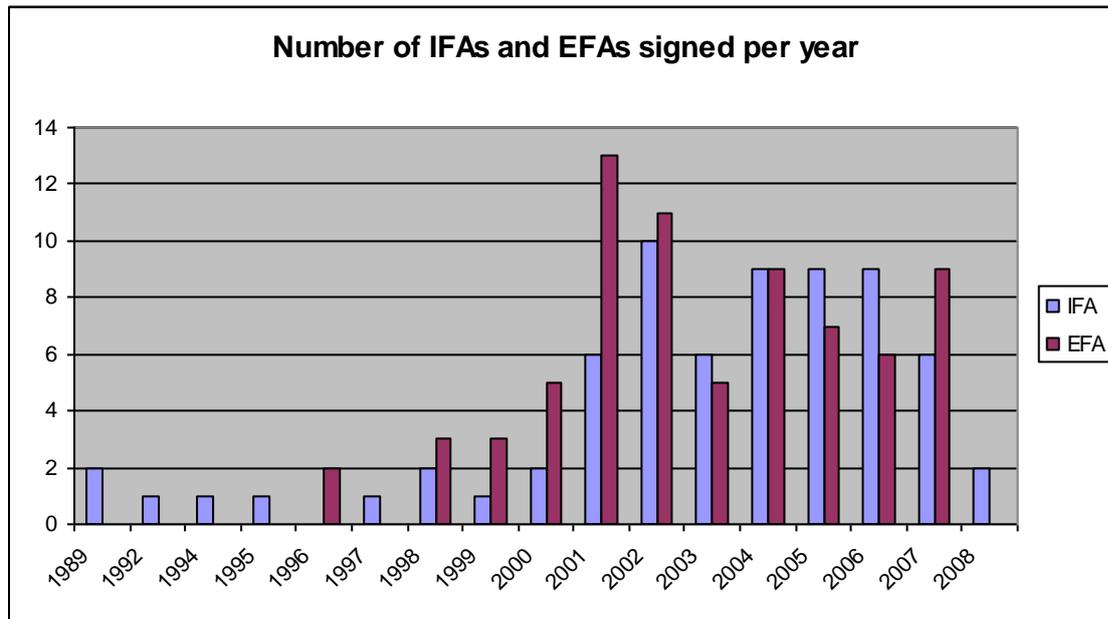
## **2. A QUANTITATIVE OVERVIEW OF TFAS**

A common feature of IFAs is that they include basic labour rights. Following a recommendation first adopted in a common “model” for such agreements elaborated in 1998 by the GUFs and the International Confederation of Free Trade Unions (ICFTU), the GUFs have decided not to sign such an agreement if it does not explicitly recognise the core labour standards contained in the Declaration on Fundamental Principles and Rights at Work, adopted by the ILO in 1998. Several of the IFAs also contain minimum terms and conditions of employment (working time, wages, health and safety). A few IFAs specifically address single issues such as health and safety (Arcelor-Mittal) or industrial relations procedures (Danone). The scope of application of certain IFAs goes beyond the TNC and also includes its subcontractors, although very few do so in a constraining manner. Moreover, a few IFAs, although signed by a GUF have only a regional scope – for example Chiquita, the only IFA signed by a USA based TNC, only applies to Latin America. Some of them evolve with time – for example, all the five Danone agreements signed from 1989 to 1997 initially applied only to Europe, but were extended to the global level in 2006.

Based on Zimmer (2008), we have identified 66 IFAs as of June 2008, most of which had been signed after 2000. The vast majority of IFAs were signed with companies headquartered in the European Economic Area (see figure 2). Half of all IFAs were signed with German and French companies. One company alone (Danone) has signed a third of all French IFAs. Of the remaining seven non-European IFAs, two companies are headquartered in South Africa, and one each in Russia, New Zealand, Australia, Canada and the USA. The first British, Japanese and Brazilian companies to sign an IFA did so in the second half of 2008 and were not included in our study.

Eight of the existing ten GUFs have signed at least one IFA. Three IFAs were co-signed by more than one GUF. The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco, and Allied Workers’ Associations (IUF) pioneered the trend by signing the first agreements with Danone (1989-1997) and Accor (1995). The IUF signed a total of 9 agreements, but, since 2004, has not signed any new ones. The International Metalworkers’ Federation (IMF) had signed the largest number of IFAs when we finished our study but since then UNI has bypassed the IMF. Some IFAs have also been co-signed by national or European union organisations. Nearly all of the IFAs signed by the IMF are co-signed by an EWC or, as in the case of Volkswagen, Daimler, Renault and SKF, by a world works council (WWC). This is more seldom the case with IFAs signed by other GUFs. But even when they do not co-sign the agreement, EWCs are often involved in the negotiation and monitoring procedure of the IFA.

**Figure 1**



Our analysis of EFAs is based on our own research (Telljohann et al 2009) and on data made available by the European Commission (2008a). The Commission document distinguishes between “European”, “global” and “mixed” agreements or texts. For the purpose of our comparative analysis between EFAs and IFAs, we have isolated from the data of the Commission all the agreements we had previously qualified as IFAs. We then considered the remaining agreements as EFAs, regardless of their European or global scope – 13% of the European agreements have a global scope.

We have thus identified 75 EFAs signed between 1996 and mid 2007. This is quite likely an underestimate, since there is no centralized way to collect the data or receive the information when an EFA has been signed. Data on IFAs is easier to gather since each GUF knows exactly how many IFAs it has signed.

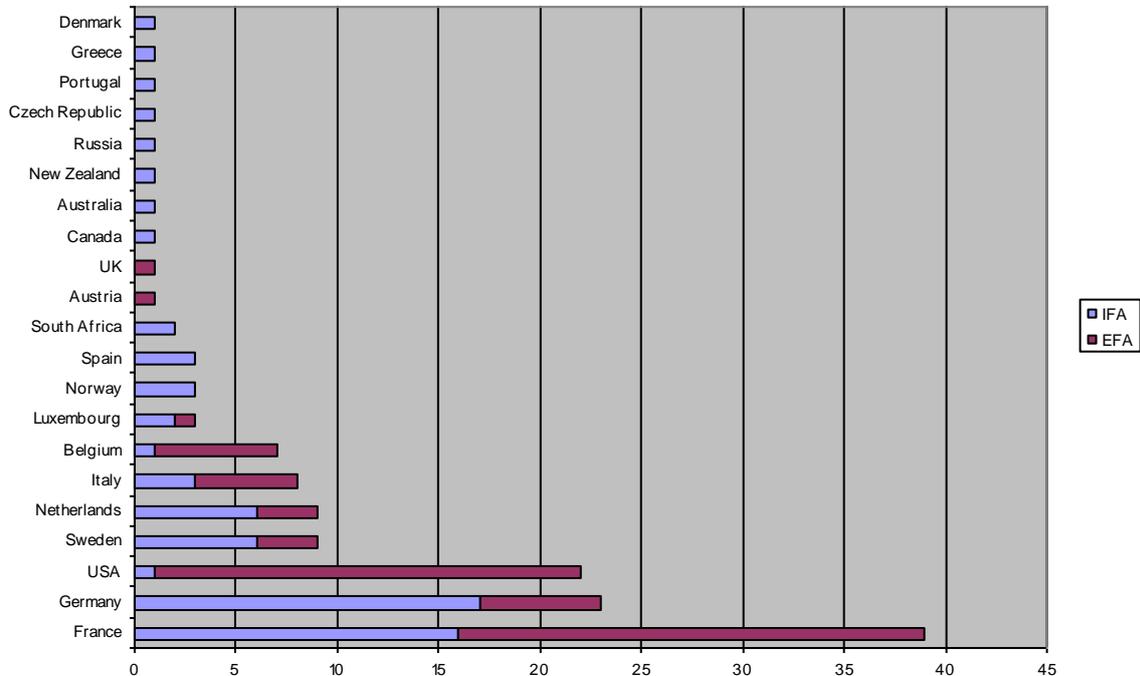
The first EFAs were signed in 1996, the year the EWC Directive entered into force. Since 1998, EFAs have quickly expanded (figure 1) with a first peak in 2001 and a steady development since then. Unlike IFAs, a great number of EFAs were signed by TNCs headquartered in the USA, more precisely by the European subsidiaries of five American companies. With 21 agreements, they rank second, just after the 24 EFAs signed by TNCs headquartered in France (figure 2). In terms of content, EFAs cover a variety of issues. The most frequent are restructuring, social dialogue, health and safety, human resources management/social policy, and data protection. Fundamental social rights play only a minor role in EFAs whereas they are predominant in IFAs. Similarly to IFAs, some EFAs are mere declarations of common understanding whereas others are quite detailed and codify concrete measures of implementation.

The vast majority of EFAs (54 out of 75) were signed by EWCs. Some were co-signed by national or European unions. For a certain number of agreements we lack detailed information about the identity of the signing parties. 42 EFAs were signed by EWCs alone, 11 were co-signed in cooperation with European industry federations, among which 3 were also co-signed by national unions. EWCs are often involved either in the negotiation and/or the monitoring process. Five agreements have been signed by European industry federations only. This recent development reflects an evolution of the strategy of these organisations towards EFAs. The EMF, for example, followed by the ETUC as well as several other EIFs, demands that the signature of EFAs be reserved to union organisations.

Thus, as we are now going to see the strategies of the GUFs towards IFAs and of the EIFs towards EFAs are multifaceted and keep evolving.

**Figure 2**

**Home country of TNCs with TFAs**



### 3. TRADE UNION STRATEGIES

#### 3.1. The Global Union Federations' IFA-related strategies

In the light of the limited scope of political regulation at global level, the GUFs view IFAs as a tool to establish a social dimension to economic globalisation. In order to push for more self-regulation and participation in TNCs, the GUFs extended their approach vis-à-vis TNCs to include the establishment of transnational structures - such as Global Union Networks and World Works Councils - and the definition of norms and rules through IFAs.

Within this broader approach towards TNCs, the trade unions pursue the following four intertwined key objectives regarding IFAs: First, the establishment of minimum social standards in all the TNCs' operations worldwide, including their suppliers and subcontractors; second, the development of a continuing dialogue with management at international and national/local level; third, supporting trade union organising campaigns in the respective TNCs and their suppliers; and fourth, the improvement of international cooperation between trade unions through the establishment of worldwide trade union networks within TNCs (Rüb 2006: 7).

However, the priorities of the individual GUFs with respect to these four overall objectives vary according to the interplay of a range of factors including:

- (1) sector-specific factors (such as the degree of internationalisation and the organisation of the commodity chains),
- (2) company-specific circumstances (such as the tradition of industrial relations and management's attitude towards cooperating with trade unions, the interests pursued by

management when negotiating an IFA, the depth and organisation of the companies' production and value chain, and the strength of trade unions within the respective company)

(3) the internal constellation of interests and power among the national affiliates of each GUF.

Against the background of the constraints and opportunities defined by the interplay of these internal and external framework conditions, it is possible to distinguish two different approaches pursued by GUFs regarding IFAs. The first one views IFAs primarily as an organising tool to gain new members. The proponent of this approach is the IUF which – based on a critical analysis of the IFAs in its organisational domain in 2005 – concluded that the practical impact of the IFAs in promoting workers' rights was very limited and that they in particular failed to facilitate the activities of the IUF's national affiliates within TNCs. As a consequence, the IUF decided that future IFAs should go beyond the ILO Core Conventions' right to collective bargaining and freedom of association by also containing detailed provisions which enable trade unions to get access to potential members, ensure that TNCs do not intervene in organising activities of trade unions at national and local level, provide for effective arbitration, mediation and conflict resolution mechanisms, and provide the IUF and its affiliates with the resources necessary for the implementation and monitoring of the IFA (Weinz 2006: 25).

The improvement of the national affiliates' organising capacities is also an important element in the second approach, as pursued by the BWI, IMF and ICEM. However, they view IFAs as 'living documents' which are continuously improved by actual practice. Their main focus in concluding an IFA is to establish an ongoing dialogue and working relationship with the central management of companies at global level and to use this as the basis for the promotion and improvement of fundamental employee and trade union rights, including the right to organise and to collective bargaining. A special case is UNI-Global, where we can find both orientations due to its heterogeneous organisational domain. It is therefore possible to distinguish UNI-Graphical's campaign-oriented strategy in concluding IFAs from the more consensual approach of UNI-Finance, which primarily aims at the establishment of a transnational framework of industrial relations (Müller and Platzer 2009).

Regardless of these differences in the overall objectives pursued by the GUFs, we can observe a shift over time from a quantitative strategy of concluding as many IFAs as possible to a qualitative strategy which pays more attention to the effective implementation and enforcement of the agreement. Thus, whereas in the 1990s the GUFs viewed the conclusion of IFAs as an aim in itself in order to create a critical mass of IFAs to put pressure on hesitant companies and on international institutions of global governance to adopt binding rules, over time qualitative aspects have become increasingly more important even if it means that in future fewer IFAs may be concluded.

This shift in the overall strategy of the GUFs is also reflected in their more concrete approach towards the establishment of effective monitoring and verification mechanisms. In practice there are a variety of different approaches. The first approach is to outsource the implementation and monitoring process to external agencies such as certification and auditing firms. This option is viewed rather sceptically by the GUFs because it risks excluding them from the process and, consequently, losing control over it. They are therefore only prepared to accept the involvement of external agencies in order to assist the monitoring of widely dispersed supplier networks and then only if concrete procedures of how to monitor and how to use the results of the external monitoring have been agreed beforehand (Müller, Platzer, Rüb 2008: 9).

From a trade union point of view, "the only real system of 'independent monitoring' of workplaces is by the workers themselves through their trade unions" (Hellmann 2007: 28). However, since the GUFs lack the structures and resources necessary for such an 'independent' monitoring, the majority of the GUFs try to ensure that they are at least involved in determining the monitoring rules and procedures and that they are continuously informed and consulted during the process (Kearney and Justice 2003: 109).

There are different ways to achieve this objective. One is to cooperate with companies and NGOs in the context of multi-stakeholder initiatives – as is frequently done by the ITGLWF. Another way to achieve this objective is to set up joint management-trade union communication platforms within individual companies. This strategy is, for example, pursued by the BWI with the establishment of so-called reference or monitoring groups, which normally consist of at least one representative of the BWI, of the trade union and/or of the company-level employee representation structure in the company's home country and at least one representative of central management (Rüb 2006: 18).

In addition, the GUFs have also developed their own monitoring capacities (Rüb 2006: 20-22). Since this approach depends heavily on the activities of the GUFs' national affiliates, two central elements of this strategy are, on the one hand, organising campaigns in order to strengthen trade union presence in TNCs and their suppliers and, on the other hand, organising training programmes for national and local trade unionists in order to provide them with the skills to ensure an effective monitoring of the IFA. The GUFs also try to establish global trade union networks within TNCs, which not only link trade union representatives from different countries but also local, regional and global levels of trade union representation. The aim of these structures is to create an ongoing and transparent flow of information between the different levels – both bottom-up and top-down. These networking structures therefore not only provide an opportunity to develop mutual trust among the employee representatives from different countries and regions, but they also provide a formal channel along which the information gathered at local level is effectively conveyed to the central level.

### **3.2. The European Industry Federations' approach towards European framework agreements**

Whereas IFAs are by definition signed by trade unions and therefore represent a genuine trade union tool to establish fundamental employee and trade union rights in transnationally operating companies, the majority of EFAs have been signed by EWCs, a company-level representation structure which – due to the specific nature of the EWC Directive – does not provide a formal role for trade unions. The negotiation of EFAs by EWCs therefore represents a strategic dilemma for trade unions. On the one hand, it's a useful strategy to address the challenges posed by the increasing transnational economic activities of TNCs. On the other hand, trade unions need to ensure that they stay involved in company-level negotiations at European company-level, because if EWCs enter into negotiations without involving trade unions, then unions risk being marginalised.

Euro-pessimistic observers described such a scenario already over ten years ago when European-level negotiations by EWCs were not more than a faint gleam in the eye of some Euro-optimists. Keller (1995) and Schulten (1996) for instance pointed to the risk that negotiations between EWCs and management could lead to the emergence of micro-corporatist arrangements which – particularly in dualistic industrial relations systems – could weaken national regulation by reinforcing trends towards more decentralised and company-specific forms of regulation.

Against this background, most EIFs have by now set up some kind of structure consisting of the national experts who are responsible for dealing with EWCs in their national trade union in order to develop effective mechanisms to coordinate the EWC-related activities. The most advanced example so far is the coordination approach pursued by the EMF, which is based on two sets of guidelines adopted by the EMF in order to deal with the challenges posed by the increasingly frequent transnational context and implications of company-level restructuring since the beginning of the 2000s. The first one is the "EMF policy approach towards socially responsible company restructuring" (EMF 2005), whose main objectives are to provide for complete transparency of information and to ensure that trade unions stay involved at all the stages of the negotiation process in order to prevent management from

starting separate negotiations in individual countries in an attempt to play off workforces from different countries.

The second set of binding guidelines are the “Internal EMF procedures for negotiations at multinational company level” (EMF 2006), which were adopted in response to the increased negotiation activities of EWCs in the absence of a legal framework ensuring the national implementation of EFAs concluded at company level.

A further problem was presented by the fact that the EMF had no official mandate from the national affiliates for the negotiation of EFAs. The first step of the EMF’s internal mandating procedure is the organisation of a comprehensive information and consultation procedure involving all the national unions involved in the company, the EMF coordinator, and all EWC representatives. On the basis of this procedure, the trade unions concerned may decide to open negotiations. The negotiation mandate specifies not only the concrete issues to be negotiated but it also defines the procedural aspects of the negotiation process and the composition of the negotiating team. The agreement drafted by the negotiating team has to be approved by the trade unions concerned before the EMF general secretary or an authorised person can sign the agreement on behalf of all the trade unions concerned. The mandating procedure furthermore contains a provision which obliges all trade unions concerned to implement the agreement at national level in accordance with national law and practice.

Although the EMF’s coordinating procedure has been successfully applied to the negotiations of EFAs at the French companies Areva and Schneider, there are still some problems in practice. The first problem is the question of how binding these ‘binding’ guidelines actually are for the EMF’s national affiliates. Even though the binding guidelines have been approved by all national affiliates through the EMF Executive Committee, the EMF still relies on the cooperation of its national affiliates to actually follow the guidelines because it has no power to force national affiliates to follow the guidelines and no means to sanction non-compliance other than by exerting moral pressure. The EMF’s lack of power to sanction non-compliance with these guidelines is particularly crucial in situations of company restructuring when economic core interests of workers are concerned and trade unions from different countries are in competition with each other. In such a situation, compliance with the guidelines requires a high degree of solidarity and European consciousness on part of the national affiliates including, if need be, being capable to make concessions for the benefit of workforces in other countries and communicate them to its national constituency. Furthermore, even if national full-time officers are prepared to follow the EMF guidelines, they still need to convince the company-level employee representatives, which presupposes the existence of effective and close links between full-time trade union officers, company-level employee representatives and the EWC at national level. However, despite these potential problems, the EMF procedure to deal with the relations between EWCs and trade unions in the context of negotiating EFAs is still the most advanced example that exists so far and serves as a best practice for most of the other EIFs. Building upon this analysis of the strategies of GUFs and EIFs at sectoral level, the following section will look more closely at developments at company level.

#### **4. NEW DYNAMISM IN EUROPEAN AND GLOBAL INDUSTRIAL RELATIONS?**

The results of the investigation based on a qualitative analysis of cases and interviews with key actors show how TFAs can contribute to the internationalisation of industrial relations at the company level. In the cases analysed in the context of the research project (Telljohann *et al.* 2009) TFAs were part of a broader multi-level system of employee interest representation which comprises various national and transnational institutions. The cases also show the potentially mutually reinforcing relationship between the development of European and/or global company-level employee representation structures and the implementation of a TFA. As regards the impact of the international agreements on the internationalisation of industrial relations, the cases reveal the potential of IFAs as a tool for solving local conflicts. The

application of IFAs also in the EU 15 countries illustrates that this so-called “soft” tool can also help to resolve conflicts in highly institutionalised industrial relations contexts.

It can be observed that the most recent IFAs tend to be more precise and to include more specific implementation provisions. The case studies as well as the analysis of the documents thus suggest that IFAs have the potential to contribute to the development of international industrial relations at company level and, in the long run, to facilitate the trade unions’ organising activities.

However, the experiences with IFAs also illustrate that these are still exceptional developments which depend heavily on company-specific factors such as the existence of strong trade unions and/or company-level employee representation structures in the company’s home country and the willingness of these strong national employee-side actors to use their privileged position in the national industrial relations context to push for the negotiation of IFAs. Furthermore, due to the voluntary nature of IFAs, management also has to be willing to cooperate with trade unions. The fact that only in very few cases have GUFs managed to compel management to the negotiation table by organising global campaigns underlines the importance of management’s openness towards the conclusion of IFAs. A third factor which facilitates the emergence of IFAs is the existence of a cooperative industrial relations tradition in the company’s home country.

All in all, the spread of IFAs has so far remained quite limited, not only in comparison to the overall number of TNCs but also to the number of unilaterally promoted codes of conduct. The existing IFAs are for the moment a significant but restricted number of positive cases.

EFAs, on the other hand, very much reflect the traditions of European industrial relations. The agreements cover a wide range of issues such as restructuring, health and safety, data protection, HRM and social dialogue. The emergence of EFAs can be explained by three main factors. Firstly, a growing number of EWCs developed their internal working, communication and networking capacities in ways which enabled them to go beyond their information and consultation role by initiating European-level negotiations. Secondly, the external pressure resulting from companies’ restructuring programmes prompted EWCs to initiate European-level negotiations to prevent workforces from different countries from being played off against each other. And thirdly, management increasingly discovered European-level negotiations as a tool to facilitate the introduction of transnational policies and as a tool to avoid the often time-consuming process of conducting multiple negotiations in each individual country.

Thus, EWCs play a pivotal role in the emergent forms of transnational bargaining through the conclusion of EFAs (and even IFAs). Most EIFs support this negotiating role of EWCs provided that they (and their national affiliates) stay involved in the process. Even though many EIFs more and more openly express their ambition to play a leading role in transnational negotiations at company level, none of them ignores the existence and the accumulated experience of EWCs.

Although EWCs played an important role in negotiating and concluding EFAs, empirical evidence suggests that the stronger involvement of trade unions – like, for instance, at General Motors Europe (GME), Areva, Thales, Schneider, Suez or Total – leads to more concrete agreements which also contain stronger provisions concerning the implementation of the agreement.

This seems to be particularly true for EFAs dealing with restructuring processes (Telljohann 2007). Here we can distinguish between responses to actual processes of restructuring and to the threat of relocation or plant closures in general. In cases of actual restructuring, management and workers’ representatives try to apply adjustment policies (e.g. Ford, GME), while in the case of relocation threats the response consists in reducing incentives for relocation or plant closures in general. Approaches characterised by reducing incentives can be based on a proactive strategy or on defensive trade union strategies (Telljohann 2008). So far, cases such as Schneider and Thales show the most promising ability to envisage and anticipate change. In these cases, the early choice of a proactive approach to restructuring considerably extends the range of possible actions.

## CONCLUSION

IFAs are a qualitatively new instrument for industrial relations at the global level that instils recognition of social partnership across national borders and yields entirely new forms of social regulation at global level. They have potential for the promotion of social dialogue and for conflict resolution. By giving employee representatives and trade unions new opportunities to form networks, they can also help to close the gap between the employees' and trade unions' largely national action space and the overarching European and/or global space in which TNCs operate.

IFAs are concentrated 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. There are only a few experiences in more liberal market economies where labour management cooperation often reflects an employer-led perspective driven by short-term financial performance and the decentralisation of collective bargaining. Thus IFAs promote key features of the dominant national models of cooperative industrial relations.

Since the conclusion of IFAs requires the existence and interplay of a range of favourable company-specific factors, the prospects for a quantitative spread of IFAs seem to be limited particularly since at the global level there is no mechanism for worker representation equivalent to EWCs which could support this development.

EfAs differ from IFAs in scope and content. Whilst the large majority of IFAs focuses on fundamental rights EfAs, cover a broader range of topics. This is probably due to the higher level of institutionalisation of industrial relations at EU level. There is no evidence that an EFA signed with a TNC represents a step towards an IFA; nor that EfAs stand in the way of achieving IFAs. As the situation has become more complex, however, there is clearly an increased need for trade union coordination between the national, European and global levels.

In the context of European-level negotiation processes, restructuring and anticipation of change represent topics of major importance particularly since the financial and economic crisis. However, various factors hamper the negotiation of EfAs in the context of restructuring processes. Apart from a lack of institutionalised rights to negotiate at European level, structural and cultural differences between national systems of interest representation as well as diverging interests have proven to be major obstacles. Overcoming these factors is one of the major challenges of the internationalisation of industrial relations.

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