*un*FAIR PLAY!

LABOUR RELATIONS AT HYUNDAI

A CRITICAL REVIEW

BY CARSTEN HÜBNER

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global union

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PRESIDENT: Berthold Huber # GENERAL SECRETARY: Jyrki Raina

TEXT & LAYOUT: Carsten Hübner
PROOFREADING: Dr. Nicole Warmbold
EDITORS:
Helmut Lense (IndustriALL)
Marlene Roth (IG Metall)
PHOTO: IndustriALL, IG Metall, UAW

CONTACT:
PHONE: + 41 22 308 5050
FAX: + 41 22 308 5055
E-MAIL: info@industriall-union.org
WEBSITE: www.industriall-union.org
TWITTER: @IndustriALL_GU

INDUSTRIALL GLOBAL UNION
HEAD OFFICE
54 bis, Route des Acacias
Case Postale 1516
1227 Geneva
Switzerland

FOREWORD

"The labour relations at Hyundai are more confrontational that at any other car manufacturer."

Jyrki Raina

Jyrki Raina was elected General Secretary of IndustriALL Global Union at the founding congress in Copenhagen on 19 June 2012. Until that time he was General Secretary of the International Metal-workers' Federation (IMF), as of its 32nd World Con-gress in May 2009.

Jyrki Raina was born in Helsinki (Finland) in 1960. He started his trade union career in 1985 working as a lawyer and tariff secretary of the trade union of Finnish chemistry workers.

Phone:
+41 22 308 5060
E-mail:
jraina@industriall-union.org
Twitter:
@JyrkiRaina

Ladies and Gentlemen,
Dear Colleagues,

When the talk turns to the South Korean carmaker Hyundai, it is generally described as a success story. The Hyundai Motor Group, the parent company of the Hyundai Motor Company and Kia Motors, is now the fifth largest vehicle manufacturer in the world. The company has its own production plants on all the strategic growth markets. The current portfolio of models is received positively by customers and the trade press alike. Accordingly, the sales figures and market opportunities are good. Hyundai's new slogan this year is: "New Thinking. New Possibilities." It seems appropriate.

However, looking behind the scenes one finds a completely different picture. Behind its modern brand image, Hyundai remains a relic from the time of the dictatorship that firmly controlled South Korea up to 1987. The patriarchal family that owns the company continues to occupy all the important posts. The management structure is autocratic and authoritarian. Democratically elected representation of the interests of the workforce is rejected, as is constructive co-operation with trade unions. In day-to-day operation this leaves the employees exposed to the whims of their managers, usually without any form of protection. The result is that labour relations at Hyundai are more confrontational that at any other car manufacturer.

During recent years Hyundai has played deaf whenever the rough treatment of its own workforce was criticised. And this applies not only in South Korea, but also at the company's international sites. By doing so Hyundai harms itself, because an authoritarian corporate culture is detrimental both to brand image and to customer appeal. At the same time it has adverse effects on the employees' motivation, and on their identification with their own company and its products. It is an illusion to believe that quality and innovation will blossom sustainably under rigid hierarchies and in a climate of fear and repression. In fact the opposite is the case. In times of increasing global competition, this is a significant competitive disadvantage. You could say, "Old Thinking. No Possibilities."

"It is time for a paradigm shift at Hyundai!"

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The Universal Declaration of Human Rights (UN, 1948), the Freedom of Association and Protection of the Right to Organise Convention (ILO, 1948), the International Covenant on Economic, Social and Cultural Rights (UN, 1966) and the Guidelines for Multinational Enterprises (OECD, 1976/2011) protect the right of employees to represent their interests, to organise themselves, and to set up trade unions. This right is a core element of the universally applicable human rights, and trade unionists regard it as not negotiable.

Over recent years, Hyundai has established production facilities in several countries where trade union rights are restricted and do not meet the international standards. However, in other locations, too, the management exploits every conceivable possibility either to make trade union activities more difficult or to prevent them altogether. From the employees' viewpoint, that is a clear vote of no confidence by the company in its own workforces. However it also reveals that the targeted sponsoring of sporting events such as the FIFA World Cup is geared solely to marketing interests. Hyundai's factory gates are firmly closed to the idea of fair play. Fair play has no place in the management culture of the company.

Here we present examples illustrating how Hyundai repeatedly has blatantly disregarded workers' interests and infringed trade union rights at a number of locations around the world. These are not isolated cases. Instead, the incidents described are just the tip of the iceberg. They are systematic and result from labour relations that are incompatible with democratic principles. Co-operation in a spirit of trust, to the benefit of the company and the employees, will never come about on this basis.

It is time for a paradigm shift at Hyundai! Launching negotiations on an international framework agreement at Hyundai and Kia could be the start of such a process.

Jyrki Raina
General Secretary, IndustriALL Global Union

IndustriALL Global Union is a world-wide umbrella organisation representing 50 million members of around 200 individual trade unions. It is headquartered in Geneva (Switzerland).

IndustriALL was founded in 2012 by the merger of the International Metalworkers' Federation (IMF), the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM) and the International Textiles Garment and Leather Workers' Federation (ITGLWF).

Since IndustriALL was created its President has been Berthold Huber, who was President of the German trade union IG Metall until November 2013.

IndustriALL GLOBAL UNION
Phone:
+41 22 308 5050
E-mail:
info@industriall-union.org
Twitter:
@IndustriALL_GU

FOREWORD

"Trust and constructive co-existence can only arise when both sides are willing for this to happen."

Ladies and Gentlemen,
Dear Colleagues,

For decades it has been normal in the automotive industry in Germany that management, works councils and IG Metall co-operate – of course with all the limitations that the existing conflicts of interests bring with them.

This co-operation works in exactly the same way at German and foreign manufacturers and suppliers alike. And against the backdrop of very advanced globalisation in the vehicle industry, the borders become blurred and most of the large companies are global players in any case.

Given the economic importance of the auto industry in many parts of the world, it also has an important role to play in determining standards. In many states it represents a kind of benchmark for industrial relations. In view of this special situation, it is all the more incomprehensible that Hyundai in Germany, with its Korean "feedback managers", does not wish to comply with the legal regulations. The result is – at least in Europe – that the company alienates not only its employees, but also its customers and suppliers.

However, trust and constructive co-existence can only arise when both sides are willing for this to happen. And that requires the will to show respect, enter into dialogue, and understand divergent interests. These fundamental principles have been violated to a massive extent in recent years by the management of the "Hyundai Motor Europe Technical Center" (HMETC) in Rüsselsheim. The works council's chartered rights of co-determination regarding overtime, occupational safety and leave have been systematically disregarded. In the end the workers' representatives had no alternative but to take repeated legal action to enforce the German Works Constitution Act (Betriebsverfassungsgesetz: BetrVG).

However, after losing several legal cases the management has not given up on such tactics, but instead has stepped up the pressure on the workers' elected representatives. A petition against the works council

Jochen Homburg

Jochen Homburg became Chairman of IG Metall's local unit in Darmstadt on 1 February 2014. He worked at Frankfurt Airport for 15 years, during which time he began studying jurisprudence. He completed his law degree in Frankfurt am Main.

After passing the second state law exam, Jochen Homburg worked as a lawyer for two years, and since 2004 he has held various posts at IG Metall.

Jochen Homburg has published extensively in the field of labour law. Since 2009 he has been co-author of a standard reference work on German labour law, the Kommentar zum Betriebsverfassungsgesetz "DKKW" (Commentary on the German Works Constitution Act "DKKW").

Phone:
+49 6151 3667 34
E-mail:
jochen.homburg@igmetall.de

"It must be obvious that the course taken by Hyundai to date will lead into a dead end."

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was started. An anonymous letter said that the works council was working against the company and the workforce. Since then there have been moves to get the works council voted out of office. Furthermore, individual members of the works council have been subject to a personal smear campaign. Attempts at intimidation even intrude into their private lives. Ultimately IG Metall has also been a target.

IG Metall has always welcomed the fact that Hyundai invests in our region and in Germany. The HMETC is a major location of the automotive industry. The employees deserve recognition for their share in the success of Hyundai on the German and international markets. Precisely for this reason, it is unacceptable that the management apparently regards the HMETC as a region outside the law to be turned into a works-council-free and trade-union-free zone.

A representative survey found that as an official partner of FIFA's football World Cup 2010 Hyundai became very well known in Germany. And Hyundai will once again be a prominent sponsor of the World Cup 2014 in Brazil. However, a positive link between the brand image and such a sporting event can be created only if alongside the willingness to compete, the idea of fair play can also be put over convincingly. The latest reports in regional and national newspapers on the "unfair play" of the management towards the HMETC works council have certainly not been very helpful in this respect.

IG Metall has no interest in exacerbating the conflict with the management of Hyundai and of the HMETC. At the same time, however, no one can expect that we will simply accept repeated infringements of the Works Constitution Act and the intimidation of our works councils and members of IG Metall. It must be obvious that the course taken by Hyundai to date will lead into a dead end.
IG Metall is willing to seek new paths jointly with the management.

Jochen Homburg
President, IG Metall Local Darmstadt

IG Metall has more than 2.2 million members, making it the largest individual trade union both in Germany and around the world. Its headquarters are in Frankfurt am Main and it represents employees in the metal and electrical industries, the steel, textile and garment sectors, in clothing, wood and plastics, in information and communications technology, and numerous craft trades. Since November 2013 the Chairman of IG Metall has been Detlef Wetzel.

Over 22,000 people are organised in IG Metall's Darmstadt and Mainz-Worms local unit. Since February 2014 Jochen Homburg has been Chairman of IG Metall's Darmstadt unit.

IG METALL DARMSTADT
Phone:
+49 6151 3667 0
E-mail:
darmstadt@igmetall.de

BACKGROUND

HYUNDAI AND THE ROLE OF THE CHAEBOLS IN SOUTH KOREA

The Hyundai Motor Group (HMG) is the leading automotive manufacturer in South Korea and the second largest South Korean chaebol after Samsung. Chaebols are large family-run business conglomerates with international operations and a diverse portfolio of products.

For example, the HMG umbrella spans not only the Hyundai Motor Company (HMC) and Kia Motors; it also includes a large number of companies in the supply industry, engineering, heavy industry, mechanical engineering, logistics, information technology and other sectors. Chaebols also typically have a very low level of equity, autocratic management structures based on family and social networks, and confrontational labour relations.

The chaebols and the dictatorship

The enormous economic and political power of the chaebols in has its roots in the economic policy that was pursued during the dictatorship between 1961 and 1987, and its strategic goal of establishing as rapidly as possible export-led industrialisation by large corporations. Generous investment programmes and export aid, a banking sector that toes the line, a tax and finance policy favouring industry and corporations, and a protectionist trade policy created the necessary general economic conditions for this development. At the same time, by radically suppressing and persecuting democratic organisations and trade unions, the state ensured that the chaebols could treat their employees as they wished. The repression was backed up by trade unions loyal to the regime and a paternalistic system of social security.

The Hyundai story

The name Hyundai ("modern automobiles") goes back to a motor vehicle workshop founded in Seoul in 1946 by the subsequent corporate chairman Chung Ju-yung. In the years that followed it blossemed into a rapidly growing conglomerate of enterprises in the construction industry, mechanical engineering and shipbuilding. The founding of the Hyundai Motor Company in 1967 finally expanded the activities to include vehicle production.

During the Asian crisis of 1997 and 1998, the corporation was forced to split into several formally independent groups. The extreme size of chaebols such as Hyundai ("too big to fail"), their diversity and their aggressive expansionism, which was financed by high levels of debt, are regarded as the major cause of the crisis in South Korea at that time. However, also the Hyundai Motor Group

재벌

CHAEBOL

The term "chaebol" (rich clan) is formed from the Korean words "chae" (riches, property) and "beol" (family, clan).

In previous centuries "beol" referred to the Yi dynasty, but could also mean "influential house", thus alluding to the huge importance of the chaebol in the political and economic life of the Southeast Asian country.

Journalists first used the term in the 1950s and 1960s. Among the general population it has a negative connotation.

"I will restrict the totalitarian behaviour of the conglomerates and try to reform the business system so that both small and large business units will benefit."

Geun-Hye Park
President of South Korea since 2013

"Hyundai Motor has certainly been a great success story over recent years and look to be set for continued potential growth.

However, if this is impeded by poor industrial relations, then other companies will be able to capitalize on any weakness."

Simon Ferry
Senior Consultant,
Korea Times, 26 May 2013

"The time has been long overdue for misbehaving industrialists to forgo the privilege of avoiding punishment merely for being thought to have contributed to economic development. Rigorous penalties will have to await those who break the law without fail."

Korea Times
15 September 2013

"Deep down, chaebol owners don't understand why they should be subject to secular law."

Lee Kun-hee
Reuters, 5 April 2012

(HMG), the parent company of the Hyundai Motor Company (HMC), had the typical chaebol structure. Alongside a network of dozens of companies, since 1998 the carmaker Kia Motors – which had gone bankrupt during the Asian crisis – now also belonged to HMG, making it the largest vehicle producer in the country.

The heart of the HMC is located in Ulsan, a port in the southeast of the country. Here, in the centre of South Korea's heavy industry, the company runs the largest vehicle factory anywhere in the world. It covers 13 square kilometres, almost twice the size of Volkswagen's plant in Wolfsburg. According to the company this site alone has an annual capacity of 1.44 million vehicles. Two smaller factories operate in Asan and Jeonju (producing light and heavy trucks). Furthermore, Hyundai has production facilities in China, India, Russia, the Czech Republic, Turkey, the USA and Brazil. In 2012 it sold a global total of 4.4 million vehicles, over 3.7 million of them on foreign markets and nearly 700,000 in South Korea.

Free trade unions against the dictatorship

South Korea's free trade union movement was and still is a key part of the country's democracy movement. During the dictatorship it actively resisted the state's prohibitions of organisations, the persecution of activists and the militarised and repressive labour relations at the chaebols. The protests reached their peak in December 1986, when the general strike was called – the first since 1946. It was a protest against a new trade union law that would have exacerbated the situation. Within a few days, around 200,000 workers across the country joined the strike. The workers at Hyundai played an important role. Even today, their Locals form the backbone of the Korean Metal Workers' Union (KMWU). The protests prevented the law from being passed in its original version. More strikes followed, and a political turning point in South Korea's history finally came in 1987.

The power of the chaebols

The close ties between the chaebols, representatives of the state, and South Korea's social and political elite continue to exist, despite the democratisation that has been taking place since the end of the 1980s. In 2012 the German business newspaper Handelsblatt wrote, "In Korea it is difficult to make out who is wagging whom – are politicians wagging the tail or is the economy wagging the dog? The chaebols are the state, and the state is the chaebols". It cited the Samsung scandal from 2005 as an example, when it was discovered that 278 influential people were on the company's payroll, including politicians, public servants, public prosecutors, journalists and two ex-prime ministers.

The Hyundai scandal

Just one year later, Hyundai too was rocked by a scandal. In April 2006 the police arrested Chung Mong-Koo, Chairman and CEO of the Hyundai Motor Group and son of the founder Chung Ju-yung. He was accused of embezzling around 70 million Euro and diverting the money into an unofficial fund

used for paying bribes. Chung was initially sentenced to three years imprisonment, but in 2007 the sentence was suspended by the appeals court. However, it ordered Chung to donate the equivalent of around 900 million US dollars to social causes by 2013. One year later he was pardoned by the country's president.

Democratisation of the economy

Yet the unchecked power of the Korean chaebols not only blocks a thorough political and social change in South Korea, but also hampers sustainable economic development. The thirty largest chaebols still generate a large proportion of South Korea's economic output and exports even today. Moreover, in recent years the majority of them have got further into debt due to acquisitions. This risky expansionism aims at keeping most commissions within a company's own corporate network, which is why hardly any innovative small and medium-sized enterprises have been able to develop in the sector in South Korea. The debate on "democratisation of the economy" is accordingly a major feature of politics.

Labour relations at Hyundai

Today chaebols such as Samsung and Hyundai still not only determinedly resist economic and political democratisation in South Korea, but also continue to hold fast to their confrontational style of labour relations. And with increasing internationalisation of production, Hyundai has actually exported its hierarchical and authoritarian management system. Compliance with this system is carefully monitored by managers sent from Korea.

Against this background Joachim Schlütter, an expert at the Friedrich Ebert Foundation, finds a "fundamental antipathy on the part of the group's management towards trade unions" and the "radicalisation of relations between the management and the workers". Helmut Lense, the IndustriALL's specialist for automotive, called Hyundai "one of the world's most anti-union automotive corporations".

The trade unions at Hyundai in South Korea, Germany and the Czech Republic therefore directed an international appeal to the group's board of directors in June 2013. They were protesting against the company's efforts to undermine the rights of the employees and their elected representatives. Their letter said, "This type of behaviour not only contradicts the principles of treating the employees with respect, but also harms the world-wide standing of Hyundai."

Trade unions call for a change of direction

At a meeting of IndustriALL's international Hyundai/Kia network in Prague in mid-November 2013, trade unions from South Korea, Germany, Slovakia, the Czech Republic, Turkey and India reinforced the appeal to the Hyundai management. A joint declaration called on the top management at Hyundai to enter into a "constructive dialogue with the trade unions concerned, with the aim of co-operation", "to behave in a manner neutral to workers who wish to set up a democratic trade union or are members of a trade union, and to refrain from repressive measures directed at them", and "to enter into a frank and effective dialogue with IndustriALL on an international framework agreement for Kia and Hyundai".

"Our mission has only confirmed what we had feared, that under the current administration the government is engaging in a wave of intense repression against labour and civil society of the kind not seen in recent years and which threatens to hollow-out the country's democracy. We are deeply troubled by the government's blatant disregard for international labour standards in law and practice. We are also deeply troubled that our requests to meet with appropriate ministers to discuss these concerns were denied. (...)

Government statistics reveal that over one-third of the workforce is now labouring under some form of 'non-regular' work arrangement, though we believe that the number is closer to half. And, even when workers win their rights before the court, such as at Hyundai Motors, employers simply ignore the rulings with impunity. Indeed, the union chair of the precarious workers branch at Hyundai Motors is now in prison for standing up for the rights of precarious workers when apparently no one else would. (...)

The international trade union movement will stand by the Korean Trade Union movement. Together, we have no other choice but to use all political and legal mechanisms available to us to ensure that human and trade union rights are fully respected in Korea."

International Trade Union Confederation (ITUC)

International Trade Unions Statement on Korea
20 January 2014
http://www.ituc-csi.org

The former head of IG Metall and President of IndustriALL Global Union, Berthold Huber, warns the Hyundai management before continuing his anti-worker corporate policy.

RÜSSELSHEIM: HYUNDAI'S MANAGEMENT PUTS WORKS COUNCIL UNDER PRESSURE

Following a whole series of incidents in August 2012 Berthold Huber, who until November 2013 was Chairman of IG Metall, the largest individual trade union in the world, approached Hyundai Chairman Chung Mong-Koo directly.

Huber started his letter by saying, "In this letter I wish to inform you of the alarming situation at the Hyundai Motor Europe Technical Center GmbH (HMETC) in Rüsselsheim, Germany." This was followed by severe criticism of Hyundai's conduct. The management's hindrance of the works council, a targeted campaign against individual employee representatives, and repeated violations of the German Works Constitution Act were all mentioned – and that all attempts thus far to improve the situation had failed due to the management. "IG Metall will no longer accept this sort of treatment of the statutory employee representation by Hyundai's representatives", the trade unionist warned. "If the violations continue, we will take legal action against those responsible in your company and publicise the situation at Hyundai."

The authoritarian and anti-union management culture, which Huber criticised in his letter, is imposed at HMETC – as in other places, too – principally by Korean managers. They are supported by the local executives. Moreover, a group of employees is acting with the backing of the management, in the name of the "Independent Employee Association" (AUB, "Arbeits-gemeinschaft Unabhängiger Betriebsangehöriger").

The AUB is generally regarded as a "yellow" (company-controlled) union acting in the employers' interests. Its long-serving chairman Wilhelm Schelsky received over thirty million euro from Siemens

between 2001 and 2006 to establish the AUB. The objective was to undermine IG Metall and its works councils. In 2010 it also became known that over a longer period Aldi-Nord had spent 120,000 euro per year to finance an AUB employee who "trained" members of Aldi works councils.

Ultimately, the elected employee representatives had no alternative but to take legal action. Although the works council won most of the legal disputes, it sees the approach taken by the management as extremely unsatisfactory. Oliver Alt, chairman of the HMETC works council, is disappointed:

„The IG Metall will not accept such a treatment of the legal employee representation body by the representatives of HMETC."

Berthold Huber

Repeated violations of the Works Constitution Act

The HMETC was founded in 2003 and currently employs around 270 people. The works council was set up in mid-2009. Before that time, there had been considerable unrest among the workforce for reasons including increasing amounts of overtime, occupational safety issues and the lack of remuneration systems. Even today Hyundai in Rüsselsheim still has no collective agreement, which is an exception within the automotive industry in Germany.

"Since we started our work we have had to bring about most of the decisions legally subject to co-determination which concern plant-related matters by taking the matter to court and via the regional council". He adds that "This means unnecessary work and unnecessary costs, and makes constructive co-operation more difficult."

"The story sounds like something from a manual on how to harass works councils. If companies want to get rid of their works councils, certain consultants recommend precisely this strategy."

Tobias Wölfle (IG Metall)

Since the foundation of the works council, the Hyundai management's refusal to work with it in a spirit of trust has resulted in regular infringements of the German Works Constitution Act, which regulates the participation rights of the workers' representatives in detail. No matter whether the issue was overtime, leave or other areas subject to co-determination, again and again the works council was simply ignored, solutions to problems were delayed, and proposals for reaching agreement were rejected.

Works council members are subjected to smear campaigns and intimidation

However, the lost court cases did not bring about a change of heart among Hyundai's managers. Instead they took an even tougher approach to the works council. For example in the summer of 2012 a petition appeared at HMETC for people to sign. It stated that the works council was acting against the interests of the workforce and that it was the fault of the works council that in many cases no agreement had been reached with the management. It also said that members of the works council had tried to obtain personal gain and the workers' representatives would consequently have to be voted out of office. The petition was readily signed by the executive staff, including the head of personnel. In the end over 100 employees signed. Trade union secretary Tobias Wölfle (IG Metall) received reports that line managers went through the departments with the petition, telling the workers to sign it. It was also reported that threats were issued that bonus payments and salary adjustments would be refused if workers did not sign the petition.

AUB threatens elected works council members

"For a good while now you have been, at least for some of the time, on the works council of the HMETC and through your activities there have contributed to the fact that numerous court proceedings have been launched against your employer. Of course we are unable here to assess the extent to which this has altered the relationship of trust between you and your employer. At certain points in life it can be expedient to re-think and re-evaluate the positions that one has thus far regarded as obvious and clear. We believe that right now such a time has come. In order to assist you in this process,

we have had a lawyer examine the legal situation of all persons currently registered as active on the HMETC works council, which includes yourself, against the background of the approaching procedure for removal from office in accordance with Section 23 of the Works Constitution Act and of your personal conduct in this matter, based on current information. Concerning the result of this analysis you can obtain an impression of your own situation for yourself by studying the Annex and draw your own conclusions."

Alongside the undertones of a threat that continued activity on the works council could have consequences under labour law, the letter primarily makes it clear that while the AUB-Team-Hyundai presents itself as a group of employees critical of the works council, it is in fact assisting the management in its anti-works-council actions.

IG Metall has always welcomed the fact that Hyundai invests in our region and in Germany. The HMETC is a major location of the automotive industry. The employees deserve recognition for their share in the success of Hyundai on the German and international markets. Precisely for this reason, it is unacceptable that the management apparently regards the HMETC as a region outside the law to be turned into a works-council-free and trade-union-free zone.

Jochen Homburg (IG Metall)

"Textbook harassment"

Trade union secretary Wölfle therefore points out that a systematic plan frequently lies behind such measures. "The story sounds like something from a manual on how to harass works councils. If companies want to get rid of their works councils, certain consultants recommend precisely this strategy. To start with, the firm denounces the works council at employee meetings, accuses it of only pursuing its own interests, and calls for it to be dissolved. In the next step, the company provokes one court case after another. The works council suffocates in proceedings and has hardly any time left for its normal work. This confirms the impression given to the workforce that the works council is now only concerned with its own affairs."

The internet based information portal "Brennpunkt Betriebsrat", whose advisory committee includes former German Federal Minister of Labour Norbert Blüm (CDU) and Guntram Schneider (SPD), Minister for Employment, Integration and Social Affairs in the state of North-Rhine/Westphalia, has already reported on the situation at HMETC twice in recent months. The headings read: "Abrissbirne Hyundai – Bossing aus Prinzip" ("Hyundai wrecker's ball – intimidation by employers on principle") and "Hilferuf aus Rüsselsheim: Hyundai-Betriebsräte unter Beschuss" ("Call for help from Rüsselsheim: Hyundai works council members under attack"). And in national newspapers the reporting to date on the conflict has thrown a critical light on labour relations at Hyundai and the conduct of the management in Rüsselsheim. For instance in September 2013 the Frankfurter Allgemeine Zeitung (FAZ) wrote of letters "whose tone at the very least causes one to listen up", and "trivial matters" to which the Hyundai manager Yang Seungwook reacted by issuing a written warning to Marten Verschoore, vice chairman of the works council.

Failure to greet draws a warning

The case taken up by the FAZ in October 2012 provides a deep insight into the authoritarian mentality at Hyundai. In the written warning, Verschoore was accused of "refusing to greet the sole Managing Director of our company, Mr Seungwook Yang, and also your superior, the Korean Chief Co-ordinator of the Design Department, Mr Hyuk Park", when supposedly met in the Design Department. The warning continued: "The refusal to greet the Managing Director and your superior after their prior greeting undermines the position and authority of the Managing Director and of your superior, and represents an insult to their honour. We expect you, like all other employees, to comply with the company's social conventions. We regard the manners shown by you as a member of the Design Department as a grave incident. We will therefore not tolerate your behaviour and hereby issue you with an explicit warning."

The occasion on which the text was written, and the tone used, make it clear that the conflicts at HMETC are rooted in the

management's overblown ideas regarding its own standing and authority. In this hierarchical and authoritarian atmosphere, even the co-determination rights under the Works Constitution Act are seen as an unacceptable intrusion into the power of the managers. Works council members who insist on their rights and expect co-operation with the management as equals are felt to be provocateurs. All the experience indicates that at Hyundai, democracy is meant to stop at the factory gate. The ultimate goal of the management and of the AUB is therefore apparently not only to have the current works council voted out of office, but to abolish it as an institution. This situation also explains why the multiple attempts by the works council and IG Metall to resolve the conflict at Hyundai, with the involvement of the employers' association Hessenmetall, have come to nothing.

No leafleting!

Tobias Wölfle has found that the way the Hyundai management tries to dominate people sometimes even extends beyond the factory gate.

When at the beginning of October 2012 he was handing out IG Metall flyers in front of the HMETC facility, a man ran up to him, waving his arms and shouting over and over: "Go away!" Wölfle and his colleague Daniel Bremm had no intention of going away and carried on handing out the leaflets. Whereupon the man, after being instructed by a superior, took up a position on the other side of the gate and took all the leaflets away from the employees. "When you've seen workers having our leaflets taken away from them, you can very well imagine how the large number of signatures against the works council came about."

"The story sounds like something from a manual on how to harass works councils. If companies want to get rid of their works councils, certain consultants recommend precisely this strategy. To start with, the firm denounces the works council at employee meetings, accuses it of only pursuing its own interests, and calls for it to be dissolved. In the next step, the company provokes one court case after another. The works council suffocates in proceedings and has hardly any time left for its normal work. This confirms the impression given to the workforce that the works council is now only concerned with its own affairs."

Tobias Wölfle
IG Metall Darmstadt and Mainz-Worms, Germany

The IG Metall Darmstadt and Mainz-Worms supports the works council and the unionists at Hyundai in Rüsselsheim in their struggle for worker participation and fair cooperation.

STOP PRECARIOUS WORK

2012: The unionists Choi Byeong-seung and Cheon Ui-bong climb a power pole in front of the main plant of Hyundai in Ulsan to protest against the working conditions of precarious workers.

#STOPpreciouswork

HYUNDAI EXPORTS ITS ANTI-DEMOCRATIC MANAGEMENT CULTURE THROUGHOUT THE WORLD

By making its production more international, Hyundai has also exported its autocratic and authoritarian style of management. One result is that so far no democratic representations of employees' interests or unions have been established at Hyundai or Kia in Russia, Turkey, India, China and the southern states of the USA. At the carmaker's domestic plants in South Korea and in the Czech Republic, Brazil and Germany there are indeed trade unions and works councils. Yet labour relations are extremely confrontational. The constant pressure on the workers' representatives makes it difficult to maintain even a minimum of legal security, social standards and co-determination. And the management of Hyundai is certainly prepared to pay a high price to ensure that its undisputed power remains intact in the plants as far as possible.

Industrial disputes in South Korea

The most striking labour struggles are the annual wage disputes at Hyundai in South Korea, which also regularly make international headlines. This is because instead of negotiating with the Korean Metal Workers' Union (KMWU) to seek a solution acceptable to both sides, year in, year out the company heads for fierce industrial disputes with the approx. 46,000 workers who are organised in trade unions. In the summer of 2013 the strike at Hyundai lasted for three weeks and caused lost production of more than 50,000 vehicles with a value of around 690 million euro.

A second major contentious issue at Hyundai is the topic of precarious employment. Apart from lower wages and worse working conditions, it is the possibility of dismissing workers in precarious employment at any time, which the trade union criticises most. In 2013 alone, there were several suicides and attempted suicides among Hyundai and Kia Motors workers who had lost their jobs. A statement from the Korean Human Rights Foundation (KHRF) issued in May 2013 contains the following passage: "entrepreneurs want to maximise their profits by employing temporary workers. Workers want a steady income and job security within a normal employment relationship. As long as there is no compromise between these two sides, there will be deaths among the temporary workers."

The intense conflict surrounding precarious employment has been smouldering in Hyundai's South Korean plants since 1998. At that time, a large number of regular employees were dismissed and replaced with workers in precarious employment. To do this the company circumvented the South Korean labour law, which prohibits the deployment of temporary workers in production and the hiring of some workers for worse wages and under worse working conditions than the regular workforce. Those in precarious employment, called non-regular or irregular workers in South Korea, are therefore officially employed by in-house subcontractors, whose number had climbed to 127 just in the Ulsan plant by 2005, according to trade union information.

Precarious employment

The non-regular workers at Hyundai were already organised within the KMWU in 2003. However, to this day the company has not recognised their representation as a partner in negotiations. Their key demands are cessation of the illegal use of in-house subcontractors and the regular employment of the approx. 7,000 workers concerned. They are also supported by the South Korean Ministry of Employment and Labour, which in the year 2005 officially determined that

the practice at Hyundai violated labour law. Furthermore, in 2010 and in February 2012 the Supreme Court of Korea set a precedent with a similar ruling. Yet Hyundai only undertook to give a permanent contract to 3,500 non-regular workers in the first half of 2016. The KMWU regarded that as unacceptable.

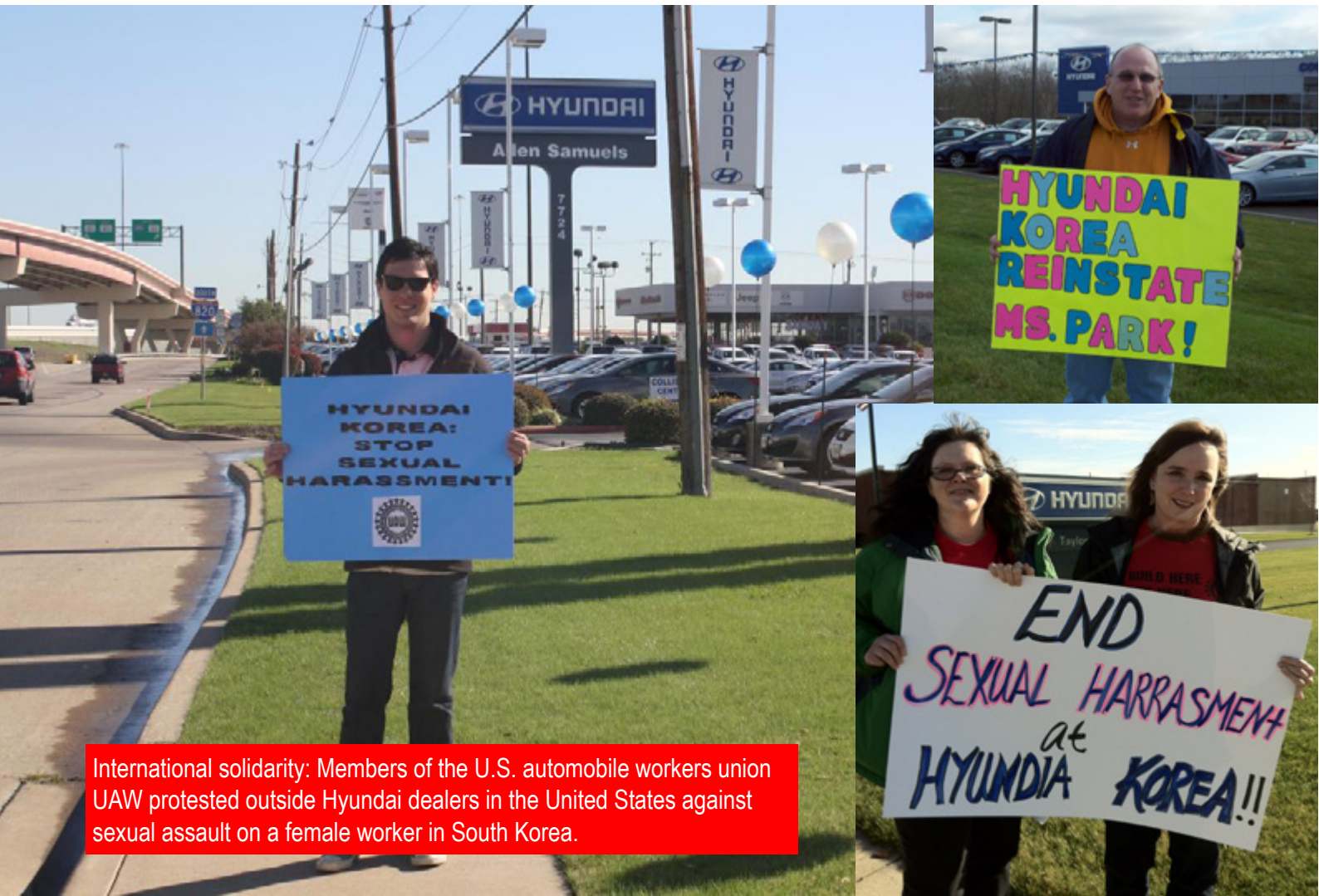
On 17 October 2012, therefore, two trade union members decided to make a spectacular protest. Choi Byeong-seung, who had gone before Supreme Court to obtain regular employment status and won, and Cheon Ui-bong, General Secretary of the local KMWU union organisation of non-regular workers, climbed an electricity mast in front of their plant in Ulsan and refused to come down until the decision of the ministry and of the Supreme Court was implemented and the illegal employment practice ended. They additionally demanded that board member and CEO of Hyundai, Chung Mong-Koo, should be legally called to account for the continued breach of the law. It was not until 200 days later, on 4 May 2013, that they left their position at a height of 20 metres, to clear the way for further negotiations with the company. But Hyundai has not given ground on this point, even today.

Sexual harassment at work

After worse conditions and job insecurity, the lack of rights causes most suffering among the workers in precarious employment. This affects women in particular. A study by the Korean Federation of Trade Unions (KFTU) showed that 40 per cent of female employees were subjected to sexual harassment at their workplace, and most of these are non-regular employees. Yet if they resist the attacks they risk dismissal, as illustrated by the case of Ms Park, a worker at Hyundai in the Asan plant, which has attracted international attention.

In 1997 a female worker named Park started working for an in-house subcontractor at the Hyundai facility in Asan, and had been employed there for nearly fourteen years when in September 2010 she was dismissed. Although the name of the subcontractor had changed a total of nine times during her period of employment, she remained uninterruptedly in the ultimate control of Hyundai.

Prior to her dismissal, in 1999, a complaint against her team leader and another superior about sexual harassment was rejected by the subcontractor, at that time the firm Geumyang Logistics, as "groundless



International solidarity: Members of the U.S. automobile workers union UAW protested outside Hyundai dealers in the United States against sexual assault on a female worker in South Korea.

damage to the reputation of the company". The company's reaction to the complaint was to initially suspend the worker for six months, and then to dock three months' salary from her wages. When she did not accept these terms and on 3 September 2010, with the support of the KMWU, brought in the National Human Rights Commission of Korea (NHRCK), she was dismissed on 20 September 2010.

Thereupon, on 14 October 2010, Ms Park launched a protest at the main entrance to the factory. According to a report from the Asian Human Rights Commission, during the protest she was so severely abused by Hyundai managers and private security staff that she had to spend four weeks in hospital. Finally, at the beginning of 2011, the NHRCK found that this was a clear case of sexual harassment at work and that Ms Park had to be reinstated. Moreover, she had to be paid compensation for what she had suffered.

The decision was, however, ignored. Geumyang Logistics no longer officially existed, because in November 2010 the firm had been renamed Hyungjin Company. Hyundai, in its turn, declared that it was not responsible, because officially the woman had had an employment contract with Geumyang Logistics – a standpoint that was extremely dubious not only morally, but also legally. This is because a decision by the Supreme Court of South Korea on 22 July 2010 concerning non-regular employees clarified that workers who are employed in a plant through a subcontractor have to be taken on as regular staff after two years of uninterrupted employment. Accordingly, at the time of the sexual assaults the woman had in fact already been an employee of Hyundai for 12 years.

Ultimately, it was a sit-in in front of the Ministry of Gender Equality and Family in Seoul and support from human rights organisations and trade unions around the world, including the International Metalworkers' Federation (IMF, predecessor of IndustriALL Global Union), that helped Ms Park to obtain justice. The highlights of the solidarity campaign were a global day of action on 11 November 2011 and a press conference in front of the company's headquarters in Seoul on 25 November 2011.

On 14 December 2011, just a few day later and around three years after the worker lodged her complaint, the conflict was finally resolved. An agreement between Hyundai, the KMWU and Ms Park provided the following: dismissal of the perpetrators as of 31 January 2012 and Ms Park's reinstatement on 1 February 2012, the payment of her outstanding wages, a ban on gender discrimination at work, plus immediate measures and a programme aimed at preventing sexual assaults. So Ms Park's struggle ended in a victory that brought benefit not only to her, but to all women in the company.

Hyundai fined almost 6 million dollars in the USA

The US trade union United Automobile Workers (UAW) was also involved in the global day of action for Ms Park in November 2011. It called for her reinstatement, using the slogan "Stop Sex Discrimination at Hyundai" at protests in front of more than 75 Hyundai dealerships up and down the country. "Though we may work for different companies and in different countries, as workers, we support each other's struggles", said Mike O'Rourke, President of UAW Local 1853 at the General Motors plant in Spring Hill (Tennessee).

> "Though we may work for different companies and in different countries, as workers, we support each other's struggles."
>
> Mike O'Rourke (UAW)

Informing the customers was an important instrument in the campaign. "The UAW has embraced a global vision of social justice and will mobilize its membership to defend labor rights here and in other parts of the world", emphasised UAW President Bob King. He added that the US union stood in solidarity with its sister in Korea, the KMWU and with workers' movements which "have the courage to challenge workplace injustice."

In the USA, where Hyundai has been producing vehicles since 2005, there was a similar case of sexual harassment at the plant in Montgomery (Alabama). The harassment by manager Mike Swindle began in January 2006,

"The UAW condemns Kia's attack on the right to free association. In the United States, Kia has engaged in one of the ugliest forms of anti-union conduct an employer can undertake: black-listing. The UAW has supported Kia applicants who have filed a charge with the National Labor Relations Board (NLRB) alleging that they – and hundreds like them – were denied jobs due to their history of union-represented employment. We call upon Kia to respect the right to free association in the United States and across the globe."
Bob King

shortly after Tammy Edwards started working for Hyundai. After months of being subjected to harassing behaviour, Ms Edwards finally reported the problem to a superior. But instead of receiving support, she was transferred to a job that was physically too demanding for her. Then the company pressed her to go on medical leave. Swindle, on the other hand, remained employed by the company.

Tammy Edwards decided to take her case to court – and she won. In May 2009 a court in Montgomery ordered HMMA (Hyundai Motor Manufacturing Alabama) to pay 5.79 million dollars in fines and damages. And Hyundai manager Mike Swindle had to pay damages of 10,000 dollars. However, Hyundai seemed not to take the court's decision on board. "We are obviously very disappointed with the jury's verdict, which is certainly contrary to the working environment and atmosphere that we have attempted to establish at HMMA since our inception", was Vice President Rick Neal's comment on the verdict. HMMA Company officials said in a statement that it was considering further legal options.

There are no trade unions at the Hyundai facility in Montgomery or at the Kia facility nearly one hundred kilometres away. One reason for this is the "blacklisting of trade unionists" during recruitment – that is, the attempt to avoid hiring workers who had previously worked at a unionised company and therefore might have union experience.

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Blacklisting of trade unionists

A disturbing example of what blacklisting means for automotive workers and their families in practice is provided by the Kia plant in West Point (Georgia), which commenced production with roughly 1,250 employees in November 2009. At present more than 3,000 people work there. Yet although the company received around 400 million dollars in public subsidies and the Georgia Department of Labor was involved in recruiting the workers, hardly any qualified jobless automotive workers from the region were hired, even though hundreds had applied. Their problem? They had previously worked at Ford and General Motors – which are unionised companies.

"This Kia plant is not going to be a union plant, so they probably don't want that mentality of people."

Mikell Fryer
(Regional Director for the Georgia Department of Labor)

The background can be outlined as follows: in March 2006 Kia decided to establish a facility in Georgia, after which the market for qualified automotive workers appeared to develop ideally. In October 2006, Ford closed its plant in Atlanta, less than 100 kilometres from West Point. According to the trade study "Harbour Report", it had "one of the best workforces in the automotive industry".

Around 1,850 employees lost their jobs, most of them members of the UAW. Then in September 2008, General Motors (GM) also closed its plant in Doraville, not far from Atlanta. GM is also unionised. Some 1,200 workers were made redundant, after around 1,900 employees had already left the company during the previous three years. At that time automobiles were no longer being built anywhere in Georgia.

So when in January 2008 Kia started recruiting, it could have tapped into a large pool of qualified and experienced workers. Hundreds, if not thousands, of former employees of Ford and GM took part in the application process, but were not hired.

Therefore a group of ex-Ford and GM employees filed an action with the National Labor Relations Board (NLRB) in August 2011. They allege that Kia blacklists workers who were previously

employed at Ford or GM and were members of a trade union, which would constitute unlawful discrimination.

However, during its research the NLRB discovered that in fact only three out of hundreds of former Ford employees who had applied to Kia were actually hired. That corresponds with statements from Mikell Fryer, Regional Director for the Georgia Department of Labor, who had assisted Kia while it was recruiting workers. As early as in March 2006 Fryer had told a newspaper: "This Kia plant is not going to be a union plant, so they probably don't want that mentality of people." He also said that Kia likely would not hire any Ford and GM workers losing their jobs within the following two years. Another legal dispute intended to clarify the extent to which government offices in were involved in blacklisting trade union members. But both cases were decided in the meantime to the detriment of the workers.

Trade unions mean protection

In view of the rigidly hierarchical and patriarchal labour relations at Hyundai/Kia and the political climate in the southern states of the USA, the massive resistance against attempts to unionise workers has had a number of consequences. Not only is there no collective agreement securing wages and social benefits. Much more importantly, employees receive no support when they are exposed to arbitrary or threatening behaviour from superiors. Tammy Edwards' experience illustrates that in the case of complaints it is frequently the victims and not the perpetrators who have to reckon with sanctions that can even go as far as dismissal. The result is that many employees endure degrading treatment from their bosses and managers without putting up any kind of resistance. A climate of fear is spreading. This cannot be concealed by Ashley Frye for instance, Vice President Production at HMMA, telling the press: "We maintain an atmosphere of civility" and adding, "As an example, use of salty language, we don't allow that here."

Workers of Hyundai in Chennai (India) protest for fair union elections.

And Mike Swindle? His behaviour earned him a place on the list of "Worst Bosses 2009" in the USA, which is compiled every year by the internet platform eBossWatch. In 2012 he was followed by Fred Beans, proprietor of the "Fred Beans Hyundai" dealership in Pennsylvania. Beans had fired Cherie Santai, a long-serving employee, after discovering that she was pregnant. A court sentenced Beans to a 150,000 dollar fine.

Yellow trade union at Hyundai in India

To date, Hyundai/Kia has been able to prevent trade union activity in the USA, Turkey and Russia. And Hyundai Motor India (HMI) uses a "yellow" trade union.

Since 2007 the company had persistently rejected the idea of co-operating with the Hyundai Motor India Employees Union (HMIEU), but then on 12 May 2012 it suddenly recognised the newly formed United Union of Hyundai Employees (UUHE), with which it concluded a collective agreement on 18 October of that year. From the point of view of the HMIEU, this behaviour represents a clear violation of democratic principles and freedom to organise. It not only reports that the workforce was forced to accept the "anti-worker wage agreement", but is also demanding a secret ballot so that majority opinions can be determined objectively.

However, so far the company has not accepted the demands. "The company categorically rules out recognising any other trade union", Hyundai said. The Irungattukottai facility near Chennai has a regular workforce of approximately 1,500.

Hyundai's refusal to work with the HMIEU has led to several strikes in the past, most recently in November 2012. There have repeatedly been mass detentions by the police. Furthermore, 87 trade union members were sacked in the year 2008. Despite interventions by the regional government, 27 of them have still not been reinstated, including officials of the HMIEU.

"Hyundai in Nošovice is a different world."

Free unions and democratically elected employees representatives do exist at Hyundai/Kia in South Korea, Slovakia, Brazil and Germany – but apart from that, only in Nošovice in the eastern Czech Republic. Yet here, too, the local metal workers' trade union OS KOVO faces continual infringements of the law and repressive measures on the part of the management. "Cross the factory gates at Hyundai in Nošovice and you enter a different world. Neither labour law nor collective agreements have any meaning", reports trade unionist Zdeněk Ševčík.

The list of incidents and infringements of the law is long. It ranges from demeaning behaviour towards and attempted intimidation of OS KOVO representatives, and non-compliance with statutory labour and safety regulations, all the way to continual disregard for a wide range of rights to information, consultation and co-determination. This applies especially to issues such as overtime, weekend work, dismissals and leave. On top of this, employees are subjected to threats and punishments, for instance in relation to imposition of extra working time. From the viewpoint of the trade union, even fundamental principles are being ignored in these labour relations.

OS KOVO representatives from Nošovice were also prevented from being part of the "special negotiating body" involved in founding a European works council in September 2012. The relevant Directive of the European Union provides that a European works council can be established in undertakings that have a total of at least 1,000 employees in at least two EU Member States, if at least 150 employees are employed in each of at least two Member States.

KIA/HYUNDAI NETWORK

This international cooperation started in 2008, based upon the initiative of trade unionists from Slovakia and South Korea. For the first time trade unionists from both countries exchanged information about collective bargaining and union work. Already in 2008 the management put all its effort to prevent the unionists to meet.

When IMF, the predecessor of IndustriALL became involved, representatives of Hyundai and KIA companies in other countries were contacted and coordinated. Later on they became part of this network, such as Czech Republic, Germany, India, USA, Turkey.

At the network meetings the union representatives talk about the situation in their plants and exchange information about the daily trade union work, for example organizing, bargaining, benefits social issues, shift systems or wages. The participants also discuss about different court cases/ disputes that are taking place.

Meeting of the international Hyundai-Kia-Network of IndustriALL in September 2012 in Bratislava (Slowakia).

The Directive also applies to the operations of international groups located in EU countries, such as Hyundai, which are headquartered outside the EU.

International appeal by the trade unions

Yet Hyundai still tried to make the process of establishing a European works council as difficult as possible. For example the company made it unnecessarily awkward for the OS KOVO representatives to join the "special negotiating body", by releasing them from their duties too late and through unreasonable travelling conditions. In addition, they were provided insufficient translation during the meeting and the schedule was far too tight. So in mid-June 2013 OS KOVO, together with the KMWU from South Korea and IG Metall from Germany, issued an international appeal to the company's Board of Directors and protested against the management's world-wide erosion of publicised corporate standards and its continual disregard for the rights of the employees and their legitimate representatives. "Furthermore, these serious violations are accompanied by management's illegal methods aimed at overriding the rightful decisions of the employees' representatives." Therefore, the appeal went on to say, the authors demanded that the Hyundai management "respect national and international law, particularly the ILO core labour standards regarding global workers' rights." This included the recognition of trade union rights and the rights of employees' representative bodies just as much as the willingness to treat them fairly and lawfully. In order to achieve this aim, "we demand putting in place a Global Framework Agreement, by which the company commits itself to fully respect workers' rights."

Jyrki Raina, General Secretary of IndustriALL Global Union, has given his support to the joint appeal from the three trade unions and approached the Chairman and CEO of Hyundai Motor Group (HMG), Chung Mong-Koo, directly. Raina wrote: "In order to achieve the full implementation of internationally recognized workers' rights at Hyundai, we urge you to sit down with workers' representatives to start a meaningful dialogue towards the establishment of a Global Framework Agreement."

THE SILENCE OF THE SPONSORS

At the end of September 2013 a report in the British newspaper *The Guardian* shocked the world. From 4 June to 8 August 2013 alone, a total of 44 Nepalese guest workers died of heart failure and in accidents at work at construction sites for the 2022 FIFA World Cup in Qatar.

The reports were alarming: some of the labourers had to work on the construction sites for more than twelve hours at temperatures of over 50 degrees. They were denied sufficient drinking water. Many of them lived in slums and in appallingly squalid conditions. The foreign workers generally had no way of escaping these conditions. Often their passports were confiscated when they arrived in the country, and to obtain an exit visa they needed a stamp from their employer. In addition, their salaries were frequently retained for months on end. In October 2013 members of a delegation from the Building and Wood Workers' International (BWI) reported a "climate of fear".

Sponsors come in for criticism

While FIFA, the International Olympic Committee and other sporting associations are now attempting reputational damage control, and tentatively reminding the regime in Qatar and the construction companies to improve the situation, so far no public criticism has been heard from the sponsors of the World Cup. "The real scandal in industry-financed top-level sports is the fact that the official sponsors, who otherwise never miss an opportunity to emphasise their social responsibility, are keeping such a low profile", complained André Bühler on 15 October 2013 in the German internet magazine Focus-Online. Bühler teaches marketing at Nürtingen-Geislingen University and heads the German Institute for Sports Marketing (DISM).

Hyundai:
Official World Cup partner

Bühler's harsh criticism is directed at world-famous corporations such as Adidas, Sony, Coca Cola and Visa – and Hyundai/Kia. Just recently the company renewed its sponsoring contract with FIFA, and is the "Official Automotive Partner" of the World Cups in 2014, 2018 und 2022.

The company's German website states that "social commitment is naturally very important to us as a responsible company". And Hyundai's brand ambassador Jürgen Klinsmann, ex-coach of the German national football team, stated: "This is about communicating values. And that's an area where we have a lot in common." This kind of social marketing is of little help to people on Qatar's construction sites, whose manual labour is making an (advertising) event such as the FIFA World Cup possible in the first place, as long as the cheap messages are not backed up with action even when the issue is life-threatening working conditions. Yet at present it seems that neither Hyundai nor the other major sponsors are willing to act.

Trade unionists issued warnings months earlier

Whereas the companies involved keep eloquently silent, trade unionists had sounded a warning at an early stage. At the end of March 2013 Sharan Burrow, General Secretary of the International Trade Union Confederation (ITUC), was already urgently drawing attention to the working conditions in Qatar: "Qatar is a slave state. To build the infrastructure, more workers are likely to die than the 736 footballers who are playing at the World Cup." ITUC's Communications Director Tim Noonan announced that an international campaign would be initiated. "This is about life and death for many people", he said. If people had listened to them, those 44 workers and many others would probably still be alive.

Not only the world-wide outrage over the scandalous working conditions on the construction sites in Qatar, but also the precarious human rights situation in Russia and the massive social protests in advance of the FIFA World Cup in Brazil this year demonstrate that sport and politics cannot be separated, especially at prestige events with budgets running into billions. For the sponsors that can only mean finally showing their true colours.

RE-RUN THE VOTE: NO WORLD CUP WITHOUT LABOUR RIGHTS

The International Trade Union Confederation wants its campaign entitled “Re-run the vote: No World Cup Without Labour Rights” to ensure “that workers’ rights in Qatar remain on FIFA’s agenda”. It is therefore calling on trade unionists and football supporters around the globe to take action. “With your help and that of millions of football fans all over the world, the ITUC is calling on FIFA to re-run the vote and apply the highest ethical standards when awarding the FIFA World Cup 2022. This is the only way that FIFA can recover its tarnished reputation and the confidence of the fans all over the world, and ensure that the workers – and their rights – are treated with dignity and respect”, stresses Sharan Burrow, General Secretary of the ITUC.

Further information and campaign materials are available on the website: www.rerunthevote.org.

THE IMPORTANCE OF FRAMEWORK AGREEMENTS

How do you protect workers' rights when the legislation is inadequate?

How can you ensure respect for the ILO's Core Labour Standards in all facilities of a transnational company?

And how do you protect the interests of workers in places where trade unions are weak or non-existent?

Global Framework Agreements are a tool widely used by global union federations to lay down the rules of conduct for transnational companies. Since these Framework Agreements are negotiated on a global level and require the participation of trade unions, they are an ideal instrument for dealing with the issues raised by globalisation.

This is why IndustriALL Global Union is dedicated to pursuing GFAs in all transnational companies where our affiliates have members.

A global instrument

A Global Framework Agreement is negotiated between a transnational company and the trade unions of its workforce at the global level. It is a global instrument with the purpose of ensuring fundamental workers' rights in all of the target company's locations. Thus, GFAs are negotiated on a global level but implemented locally.

Generally, a GFA recognises the ILO Core Labour Standards. In addition, the company should also agree to offer decent wages and working conditions as well as to provide a safe and hygienic working environment. Furthermore, there is an agreement that suppliers must be persuaded to comply and, finally, the GFA includes trade unions in the implementation.

Basic GFA content

The essential contents of GFAs are:

The ILO Core Labour Standards (freedom of association and collective bargaining, elimination of forced and child labour, non-discrimination), preferably referenced by ILO convention numbers, or, as a minimum, a general statement that the labour standards referred to in the GFA are based on the relevant ILO conventions.

Some engagement on the part of the target company to pressure its suppliers to implement the

principles in the GFA. For example, suppliers should be "expected to implement the principles to ensure a continuing business relationship." An agreement on implementation, which includes unions and existing bodies of world-wide worker representation (e.g. world councils, world works councils).

Codes of Conduct versus GFAs

The global union federations have all abandoned the expression "Code of Conduct" in favour of "Global Framework Agreement". The reason is that the former expression is often used for unilateral initiatives by the management, and frequently of questionable value for labour. Most of these "codes" are instruments for PR or marketing purposes.

Mutually beneficial

Transnational business operations and a global economy raise issues that go beyond the reach of national legislation. Through GFAs, the ILO's Core Labour Standards can be guaranteed in all facilities of a transnational company, which is especially helpful in transition and developing countries, where legislation is sometimes insufficient, poorly enforced or anti-worker.

For transnationals, GFAs can secure good relations with trade unions and contribute to a positive public image. More and more companies increasingly see the need to respond to the growing ethical concerns of consumers and investors.

For trade unions, GFAs are a way to promote workers' rights globally. The arrangement guarantees influence and the possibility of a dialogue that is mutually beneficial. Unlike unilateral codes of conduct, GFAs emphasise implementation – which paves the way for concrete improvements. There are now about 100 GFAs world-wide.

GLOBAL FRAMEWORK AGREEMENTS (GFAs) IN THE AUTOMOTIVE INDUSTRY

Company	Country	Sector	Year
Freudenberg Group	Germany	Supplier	2000
Volkswagen	Germany	Automotive industry	2002
Daimler	Germany	Automotive industry	2002
General Motors Europe	USA	Automotive industry	2002
Leoni	Germany	Supplier	2003
Ford Europe	USA	Automotive industry	2003
Rheinmetall	Germany	Supplier	2003
Bosch	Germany	Supplier	2004
Renault	France	Automotive industry	2004
BMW	Germany	Automotive industry	2005
Röchling	Germany	Supplier	2005
PSA Peugeot Citroën	France	Automotive industry	2006
MAN	Germany	Automotive industry	2012
ZF Friedrichshafen	Germany	Supplier	2012

LEGAL FRAMEWORK CONDITIONS AND INTERNATIONAL AGREEMENTS

Workers' rights are not goodwill of the employer, but for many decades they have been an integral component of German and international law. They guarantee minimum standards at work and for the democratic representation of workers' interests. Infringements of workers' rights are accordingly not minor offences, but are clear infringements of fundamental principles of a social democracy. Key excerpts from the basic agreements and laws at international and German national level are given below.

UNIVERSAL DECLARATION OF HUMAN RIGHTS (UN, 1948)

Article 23

1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

2. Everyone, without any discrimination, has the right to equal pay for equal work.

3. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

4. Everyone has the right to form and to join trade unions for the protection of his interests.

United Nations

www.un.org

INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS (UN, 1966)

Article 8

(1) The States Parties to the present Covenant undertake to ensure:

a) The right of everyone to form trade unions and join the trade union of his choice, subject only to the rules of the organization concerned, for the promotion and protection of his economic and social interests. No restrictions may be placed on the exercise of this right other than those prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others;

b) The right of trade unions to establish national federations or confederations and the right of the latter to form or join international trade-union organizations;

c) The right of trade unions to function freely subject to no limitations other than those prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others;

d) The right to strike, provided that it is exercised in conformity with the laws of the particular country.

The International Covenant on Economic, Social and Cultural Rights (ICESCR) is a multilateral treaty adopted by the United Nations General Assembly on 16 December 1966.

It commits its parties to work toward the granting of economic, social, and cultural rights to individuals, including labour rights and the right to health, the right to education, and the right to an adequate standard of living. As of 2013, the Covenant had 160 parties. A further seven countries, including the United States of America, had signed but not yet ratified the Covenant.

International Labour Organisation (ILO)

www.ilo.org

The International Labour Organization (ILO) is a United Nations agency dealing with labour issues, particularly international labour standards and decent work for all. 185 of the 193 UN member states are members of the ILO.

In 1969, the organization received the Nobel Peace Prize for improving peace among classes, pursuing justice for workers, and providing technical assistance to developing nations.

Unlike other UN specialized agencies, the ILO has a tripartite governing structure – representing governments, employers and workers. The rationale behind the tripartite structure is creation of free and open debate among governments and social partners.

Federal Republic of Germany

www.bundestag.de

ILO CORE LABOUR STANDARDS: FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANISE CONVENTION (IAO, 1948)

Part I. Freedom of association

Article 1

Each Member of the International Labour Organisation for which this Convention is in force undertakes to give effect to the following provisions.

Article 2

Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.

Part II. Protection of the right to organise

Article 11

Each Member of the International Labour Organisation for which this Convention is in force undertakes to take all necessary and appropriate measures to ensure that workers and employers may exercise freely the right to organise.

ILO DECLARATION ON FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK (IAO, 1998)

THE INTERNATIONAL LABOUR CONFERENCE ...

2. Declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organization to respect, to promote and to realize, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:

a) freedom of association and the effective recognition of the right to collective bargaining;

b) the elimination of all forms of forced or compulsory labour;

c) the effective abolition of child labour; and

d) the elimination of discrimination in respect of employment and occupation.

BASIC LAW OF THE FEDERAL REPUBLIC OF GERMANY (GERMANY, 1949)

Article 9

(1) All Germans shall have the right to form corporations and other associations. (...)

(3) The right to form associations to safeguard and improve working and economic conditions shall be guaranteed to every individual and to every occupation or profession. Agreements that restrict or seek to impair this right shall be null and void; measures directed to this end shall be unlawful. Measures taken pursuant to Article 12a, to paragraphs (2) and (3) of Article 35, to paragraph (4) of Article 87a, or to Article 91 may not be directed against industrial disputes engaged in by associations within the meaning of the first sentence of this paragraph in order to safeguard and improve working and economic conditions.

WORKS CONSTITUTION ACT (GERMANY, 1952)

Section 2 Status of trade unions and employers' associations

(1) The employer and the works council shall work together in a spirit of mutual trust having regard to the applicable collective agreements and in co-operation with the trade unions and employers' associations represented in the establishment for the good of the employees and of the establishment.

(2) In order to permit the trade unions represented in the establishment to exercise the powers and duties established by this Act, their agents shall, after notification of the employer or his representative, be granted access to the establishment, in so far as this does not run counter to essential operational requirements, mandatory safety rules or the protection of trade secrets.

Federal Republic of Germany

www.gesetze-im-internet.de

GLOBAL COMPACT (UN, 1999)

In 2008 Hyundai joined the UN Global Compact. The initiative was launched by UN General Secretary Kofi Annan in 1999 to encourage businesses to assume responsibility on a voluntary basis.

The ten principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

The Universal Declaration of Human Rights,

The International Labour Organization's Declaration on Fundamental Principles and Rights at Work,

The Rio Declaration on Environment and Development,

The United Nations Convention Against Corruption.

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. (...)

Principle 6: Businesses should uphold] the elimination of discrimination in respect of employment and occupation. (...)

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

United Nations

www.unglobalcompact.org

The United Nations Global Compact is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

Under the Compact, companies are brought together with UN agencies, labour groups and civil society.

Organisation for Economic Co-operation and Development

www.oecd.org

The Organisation for Economic Co-operation and Development (OECD) (French: Organisation de coopération et de développement économiques, OCDE) is an international economic organisation of 34 countries founded in 1961 to stimulate economic progress and world trade.

It is a forum of countries committed to democracy and the market economy, providing a platform to compare policy experiences, seek answers to common problems, identify good practices and co-ordinate domestic and international policies of its members.

The OECD originated in 1948 as the Organisation for European Economic Co-operation led by Robert Marjolin of France, to help administer the Marshall Plan.

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES (2000/2011)

II. General Policies

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard:

A. Enterprises should:

2. Respect the internationally recognised human rights of those affected by their activities. (...)

8. Promote awareness of and compliance by workers employed by multinational enterprises with respect to company policies through appropriate dissemination of these policies, including through training programmes.

9. Refrain from discriminatory or disciplinary action against workers who make bona fide reports to management or, as appropriate, to the competent public authorities, on practices that contravene the law, the Guidelines or the enterprise's policies. (...)

V. Employment and Industrial Relations

Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices and applicable international labour standards:

1.
a) Respect the right of workers employed by the multinational enterprise to establish or join trade unions and representative organisations of their own choosing.

b) Respect the right of workers employed by the multinational enterprise to have trade unions and representative organisations of their own choosing recognised for the purpose of collective bargaining, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on terms and conditions of employment. (...)

2.
a) Provide such facilities to workers' representatives as may be necessary to assist in the development of effective collective agreements.

b) Provide information to workers' representatives which is needed for meaningful negotiations on conditions of employment.

c) Provide information to workers and their representatives which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole.

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES (2000/2011)

Continued from page 30

3. Promote consultation and co-operation between employers and workers and their representatives on matters of mutual concern.

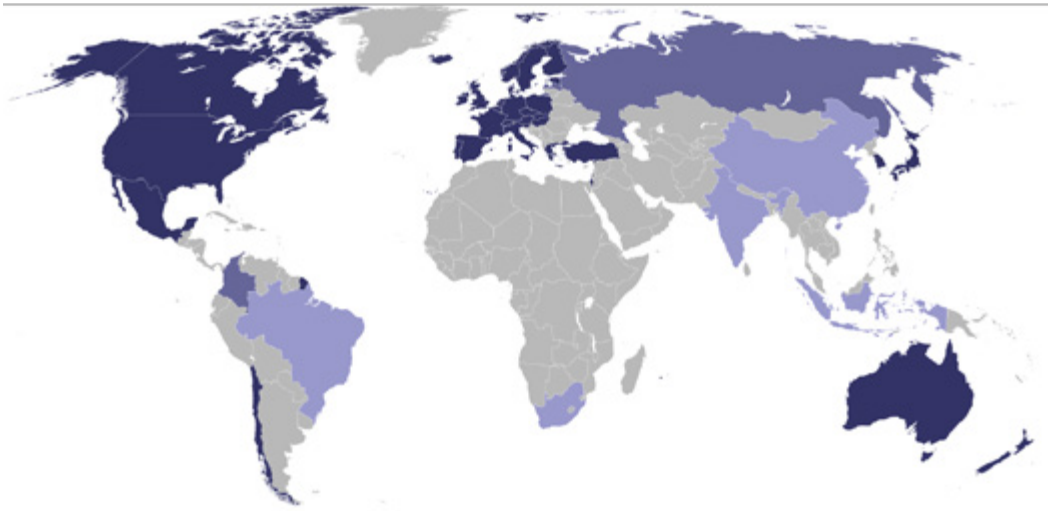
4.
a) Observe standards of employment and industrial relations not less favourable than those observed by comparable employers in the host country.

b) When multinational enterprises operate in developing countries, where comparable employers may not exist, provide the best possible wages, benefits and conditions of work, within the framework of government policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy the basic needs of the workers and their families.

c) Take adequate steps to ensure occupational health and safety in their operations. (...)

8. Enable authorised representatives of the workers in their employment to negotiate on collective bargaining or labour-management relations issues and allow the parties to consult on matters of mutual concern with representatives of management who are authorised to take decisions on these matters.

OECD MEMBER STATES



FOUNDING MEMBERS (1961)

Austria, Belgium, Canada, Denmark, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

FURTHER MEMBERS

Australia (1971), Chile (2010), Czech Republic (1995), Estonia (2010), Finland (1969), Hungary (1996), Israel (2010), Japan (1964), South Korea (1996), Mexico (1994), New Zealand (1973), Poland (1996), Slovakia (2000), Slovenia (2010).

Organisation for Economic Co-operation and Development

www.oecd.org

The OECD defines itself as a forum of countries committed to democracy and the market economy, providing a setting to compare policy experiences, seek answers to common problems, identify good practices, and co-ordinate domestic and international policies.

The OECD promotes policies designed:

to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the development of the world economy;

to contribute to sound economic expansion in Member as well as nonmember countries in the process of economic development; and

to contribute to the expansion of world trade on a multilateral, nondiscriminatory basis in accordance with international obligations.

CONTACTS

INDUSTRIALL GLOBAL UNION

54 bis, Route des Acacias, Case Postale 1516
1227 Geneva, Switzerland
Phone: +41 22 308 5050
E-mail: info@industriall-union.org

Automotive and Rubber
Helmut Lense (Director)
Phone: +41 22 308 5027
E-mail: hlense@industriall-union.org

Press Contact
Petra Brännmark
Director of Communications
Phone: +41 22 308 5057
E-mail: pbrannmark@industriall-union.org

IG METALL
(Germany)

IG Metall Headquarters
Wilhelm-Leuschner-Straße 79
60329 Frankfurt am Main, Germany

FB International/Europe Department
Horst Mund (Head of International/Europe Department),
Marlene Roth
Phone: +49 69 6693 2400
Fax: +49 69 6693 2028
E-mail: marlene.roth@igmetall.de

IG METALL DARMSTADT AND MAINZ-WORMS

Rheinstraße 50, 64283 Darmstadt, Germany
Martin Sperber-Tertsunen
Phone: +49 6151 3667 27
E-mail: martin.sperber-tertsunen@igmetall.de

KOREAN METAL WORKERS' UNION – KMWU
(South Korea)

5–6th Floor, Annex to
Kyunghyang Shinmun-sa Bldg.,
22-2 Jeong-dong, Jung-ku, SEOUL 150-982

Phone: +82 22670 9527
Fax: +82 2714 0662
E-mail: inter@metal.nodong.org
Website: www.kmw.or.kr

INDUSTRIALL SOUTH ASIA OFFICE
(India)

No. 5-E, Rani Jhansi Roa, New Delhi, 100 055 India
Phone: +91 11 4156 2566
E-mail: sao@industriall-union.org
Sudhershan Rao, M. Balasubramaniyan (Balu), Kuldeep Singh Dhanai,
Arvind Kumar Pandey, Sanjay Kumar Pandey

METALWORKERS' FEDERATION IN THE CZECH REPUBLIC – OS KOVO
(Czech Republic)

Nám.W.Churchilla 2
113 59 Prague 3
Phone: +420 222 540 307
Fax: +420 222 540 278
E-mail: Sakarova.Dana@cmkos.cz
Website: www.oskovo.cz

INDUSTRIALL CIS OFFICE
(Russia)

Str. 2, d 13, Grokholsky per., Room 203.
12090 Moscow Russia
Phone: +7 495 974 6111
E-mail: cis@industriall-union.org
Vadim Borisov, Natalia Afonina, Ilya Matveev

CONFEDERAÇÃO NACIONAL DOS METALÚRGICOS - CNM-CUT
(Brasil)

Av. Antártico, 480,
Jardim do Mar 09726-150
São Bernardo do Campo
SÃO PAULO
Phone: +55 11 4122 7700
Fax: +55 11 5584 8440
E-mail: internacional@cnmcut.org.br
Website: www.cnmcut.org.br

BIRLESIK METAL-IS
(Turkey)

Tünel Yolu Cad No. 2 81110 Bostanci
ISTANBUL

Phone: +90 216 380 8590
Fax: +90 216 373 6502
E-mail: international@birlesikmetal.org
Website: www.birlesikmetal.org

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA – UAW
(USA)

International Affairs Department
1757 N. Street, N.W.
WASHINGTON, D.C. 20036
Phone: +1 202 828 8500
Phone: +1 202 828 8550 (Kristyne Peter)
Fax: +1 202 223 6913
E-mail: kpeter@uaw.net
Website: www.uaw.org