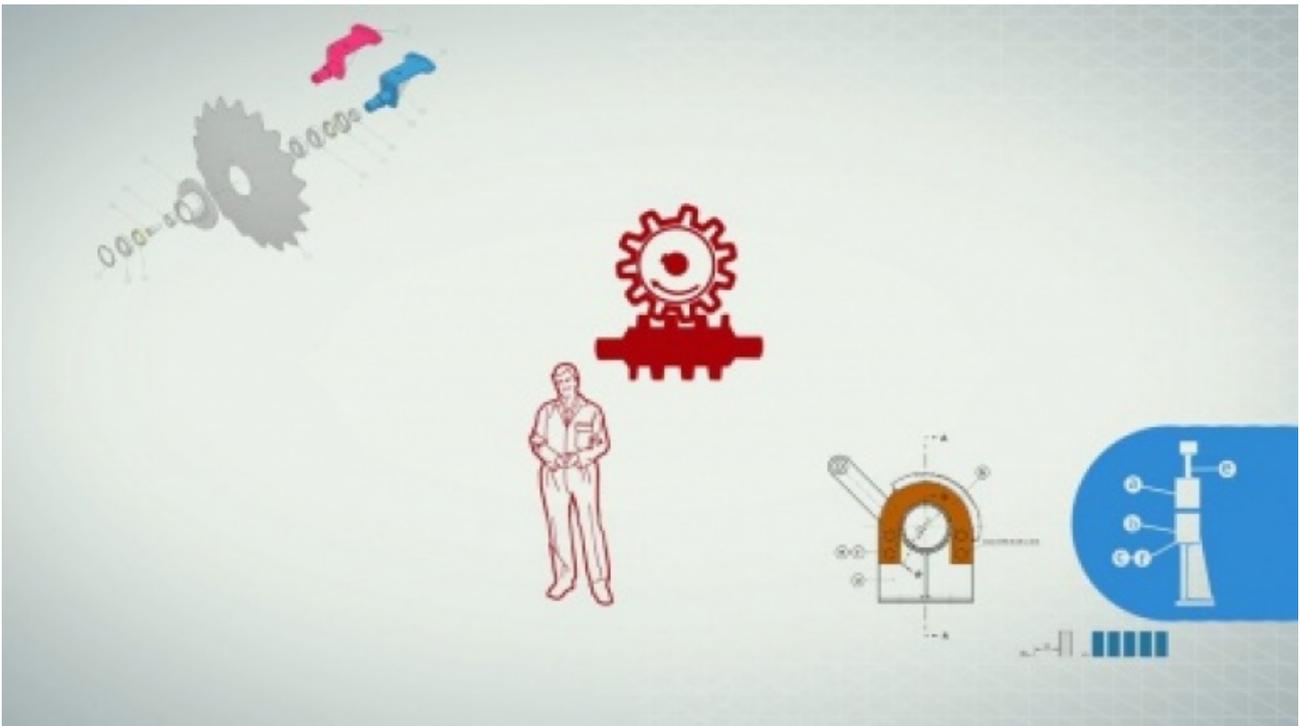




IndustriALL Global Union

World Conference for the Mechanical Engineering Sector

“Building Union Power” - Background report



**23-24 November 2015
Bern, Switzerland**

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1. Introduction

Since our last (former IMF) Global Mechanical Engineering Conference “Challenges in mechanical Engineering, Jobs – Organizing – Solidarity” which took place from 18 to 19 May 2011, our world has changed massively. The changes have been political, economic and cultural. On top, we face the still ongoing global economic and social crisis, which we have to tackle. We have seen an ever-stronger Chinese economic growth, which is now slowing considerably. The last one and a half decades made China and Asia very important players in the global economy. And not only as markets for North American, European and Japanese products, but also as big producers, especially in our segments. We face the environmental crisis (climate change) that affects our livelihood as a whole. And - last but not least – we face the attempts of global capital to re-arrange the political balance of power between capital and labour and to escape their responsibilities.

But we can affirmatively state that: within the trade union movement we have made enormous progress. We are now IndustriALL Global Union. The 2012 merger changed the global trade union map. In 2012 during IndustriALL’s founding congress the delegates adopted an action plan, which is also applicable for our sector. In this action plan we state:

“The founders of IndustriALL Global Union are taking a bold step towards a new era of global solidarity. Affiliates of the IMF, ICEM and ITGLWF combine their strengths and best traditions to create a global organization capable of challenging the power of multinational companies (MNCs) and negotiating with them on a global level. IndustriALL will fight for another model of globalization.”

For our sector, this is an important issue; we are confronted with very strong MNC’s. The IndustriALL Action Plan gives us the orientation for our global trade union work. The Action Plan was for our day-to-day work translated into five strategic goals. These are:

1. Build union power
2. Confront global capital
3. Defend workers’ rights
4. Fight precarious work
5. Ensure sustainable industrial employment

Any activity in every sector has to be in line with these five strategic goals. In our sector it is crucial to build union power in order to confront global capital (MNCs) if we want to defend workers’ rights. We need to fight precarious work because many MNCs use precarious work in order to undermine labour legislation and trade union power. Precarious work for us means all forms of employment that are not on-going and/or direct. Examples of precarious work include, but are not limited to: on-site contracting; direct hire on temporary labour contracts; hiring workers via agencies or brokers; outsourcing. Sustainability in our sector requires a sustainable industrial policy. Not only in terms of the environment, but also (and more importantly) in terms of “good”, qualified jobs and working conditions. Mechanical Engineering is predestined to help in making industrial and energy production as a whole more sustainable.

On top: We want safe working conditions and workplaces where our colleagues do not ruin their health.

In order to succeed, we decided at our founding congress, to

“Build union power by organizing all workers throughout supply chains into trade unions. Make organizing, recruitment and growth the leading theme in everything IndustriALL does, including trade union networks in MNCs, solidarity campaigns and union building projects.”

Later in this report we will talk about the tools, activities and campaigns we conduct in order to achieve the goals as set by our congress and executive committee. We will also have to discuss our sectorial action plan, having the five strategic goals in mind.

2. General Economic Environment:

The economic situation is the framework in which any industrial and trade union activity takes place. After the crisis hit the economy hard in almost all countries, the recovery is occurring at a varying rate in different areas of the world. When we are looking into GDP development for OECD and the other most important countries, the picture varies from country to country, from region to region.

For the time from 2009 until 2016 (2015 and 2016 are still forecasts), the OECD states for the most important countries a development for the GDP as shown below:

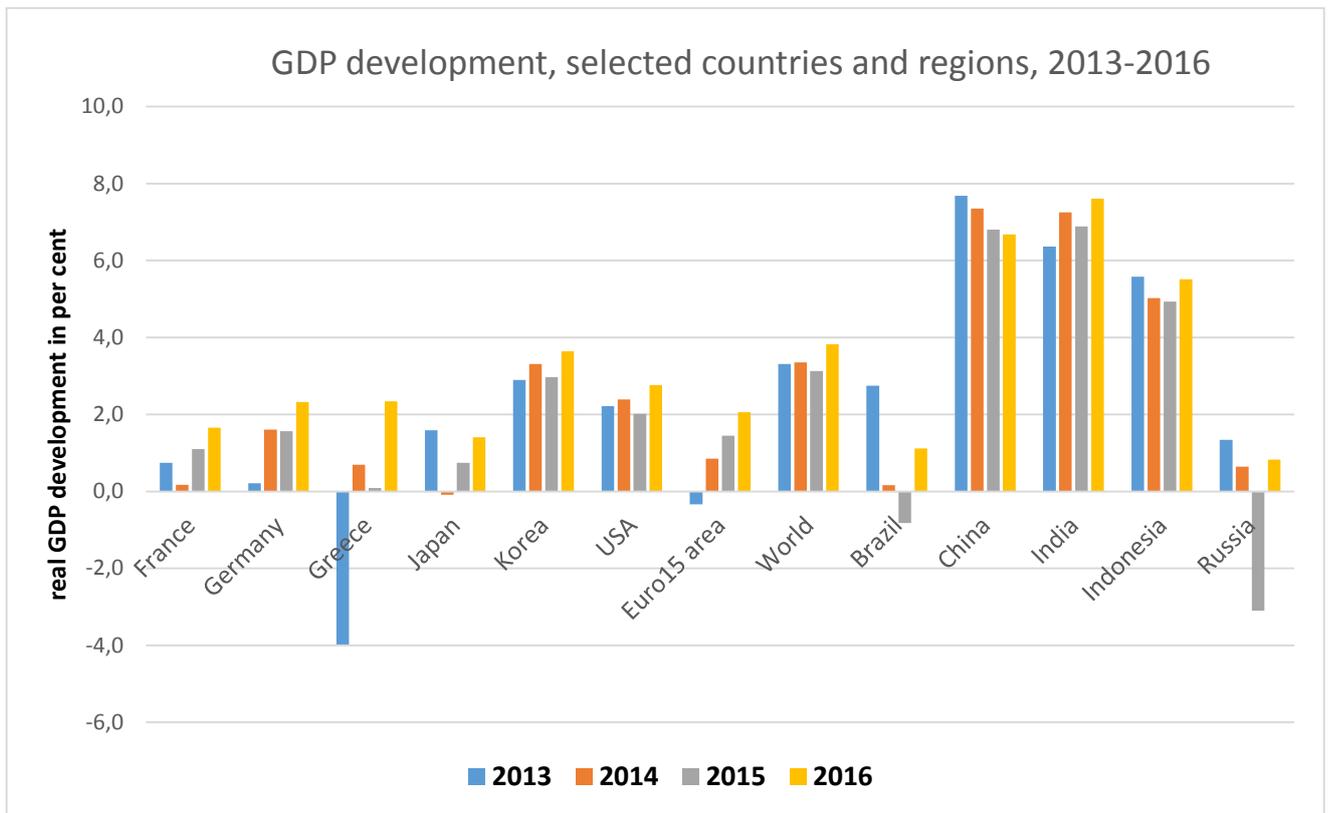
REAL GDP Percentage changes from previous years

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------|-------|------|------|------|------|------|------|------|
| Australia | 1,6 | 2,3 | 2,6 | 3,7 | 2,0 | 2,7 | 2,3 | 2,9 |
| Austria | -3,7 | 1,8 | 3,2 | 1,0 | 0,1 | 0,4 | 0,6 | 1,7 |
| Belgium | -2,6 | 2,5 | 1,6 | 0,1 | 0,3 | 1,1 | 1,3 | 1,8 |
| Canada | -2,7 | 3,4 | 3,0 | 1,9 | 2,0 | 2,4 | 1,5 | 2,3 |
| Chile | -1,0 | 5,7 | 5,8 | 5,5 | 4,3 | 1,8 | 2,9 | 3,7 |
| Czech Republic | -4,7 | 2,1 | 2,0 | -0,7 | -0,7 | 2,0 | 3,1 | 2,5 |
| Denmark | -5,1 | 1,6 | 1,2 | -0,7 | -0,5 | 1,1 | 1,9 | 2,3 |
| Estonia | -14,7 | 2,5 | 8,3 | 4,7 | 1,6 | 2,1 | 2,1 | 3,3 |
| Finland | -8,3 | 3,0 | 2,6 | -1,4 | -1,3 | -0,1 | 0,4 | 1,3 |
| France | -2,9 | 1,9 | 2,1 | 0,2 | 0,7 | 0,2 | 1,1 | 1,7 |
| Germany | -5,6 | 3,9 | 3,7 | 0,6 | 0,2 | 1,6 | 1,6 | 2,3 |
| Greece | -4,4 | -5,3 | -8,9 | -6,6 | -4,0 | 0,7 | 0,1 | 2,3 |
| Hungary | -6,5 | 0,8 | 1,8 | -1,8 | 1,7 | 3,6 | 3,0 | 2,2 |
| Iceland | -5,2 | -3,1 | 2,4 | 1,3 | 3,6 | 1,9 | 3,7 | 2,9 |
| Ireland | -6,4 | -0,3 | 2,8 | -0,3 | 0,2 | 4,8 | 3,5 | 3,3 |
| Israel | 1,6 | 5,7 | 4,2 | 3,0 | 3,4 | 2,8 | 3,4 | 3,5 |
| Italy | -5,5 | 1,7 | 0,7 | -2,8 | -1,7 | -0,4 | 0,6 | 1,5 |

| | | | | | | | | |
|-------------------------------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| Japan | -5,5 | 4,7 | -0,5 | 1,7 | 1,6 | -0,1 | 0,7 | 1,4 |
| Korea | 0,7 | 6,5 | 3,7 | 2,3 | 2,9 | 3,3 | 3,0 | 3,6 |
| Luxembourg | -5,4 | 5,1 | 2,6 | -0,1 | 2,0 | 3,0 | 2,7 | 2,9 |
| Mexico | -4,5 | 5,1 | 4,0 | 3,8 | 1,7 | 2,1 | 2,9 | 3,5 |
| Netherlands | -3,3 | 1,0 | 1,7 | -1,6 | -0,7 | 0,9 | 2,0 | 2,2 |
| New Zealand | 0,5 | 2,0 | 1,4 | 2,9 | 2,5 | 3,1 | 3,4 | 3,0 |
| Norway | -1,6 | 0,6 | 1,0 | 2,7 | 0,7 | 2,2 | 1,2 | 1,5 |
| Poland | 2,6 | 3,7 | 4,8 | 1,8 | 1,7 | 3,4 | 3,5 | 3,7 |
| Portugal | -3,0 | 1,9 | -1,8 | -4,0 | -1,6 | 0,9 | 1,6 | 1,8 |
| Slovak Republic | -5,3 | 4,8 | 2,7 | 1,6 | 1,4 | 2,4 | 3,0 | 3,4 |
| Slovenia | -7,8 | 1,2 | 0,6 | -2,6 | -1,0 | 2,6 | 2,1 | 1,9 |
| Spain | -3,6 | 0,0 | -0,6 | -2,1 | -1,2 | 1,4 | 2,9 | 2,8 |
| Sweden | -5,1 | 5,7 | 2,7 | 0,0 | 1,3 | 2,3 | 2,8 | 3,0 |
| Switzerland | -2,1 | 3,0 | 1,8 | 1,1 | 1,9 | 2,0 | 0,8 | 1,7 |
| Turkey | -4,8 | 9,2 | 8,8 | 2,1 | 4,2 | 2,9 | 3,1 | 3,9 |
| United Kingdom | -4,3 | 1,9 | 1,6 | 0,7 | 1,7 | 2,8 | 2,4 | 2,3 |
| United States | -2,8 | 2,5 | 1,6 | 2,3 | 2,2 | 2,4 | 2,0 | 2,8 |
| Euro area (15) | -4,5 | 2,0 | 1,7 | -0,8 | -0,3 | 0,9 | 1,4 | 2,1 |
| OECD - Total | -3,4 | 3,0 | 1,9 | 1,3 | 1,4 | 1,8 | 1,9 | 2,5 |
| World | -0,5 | 5,4 | 4,2 | 3,3 | 3,3 | 3,3 | 3,1 | 3,8 |
| Brazil | -0,2 | 7,6 | 3,9 | 1,8 | 2,7 | 0,2 | -0,8 | 1,1 |
| China (People's Republic of) | 9,2 | 10,6 | 9,5 | 7,7 | 7,7 | 7,4 | 6,8 | 6,7 |
| India | 5,4 | 11,1 | 7,7 | 5,2 | 6,4 | 7,2 | 6,9 | 7,6 |
| Indonesia | 4,7 | 6,4 | 6,2 | 6,0 | 5,6 | 5,0 | 4,9 | 5,5 |
| Russia | -7,8 | 4,5 | 4,3 | 3,4 | 1,3 | 0,6 | -3,1 | 0,8 |
| South Africa | -1,5 | 3,0 | 3,2 | 2,2 | 2,2 | 1,5 | 1,9 | 2,2 |

These numbers are working-day adjusted and hence may differ from the basis used for official projections
Source: OECD Economic Outlook 97 Database, July 2015.

The above figures show that the Euro area, Russia and Turkey were really strongly hit by the crisis which broke out in the summer of 2007 and lasted at least until 2009 and in several countries longer, as the figures indicate. This crisis and the resulting risks are still present. A financial sector-driven bubble is a risk for the global real economy (as seen recently in China). Several countries will still suffer for years from this crisis. If we compare the different “speeds” of economic recovery, we see that the emerging countries have fewer difficulties in tackling the consequences of the crisis than the mature economies (and in fact they were in many cases not affected as much as these economies). But be careful: the Chinese development over the last two years has also shown quite clearly that no economy is immune. And in principle we have to keep in mind that today’s emerging markets are tomorrow’s mature markets. So, growth rates of 1.5 to 2.0 per cent on global level are more likely than what we have seen in the past.



Source: OECD Economic Outlook 97 Database, July 2015, graphic: own

Source data: see below (change of GDP in per cent, 2013-2016)

| | France | Germany | Greece | Japan | Korea | USA | Euro15 area | World | Brazil | China | India | Indonesia | Russia |
|------|--------|---------|--------|-------|-------|-----|-------------|-------|--------|-------|-------|-----------|--------|
| 2013 | 0,7 | 0,2 | -4,0 | 1,6 | 2,9 | 2,2 | -0,3 | 3,3 | 2,7 | 7,7 | 6,4 | 5,6 | 1,3 |
| 2014 | 0,2 | 1,6 | 0,7 | -0,1 | 3,3 | 2,4 | 0,9 | 3,3 | 0,2 | 7,4 | 7,2 | 5,0 | 0,6 |
| 2015 | 1,1 | 1,6 | 0,1 | 0,7 | 3,0 | 2,0 | 1,4 | 3,1 | -0,8 | 6,8 | 6,9 | 4,9 | -3,1 |
| 2016 | 1,7 | 2,3 | 2,3 | 1,4 | 3,6 | 2,8 | 2,1 | 3,8 | 1,1 | 6,7 | 7,6 | 5,5 | 0,8 |

| | France | Germany | Greece | Japan | Korea | USA | Euro15 area | World |
|------|--------|---------|--------|-------|-------|-----|-------------|-------|
| 2013 | 0,7 | 0,2 | -4,0 | 1,6 | 2,9 | 2,2 | -0,3 | 3,3 |
| 2014 | 0,2 | 1,6 | 0,7 | -0,1 | 3,3 | 2,4 | 0,9 | 3,3 |
| 2015 | 1,1 | 1,6 | 0,1 | 0,7 | 3,0 | 2,0 | 1,4 | 3,1 |
| 2016 | 1,7 | 2,3 | 2,3 | 1,4 | 3,6 | 2,8 | 2,1 | 3,8 |

In this situation, many governments try to seek locational advantages in order to attract investments. This leads to a race to the bottom with regard to working conditions, health and safety provisions and environmental legislation. One of the worst examples was the employer-driven discussion in the ILO whether the right to strike should not be deleted from the list of fundamental rights. Other examples are “right-to-work” (more, for less pay, MH) states in the USA and low wage production zones in Mexico. MNCs demand cheap labour; many governments assist them in order to attract investments. But we in mechanical engineering know: Real value is only generated through real work. Also in the 21st Century value is generated by the women and men who create and build tools, engines, machines, lifts, escalators, generators et cetera. So it is crucial that the workers raise their voice in order to get their share.

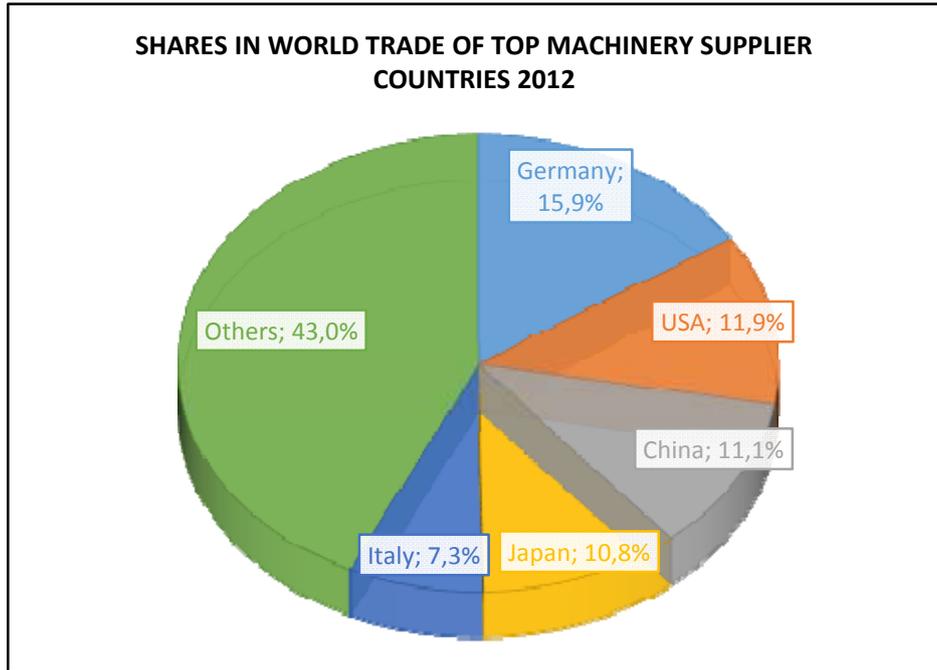
The Mechanical Engineering section covers a wide range of sub-segments including “classical” mechanical engineering, wind energies, power generation, agricultural, mining and construction machinery, tools production, and lifts and escalators. All of these segments are undergoing rapid change due to technological advances, robotics and ‘Industry 4.0’ ideas about computerizing manufacturing. Another major issue is shifting production, with new products, and plant relocation. Mechanical engineering is crucial to tackling the challenges of a changing world through a sustainable industrial policy. The industries are at the heart of discussions on sustainability, climate change and energy matters. All these directly affect employment, working conditions, fundamental rights and labour relations in our sector. Over the last years we focused on some specific segments, following the decisions made in Cincinnati in 2011:

- We worked intensively in the Agricultural and Construction machinery segment
- We strengthened our work in the lifts and escalators segment.

We must keep in mind that mechanical engineering is a highly specialized sector, where we find a number of huge multinationals. And the sector is also one of the most globalized sectors for two reasons:

1. We do not have many countries with a big mechanical engineering “tradition” which means that quite frequently (at least in the recent past) many of the products were built for export purposes. So, we have a long tradition of export-oriented countries/economies in our sector.
2. On the other hand there is a much faster growth in emerging economies and Asia, China and India whereas also here many new production facilities have been built up to not only fulfill local needs and demands, but also for export purposes.

Technological advantages and progress are major drivers in our sector. In some segments (i.e. lifts and escalators) today already more than 50% of the market is located in Asia (with respect to demand AND production). This means that “our” sector faces the changes of a globalizing economy perhaps even earlier and faster than other sectors.



Source: VDMA, Germany, Graphic: own

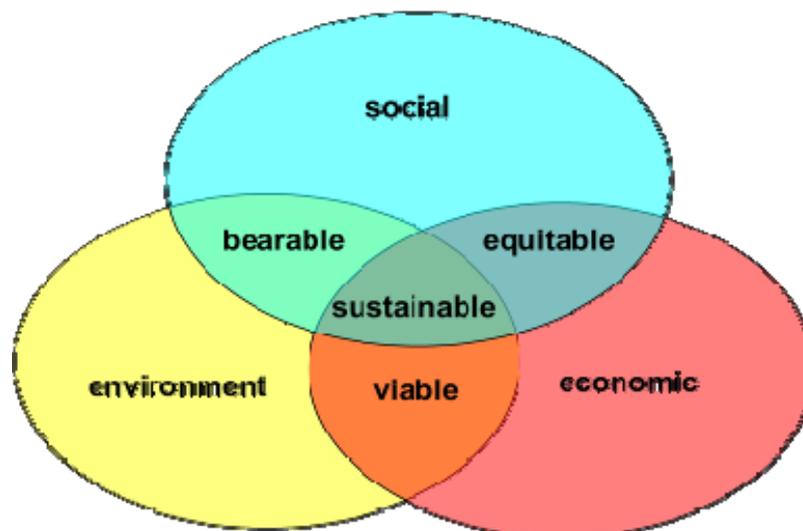
When looking into these figures from 2012, it seems that China is not so big with respect to mechanical engineering, but one has to keep in mind that it is also an important market (with regard to demand) and China entered into the market only in the early 2000s and started from less than 3% in 2002.

3. Sustainability and Sustainable Industrial Policy

Since the 1980s the word “sustainability” has been used in the sense of human sustainability on planet Earth and this has resulted in the most widely quoted definition of sustainability as a part of the concept **sustainable development**, that of the Brundtland Commission of the United Nations on March 20, 1987:

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

Sustainability according to the UN definition:



Sustainability is “only” the core part where all three spheres (environment, economy and social dimension) are respected as necessary. Today’s political discussion is often only reduced on the ecological consequences of industrial activity. For us as a global trade union it is crucial to insist on the social (and also economic) dimension as an integral part of sustainability. Mechanical Engineering is one of the main drivers of technological progress, of industrial and technological development and hence of economic growth and of limiting potential threats for the environment. Hence one of the core questions will be how we manage to fulfil the growing demand for industrial products and mechanical engineering and still not harm the environment, or even better: help reduce damage and harm that have been already inflicted upon our environment. And additionally, we want and we need safe workplaces and decent working conditions for the people who work in our sector, no matter if directly employed or as a contracted/subcontracted workforce).

Sustainable industrial policy starts exactly here. Production dislocation may seem an easy way out and has happened largely over the last decades, but a dislocation of mechanical engineering to regions where labour and environmental regulations are less strict will not solve any problem: We have but this single planet, and environmental damage afflicts our joint planet earth no matter where it happens. Exactly here *sustainable industrial policy* begins: We want the best technology with the lowest carbon emissions as near to the customer as possible (and “clean” technologies as well, whenever possible. We want the best working conditions for the workers in mechanical engineering, no matter whether they live and work in Mexico, China, Indonesia, the USA or

Europe. For us it does not matter if directly employed or employed via agencies and/or subcontractors or services. And we want the best occupational safety and health measures for all these workers in the plants and in logistics and services. This is sustainable industrial policy. This differs our concept of sustainable industrial policy from today's cheap talk of mere "environmental protection" or voluntary standards, adopted by the MNCs. That is one more reason why we as IndustriALL Global Union strive for Global Framework Agreements (GFAs), including strong language regarding environmental standards, labour standards, occupational health and safety and whenever feasible the installation of Trade Union Networks.

So, IndustriALL is wise enough to focus on sustainable industrial policy and for us it is absolutely crucial to remind governments and also MNCs that they need the workers. The IndustriALL Executive Committee's decision to make "Ensure sustainable industrial employment" one of our five strategic goals is the result of a broad discussion among and with our affiliates and this will also be one of the focuses in the Mechanical Engineering sector in the years to come.

4. Precarious Work in Mechanical Engineering

MNCs are producing partly in very many countries and often use platform systems in order to be more flexible and facilitate the shift of production. At the same time specific steps of pre-production and assembling often are outsourced and/or run with contractors. Outsourcing and subcontracting may not be too widespread in knowledge based development and production, but at the same time many services are outsourced. And these outsourced employees have very often less pay, worse working conditions, poor or no trade union representation and often as well no CBA. The multinationals state that these employees are not their responsibility, but actually this is not the case, since very often they are former direct employees.

And it is also true that companies, when relocating production, seek to buy cheap(er) labour: Management not only “follows the market demand” as they often say. Today’s MNC’s footprint is only partly driven by market demands, although it is true that the market growth over the last 1 ½ decades took place mostly in South Asia and Asia-Pacific. But managers create the pressure on wages, labour legislation and CBAs, including direct and organized labour. Quite often management of multinationals play off the workers in one country or continent against the other. A common employers’ demand for “flexibility”, which is often not much more than a cost reduction program on the back of the workers: Flexibility with respect to working times, wages, training, et cetera, but not better wages, higher OH+S standards and so on.

If a company outsources services and/or work, then this happens mostly in order to save money. We talk about on-site contracting; direct hire on temporary labour contracts; hiring in labour via agencies or brokers; outsourcing. These forms of outsourcing and subcontracting are almost unlimited: It goes from preassembling of parts through transport, loading/unloading, processing, but also maintenance, services, distribution, etc. All these forms are prone to precarious work. What do we mean by precarious work? We are talking about forms of employment that are not directly linked to the mechanical engineering company but are still linked to the production process (throughout the value creation chain). If we put it all together, we see that literally every part of the production process can be affected. It is IndustriALL’s aim to

“Campaign for legislation, collective agreements and agreements with MNCs to regulate and restrict the use of precarious workers, and to guarantee equal pay and conditions, social benefits and the right to join a union to all workers, including homeworkers, regardless of their employment status (...), Promote unionization of precarious workers...”

One of IndustriALL’s goals is to fight precarious work; we are fighting for good jobs, decent working conditions and the rule “**same work – same pay**”. Agency workers, subcontractors, earn less than regular, directly employed workers. Maybe some of us think that this does not affect us. But be aware: If a company today manages to make the contract worker cheap for lower wage in the same plant, why should they keep the more expensive direct worker? Only skills and strong trade unions can be the answer: If we enable precarious workers to unionize we do not do it for their sake but for all workers’ sake.

Keep in mind: Precarious work generates extra profit for shareholders. But it creates extra-pressure on wages and working conditions. Precarious work is one of the biggest challenges for trade unions in the 21st century. Contract and outsourced labour, precarious work, is not a question of flexibility. We are talking of a strategy that is used by companies in order to shift all the risks of globalization to the employees. Our response to these attempts has to be strong and effective: We have to strengthen our organizing efforts. And we have to target the whole value creation chain. Everywhere workers are affected by pressure on their wages and living conditions; we have to organize them all in order to give them a strong voice.

5. Occupational Safety and Health in Mechanical Engineering

Working conditions in mechanical engineering are almost as widespread as the sector itself. We have “classic” plants where industrial production takes place on a great scale and often with standardized methods. At the same time we find sites and plants where single products are “tailor-made” almost in handcraft manner. We have high-tech production and knowledge-management (“digitization of manufacturing” > see European project) side by side with classical machinery and tools engineering production.

Last not least we have (and this part of business is becoming more important when markets are saturated/mature) technicians and service technicians who work in installation, maintenance and repair of often tailor-made products. This is a very important part in lifts and escalators, agricultural, construction and mining equipment. These “service technicians” are working under totally distinct conditions and face different challenges and risks than the colleagues who work in a “traditional” plant.

This has consequences also for the occupational safety and health situation. In a plant you may face rather “traditional risks like heavy loads, hard work, continuous production (twenty-four-seven, 365), shift work, heat, maybe hazardous materials. As “service technician” you are rather exposed to stress-related risks and for example total control through gps-tracking systems. All employees are exposed to stress and the risk of accidents. MNCs undertake efforts to improve the accidental situation in the plants. There is even a kind of competition to reduce accidents. MNCs generally provide (at least) direct workers with sufficient PPE (personal protection equipment) in order to keep them unharmed. An “ideal” circle of intervention on behalf of workers’ occupational safety and health in our sector could look like this:



When most companies follow more or less such an approach, then why do we still have so many health problems with mechanical engineering workers?

- Companies often do work very hard on accident prevention. Companies (under local and national regulations) are obliged to pay for consequences of an accident. Even special bonuses for managers who succeed in having no accident in their plant or area occur. But exactly these bonuses lead to the unwanted effect that often accidents are not properly reported. Employees are urged to come to work or to take sick leave so that the bonus is not in danger. So workers are put under pressure not to report.
- Regarding occupational health measures we find a slightly different situation. The illnesses often occur only after a long working life (i.e. muscular diseases, arthritis or stress related diseases). Hence companies sometimes want to conceal their own responsibility.
- Some of the stress related illnesses are consequences of company's "flexibility" efforts: in order to meet market demands, working times are changing continuously (shift systems, working time accounts etc.). In order to not have "too many" workers on board in times of weak demand, MNCs tend to be "undermanned" in times of strong demand. And for the "service technicians" the flexible (work on demand) working forms are often even more stressful (especially in combination with tracking systems or one-person "working groups").
- In most events companies try to deny any responsibility for "their" outsourced, precarious workforce. These most vulnerable employees remain unprotected. They do not belong directly to the company: So the management often does not care – which is a crime.

6. Trade Union Networks and Global Framework Agreements

Why should IndustriALL strive for Global Framework Agreements (GFAs)? What is the added value of a Trade Union Network – and for whom? Only if we can answer this question, we will be able to create and use these instruments successfully. In 2012, IndustriALL set up a working group in order to clarify how we want to use these instruments in the future. We have made progress: We have today guidelines and procedures. The Executive Committee has decided and we have to keep in mind that our activities have to be in line with our five strategic goals¹.

So, we have to ask whether these instruments contribute to these goals or not. This is not the case for every GFA that is today in force. But we are working on it and we will – little by little – transform also the so-called “first generation GFAs” into real GFAs in line with our guidelines.

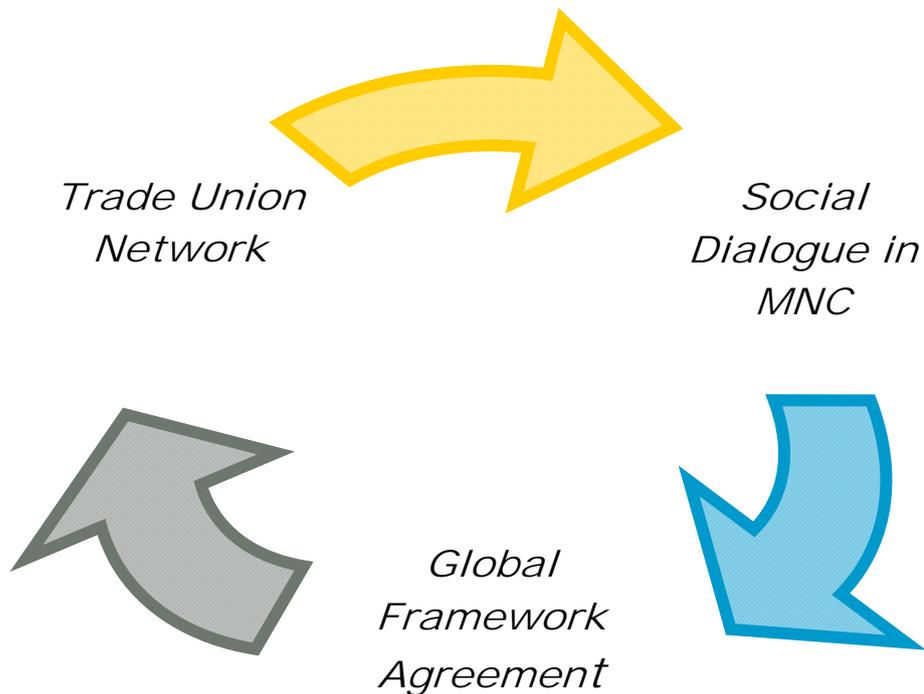
Why do we work with trade union networks, Global Framework Agreements and social dialogue? We want to achieve something for the good of the workers in the different countries. And this is not only an issue because we want to achieve something of moral value, but because this is for the good of all employees in the world. In times of globalization there will be no place to hide. If an MNC succeeds in playing the outsourced workers in country X off against the core labour force in country Y, the company will continue the process in the rest of the world. If a company can execute trade union busting in the USA, without being challenged and counter fought, the company will do the same tomorrow in Europe; so, nobody can lean back and say: “I am not affected; this happens only in Asia or Africa or...”

But how do we achieve the exchange of experiences and information? As far as our experience shows, MNCs are more and more under the public eye of “institutional investors”.² Therefore they need to prove that they are following ethical (minimum) standards in their practices. More crucial: Publicly traded MNC’s cannot afford bad publicity (i.e. sustainability, environmental, gender and similar issues). It is not necessarily the case that companies really want to change their *practice*, but they do want to improve their *image*. This is one of the consequences of globalization-sceptic discussions during the last decade. From our experience, companies tend to whitewash themselves if we do not play the role of an effective counterpart in monitoring their global activities. The general idea is to convince the MNCs to discuss with IndustriALL in order to involve their employees worldwide into their discussion and decision-making processes. It is a Three-Step-Development:

- We initiate Global Trade Union Networks. Here we organize an exchange of information, of expertise and of discussions. We also organize solidarity actions and other company-related activities.
- If the Trade Union Network is stable, we intend to open the dialogue with the company: We offer to search for joint solutions for conflicts and problems. Companies are invited to enter into an open dialogue with the Trade Union Network and us.
- As soon as the affected MNC sees the added value of such a dialogue, we can also transform this dialogue into an institutionalized system: We negotiate a Global Framework Agreement (GFA).

¹ 1.Build union power; 2. Confront global capital, 3. Defend workers' rights, 4. Fight precarious work, 5. Ensure sustainable industrial employment

² i.e. pension funds, other institutional shareholders or ethical rating agencies, who ask for “clean” business practices and/or Corporate Social Responsibility (CSR) issues.



But this procedure can also take place the other way round: From a functioning global or regional dialogue (or a regional network, i.e. a European Works Council – EWC) we start the negotiation process in order to achieve a GFA, following our guiding principles, as adopted by the Executive Committee.

Once the GFA is signed, we improve the working conditions for an existing trade union network (or initiate one). There is no general rule where the process starts. But the overall aim is: We want to create a toolbox for organizing efforts of our affiliates in order to give them support in their day-to-day work. So the topics that are in common for all our networks are:

- Solidarity activities
- Internal exchange of information and expertise
- Facilitation of organizing activities.

In other words: Trade Union Networks and Global Framework Agreements are not meant to be just “nice to have”; they are tools to enable or at least facilitate organizing activities in the countries where the MNC’s are present. Global dialogue activities in MNCs, Trade Union Networks and GFAs together are a set of activities to strengthen union presence in GFAs.

If we follow these principles and rules, networks, GFAs and social dialogue can contribute to our five strategic goals.

In the Mechanical Engineering Sector, we have more networks than GFAs. For the time being we can report about:

▪ **SKF**

SKF is a Sweden-based MNC with app. 48’000 employees all over the world (strongholds in Sweden, Germany, North America, and China). The company is active in Mechanical Engineering, mostly different types of bearings. SKF has very strong trade union representation in Sweden and Germany, and also in Europe. In most countries there is a trade union representation (Asia mostly company trade unions, Mexico “protected” union).



SKF trade union committee, 09.10.2014

In SKF, we have a strong and active World Union Committee (world works council). The first GFA (actually we are talking about a co-signed Code of Conduct) was initiated, negotiated and signed by the WUC (World-Union-Committee) chair with the MNC's CEO. The GFA is a typical "first generation GFA". This MNC has strong works council and trade union structures in the group (and also on board level). SKF agreement dates back from 2003. The company practice is said to be far better than the agreement. The WUC ("world union committee") has its own agreement and also replaces the EWC. So, there is no direct link between the WUC and the COC (the Code of Conduct itself was also not discussed in the WUC). The WUC is led by the Swedish representatives from IF Metall.

▪ **GEA**

GEA is a Germany based MNC. GEA is active in process technology and components for sophisticated production processes. The group employs app. 25'000 workforce all over the world, with a strong footprint in Europe. Trade Unions strong mostly in Europe. The GFA (rather "Codes of Conduct") was signed in 2003 by the EWC. IMF at that time only "co-signed" this agreement. The agreement was "confirmed" in 2007. It is a typical first-generation GFA. The wording itself is not so bad after all: The agreement acknowledges the company's social responsibility, its support of and compliance with "internationally accepted human rights", and the basic right of all employees to establish and join unions and employee representations. More important: Amongst other items, the GFA stipulates that ILO Conventions No. 87 (Freedom of Association) and No. 98 (Right to Collective Bargaining) will be respected. But unfortunately we do not have a strong trade union network that could help improve this GFA at this stage.

▪ **ThyssenKrupp**

ThyssenKrupp is a German multi-branch MNC with a strong footprint in mechanical engineering (i.e. lifts and escalators, technological solutions), but also in other activities like steel and other. The group employs actually app. 160'000 people. The group has a strong workforce representation in Europe: Trade unions and works council representation on different levels: works councils, group works council, European Works Council (EWC). On top, according to German legislation, there is a trade union supervisory board representation in place. The ThyssenKrupp GFA negotiations started already before IndustriALL was founded but then slowed down. Negotiations were revived in 2012/2013. The agreement was discussed in accordance with our guidelines. During the negotiations even the draft agreement could be used to help solve conflicts in different

countries. The contents of the GFA are in accordance with our guidelines. Finally, the GFA was signed in March 2015³. For the time being, we do not have a global union network in place, but a strong European Works Council (EWC) under German legislation. The committee which was founded in order to monitor this first New Generation GFA in mechanical engineering has already met once and started discussion with the management about an appropriate system of lodging complaints.

Networks and working groups (only a small selection out of the last four years):

IndustriALL is working with a couple of networks in the mechanical engineering sector. These networks are seen as nucleus of future trade union networks in order to achieve a continuous social dialog with the MNC and/or starting point for a future GFA. Here you find a small selection of our meetings during the last years.

▪ **Construction and Mining Equipment and Agricultural Machinery meeting, November 2012:**

Here companies and targets were set for the mechanical engineering sector. This was a strategic meeting in order to select specific sub-sectors where IndustriALL starts activities. From here we started our activities in the sector and also worked on our strategic planning. We chose sub-sectors, started mapping-activities and initiated progress in the sector. Some of the outcomes of this conference found an echo in the Caterpillar and John Deere networks and others. General statement and finding of this meeting at that time was: Same work – Same pay – Same Working Conditions This first meeting on construction and mining equipment and agricultural machinery. Had a great impact on our sector. The participants, who met to examine the building of trade union networks, also had intensive discussions on the need to fight against unregulated and unfair work/agency work/contract work. They quickly came to the conclusion that the existing and new trade union networks should be used to emphasize the “Fight against Precarious Work” in the IndustriALL Action Plan. The examples presented by some of the participants showed that this fight can bring positive results and the workers concerned welcome the improvements achieved because they feel that these help them a great deal to plan their lives. In spite of these partial positive successes however it also became clear in the discussion that the path to a complete elimination of precarious work will be rocky and difficult. The participants committed themselves to strengthening their own action against precarious work and decided to intensify their fight in this area together with IndustriALL Global Union. For the participants at this meeting, ensuring secure and fair working and living conditions for all workers in all regions of the world was the primary objective to be achieved. Several activities were planned. Some of them also were taken up in the strategic planning for the sector.

▪ **Caterpillar**

We work with **Caterpillar** and created a Global Network that meets regularly and exchanges about several issues. During the last meeting (June 2015) an action plan was adopted. Network meets annually. Last meeting took place 10-11 June 2015 in Brussels:

Caterpillar Trade Union Network adopts ambitious activity plan

On 10 and 11 June in Brussels, more than 30 Caterpillar trade union delegates from four continents met and agreed on future steps to be taken by the network.

The Caterpillar Trade Union Network covers almost every continent where Caterpillar upholds operations today. Trade unions from North America, Europe, Asia and Australia are actively involved, while those from India and Latin America also invited to join. All delegates reported about

³ Agreement attached at the end of this report

bad labour practices within the Caterpillar group throughout the world. Not only that Caterpillar management is anti-union, on top they are harassing employees willing to organize in many countries.

Caterpillar is a market leading US multinational manufacturer of construction and mining machinery, engines and other mechanical engineering.

Mass redundancies and replacement of regular work with various forms of precarious work are seen almost everywhere throughout the world at Caterpillar. In some countries people are so scared that they do not even dare to visit with trade unions and union organizers during the weekend and in secret locations. This behaviour is unacceptable to Caterpillar's trade union counterparts, and the network will take action.

Representatives especially from the UK, USA and Australia committed their support to organizing efforts together with IndustriALL Global Union in the future, when and where needed.

Delegates also agreed to improve the cooperation between the existing European Works Council (EWC) and the global level. There will be regular exchange of information. The participants also agreed to continue and deepen a mapping exercise together with the Australian IndustriALL affiliate AMWU in order to build a more comprehensive view of where the company is active and where solidarity activities are necessary.

Tim Bressler from UAW who chaired the meeting on behalf of Vice President Norwood Jewell was impressed by the willingness of network participants to contribute and to take up workload on top of their day-to-day duties.

Tony Murphy from British union Unite also stated that the network has made a lot of progress over the last years. He emphasized as real progress the fact that the network this year adopted a clear working plan with goals and duties with participants committing to deliver outputs on specific dates.

Matthias Hartwich, IndustriALL Director of Mechanical Engineering, states:

"Now that we have a work plan connected with specific tasks, goals and a clear idea where we want to be at specific dates, we send a clear signal also to the management of anti-union companies that we will not leave you alone. There is no place to hide for you. We will be there. But at the same time we offer our hand to install a fair social dialogue with the management in order to solve open within Caterpillar."

▪ **John Deere**

We also created a Global network in **John Deere** which also meets regularly and started operating and entered into an exchange. This network met also in June 2015 in Brussels and adopted a new action plan.

John Deere trade union network strengthens strategy

Participants from IndustriALL Global Union affiliates in North America, Spain, Finland and Germany met in Brussels on 8 and 9 June to advance IndustriALL's John Deere trade union network.

Participants agreed on concrete steps to improve collaboration and strengthen the network at the American based and globally acting manufacturer of agricultural, construction and forestry machinery.

The representatives discussed the different trade union and works councils' representation systems at the company, as well as the various systems of apprenticeship and vocational training. This helps to understand why some things work perfectly in the one country and not in another.

Participants adopted a joint working platform, called the IndustriALL John Deere Network Guidelines and Principles, which define the objectives of the network as:

- deepening the exchange of information between countries;

- working together to promote workers' rights at John Deere as well as its dealers and distributors, suppliers and sub-contractors throughout the world;
- developing joint initiatives in support of collective bargaining and union building (organizing).

The network is led by UAW, represented by UAW Vice President Norwood Jewell and IG Metall's Torsten Jann, together with IndustriALL's director of mechanical engineering and materials industries Matthias Hartwich.

"Though still small, the network participants understand the need to act globally. The discussions were not only fruitful but held in good spirits and in solidarity. And – which makes me even happier – the new guidelines are absolutely in line with IndustriALL's strategic goals. So, I am looking forward to being a part of this network and seeing it grow," said Hartwich.

Tasks will be distributed among the network with different working areas being hosted by different participants. Unfortunately, representatives from Brazil and India were unable to attend the meeting, but will be on board in the future.

UAW representative Joe Morel who visited the network, said:

"I am pleased to see the quick progress you have made in your network. I have seen other networks who have struggled for a very long time to achieve the common understanding you have reached in a very short period."

Tim Bressler, who chaired the meeting on behalf of UAW Vice President Norwood Jewell, said he was happy with the results achieved over the two days in Brussels and looked forward to working with the network in the months to come.

- **Crown:**

The sector supported a global campaign against American beer can manufacturer Crown. The company damaged the lives of IndustriALL members in Canada, Ghana and Turkey. USW Local 9176 stood strong throughout a 22-month strike that stopped the company busting the union. An agreement was reached at Crown in Canada in July 2015.

- **Lifts and escalators:**

We had two network meetings for lifts and escalators sub-segment and created a branch network. The last meeting took place in Vienna, Austria, from 11- 12 November 2014. There we decided strategically how we want to work in the future in this important sub-sector:

IndustriALL unites lift and escalator workers to act globally

In a meeting organized by IndustriALL Global Union, Lifts and Escalators workers from the "Big Four" met in Vienna on 11 and 12 November 2014 and adopted the "Vienna Declaration" to improve working conditions in the sector. Thirty-six trade union reps from 13 countries worldwide came together to strengthen network activities.

All the "Big Four" were there: Otis, Kone, Schindler and ThyssenKrupp. Worker representatives, European Works Council members and trade union representatives jointly discussed the situation of the industry and also the necessities for safety, health and decent working conditions in the sector. At the end of the meeting, participants unanimously adopted the "Vienna Declaration".

In their declaration the lifts and escalators' workers demand:

- Measures to meet increasing workload and work related stress
- An effective mitigation or at least regulation of subcontracting, alongside a joint fight against precarious working conditions in line with the principle: same work, same conditions
- An end to surveillance/GPS tracking of employees

- Joint initiatives for occupational health and safety to ensure a safe and healthy working environment for the employees in the industry
- Binding rules and standards to regulate subcontracting and maintenance of lifts and escalators (with respect to scope, content and frequency).



Lifts and escalators network

But, as the sector chair, Rainer Wimmer, who is also chair of IndustriALL's Austrian affiliate ProGe, stated:

"We do not just complain. We are also ready for social dialogue with the employers to improve working conditions and to bring about sustainable industrial workplaces in the sector. We are striving for decent work for lifts and escalators' employees, no matter whether permanent or sub-contract workers. I am proud that the group adopted the Vienna declaration which also gives answers to the needs of our sector."

Besides the discussions, delegates also took the time to send a message of solidarity to OTIS workers in Victoria, Australia who have been locked out for several weeks.

Participants also debated the possible consequences of the TTIP (free-trade) agreement, which is being negotiated behind closed doors between the EU and the USA. The core areas of concern were:

- The need for a transparent discussion and negotiation process
- Full compliance with ILO core conventions (especially on occupational health and safety)
- Social security must come before free trade
- The TTIP must not undermine national worker legislation
- Workers' organizations must be heard before negotiations are finalized

In view of the multiple discussions and commitments made during this network meeting, Matthias Hartwich, Director in charge of the sector within IndustriALL, stated:

"I am happy to see that our group went beyond just lip service, but committed to continue with strengthening the trade union company networks. Participants also committed to cooperate with the existing European Works Councils. With designating contact persons, we made a further step to make the networks operational. On top of that, we started an exchange over organizing efforts and successes. There is a long and winding road ahead of us, but now we are on the way."

Strikes, struggles and solidarity actions in the sector have included a successful strike in the UK by 300 Unite the Union members, engineering service workers, at Finnish lift company Kone. The strike in May 2015 protested the use of a tracker system the company used to measure workload.

Australian affiliates of IndustriALL, EPU (part of CEPU) and AMWU won a 14 per cent wage increase at Otis Elevators. Workers were locked out for eight weeks after they voted down a non-union agreement that would slash pay and conditions. A 3.5-year agreement was reached in December 2014.