

INITIAL ASSESSMENT BY THE UK NATIONAL CONTACT POINT FOR THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES: COMPLAINT AGAINST AN INTERNATIONAL MANUFACTURER PLANNING TO RESTRUCTURE ONE OF ITS UK PLANTS

1. A complaint was submitted to the UK National Contact Point (NCP) on 2 October 2006 citing non-compliance with the Employment and Industrial Relations Chapter of the OECD Guidelines for Multinational Enterprises.

Background

2. The UK NCP has recently gone through a number of improvements to its process. We have now committed to provide an initial assessment for all complaints received. In the case that a complaint is not accepted (or in this instance a case not proceeded with as the parties involved reached a settlement) as a Specific Instance under the OECD Guidelines, the identity of both the complainant and the business will be anonymised.

3. The Guidelines are recommendations that governments endorse and promote in relation to the behaviour of multinational enterprises. The Guidelines are voluntary principles and standards for responsible business conduct. They are the only comprehensive, multilaterally-endorsed code of conduct for multinational enterprises.

4. The Guidelines establish non-legally binding principles covering a broad range of issues in business ethics in the following areas of operation: general company policies, disclosure of information, employment and industrial relations, environment, combating bribery, consumer interests, responsible use of science and technology, competition and taxation.

The complaint:

6. A complaint was made against an international manufacturer that had announced plans to restructure one of its UK plants. The claimant's case was based upon consequent redundancies, the transfer of production abroad, the withdrawal of existing collective agreements that set out terms and conditions of employment and the notification of the intention to impose new terms and conditions through a process of termination (of those workers to the old terms) and re-engagement under new terms and conditions in the event that agreement could not be reached.

Applicability of the Guidelines:

7. The complainant cites section IV.1a of the Guidelines for Multinational Enterprises:

“Respect the right of their employees to be represented by trade unions...and engage in constructive negotiations...with a view to reach agreements on employment conditions”.

8. The complainant also cites section IV.7:

“in the context of bona fide negotiations with representatives of employees on conditions of employment, or while employees are exercising a right to organise, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer employees from the enterprises’ component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organise.”

Action taken by the NCP

9. The NCP facilitated the exchange of information between the complainant and the MNE. While the MNE was slow to respond to the NCP on this complaint, negotiations between the two parties ensued and the NCP suspended the initial assessment. These discussions proved successful, removing the need for further NCP consideration.

Concluding remarks

10. As consideration of this complaint did not proceed beyond initial assessment the NCP is not in a position to comment on the validity or otherwise of the complaint.

11. The NCP notes that a satisfactory conclusion has been reached. However, the NCP highlights the option to restart the NCP process should circumstances change and should the claimant consider this necessary.