

**TRADE UNION AFRICAN CONFERENCE  
ON LABOUR AND THE ENVIRONMENT  
Johannesburg, 28 – 29 July, 2006**

**Working Group IV**

**LABOUR AND ENVIRONMENT:  
REQUIRING COMPANIES  
TO BE ACCOUNTABLE**

In recent decades, the role of private companies, especially multinational enterprises, has been in the spotlight, as they are being increasingly called to account for their actions on a range of sustainable development issues, including for environmental protection, occupational and public health, HIV/AIDS and the participation by workers in their workplaces and communities.

The African context is defined by governments' policies to attract Foreign Direct Investments (FDI). Their reasons would differ but may be summarized as: trying to overcome scarcities of resources such as capital, entrepreneurship; access to foreign markets; efficient managerial techniques; technological transfer and innovation; and employment creation. These benefits of FDI to African countries are difficult to assess but will differ from sector to sector depending on the capabilities of workers, firm size, and the level of competitiveness of domestic industries.

In a pilot study from the African Social Observatory, it was stated that "a closer analysis of the main reasons for attracting FDI, employment creation and capital formation, don't really have the desired effect: (...) i.e.: on employment creation, international experiences have shown that FDI is hardly accompanied by substantial employment creation, and in some cases may even lead to job losses. Another problem with employment through FDI is the kind of employment it creates. In Namibia, for example, the government claimed that the Export Processing Zone (EPZ) programme created jobs and thus reduced the unemployment rate. However, the jobs that were created are characterised by poor and unsafe working conditions and very low salaries. Most of the employees do not have job security and little prospects of improving their standards of living. It is thus important to examine the quantity and quality of jobs created".<sup>1</sup>

In many situations multinational enterprises reinforce dualistic economic structures andacerbate income inequalities. They tend to promote the interests of a small number of local factory managers and relatively well paid modern-sector workers against the interests of the rest of the population by widening wage differentials. They tend to worsen the imbalance between rural and urban economic opportunities by locating primarily in urban export enclaves and contributing to the flow of rural-urban migration.

Multinationals use their economic power to influence government policies in directions that usually do not favor development. They are able to extract sizable economic and political concessions from competing governments in the form of excessive protection, tax rebates, investment allowances and the cheap provisions of factory sites and services. As a result, the profits of multinationals may exceed social benefits.

A non-regulated environment appears to be a condition for investment. This allows irresponsible and unsustainable social and environmental behaviors.

---

<sup>1</sup> <http://www.alrn.org/images/upload/socialobs.pdf>

Moreover, Governments where MNE headquarters are located have stained their international aid and financial assistance programmes, so as to serve corporate interest in developing countries, thereby undermining the interests of trade unions and Civil Society with respect to work, environment and social concerns. The spread of Export Processing Zones (EPZs), combined with untrustworthy company implementation of voluntary commitments in the developed countries undermines union action for improvements to the environment and the working conditions in Africa.

The weakness of regulation leaves an open space for the evolution of voluntary practices. Trade union action in Africa faces at least two challenges regarding the accountability of an enterprise: firstly, to urge the government to strengthen regulatory frameworks for private investment, including in Export processing zones, in order to ensure their social and environmental sustainability; and secondly, to ensure that voluntary approaches to company or enterprise responsibility do not undermine the first goal and enable an environment for trade union action on environment and social issues.

In meeting the challenge of enterprises accountability, trade unions must stand firm on the primacy of national and industrial relations' regimes to set clear standards and accountability procedures which are reflected in law and practice. We also recognize the need to update and improve these to enhance democratic processes and improve environmental and social protection. Most importantly, trade unions call on all parties to 'practice what they preach.' In this context, the term of social responsibility denotes a form of responsibility that rests not only with companies, but also with governments, public sector organisations, trade unions and all other players. In this regard, the Trade Union Assembly for labour and environment, held in Nairobi in January 2006, agreed to:

**Call on companies**, whether large, small or medium-sized, to commit to implementation, accountability and information sharing processes that are reliable, consistent and transparent.

**Call on governments** to ratify international instruments and to follow through with appropriate laws and enforcement practices, to directly promote tripartite and multistakeholder initiatives, and to require that social and environmental clauses be part of all public works and tendering processes.

**Call on trade unions** to take every opportunity to promote a principled approach to ESR; otherwise they fail in their responsibility to their members, societies and the environment. They must watch for violations of standards, and be prepared to make complaints to the organizations responsible for the application of the standard (ILO, UNEP, etc) where serious violations occur.

### Key points for trade union action

Regarding enterprise social and environmental accountability, targeted actions are nonetheless possible. The African conference will explore possible options, such as:

- **Lobby for stronger mandatory provisions for social responsibility to ensure a level playing field** – As social and environmental enterprise responsibility presumes robust state action and control; we call on governments to provide the legislation and enforcement necessary to ensure that standards are observed by all enterprises. As well, the capacity of the state to protect worker, citizens and the natural environment must be increased in many countries;
- **Strengthen national government oversight and regulatory frameworks** to regulate and guide the activities of multinational enterprises, as well as to create an appropriate enabling environment for meeting environmental, social and sustainable development goals; to include national participation in the OECD *Guidelines for Multinational Enterprises* and implementation of the ten principles of the UN *Global Compact* related to labour standards, human rights, environmental protection and anti-corruption;
- **Train and build capacity within** trade union leaders on corporate governance and social and environmental responsibility, thereby making effective use of tools for MNE accountability;

- **Support the development of Global Union Federations' Global Framework Agreements** and promote their uses as means for environment protection and sustainable development; and
- **Introduce environmental concerns along with employment and health** priorities within the trade union industrial relation strategies for large, small or medium-sized enterprises; etc.