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German Trade Unions and China: From Non-Interference to Cooperation?

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Introduction – German Unions and China

In December 2007 the International Trade Union Confederation (ITUC) marked a turning point in its formerly stormy relationship with the All China Federation of Trade Unions (ACFTU) by announcing that it would enter into a dialogue. This caps a shift in union approaches towards China. Even though some ITUC affiliates – among them the German Trade Union Confederation (DGB) – had been active in China before, a gradual but significant strategic turn is taking place.

German trade unions have over the past two decades closely surveyed China's rapid economic growth and transition into a market economy. With China becoming an increasingly important global player attracting increasing foreign direct investment with both its advantageous conditions for production and its booming market, it has become an important issue on the agenda of trade unions worldwide as well. German unions are no exception to this, however they have so far acted rather hesitantly, lagging behind with their engagement in China. Yet, while German trade union policy towards China was in the aftermath of China's opening up widely limited to company-level engagement there has been a gradual change in trade union policy as unions move towards a more constructive and comprehensive engagement. Even though attempts to establish contacts date back as far as the 1970ies connections between the DGB and the ACFTU have gradually developed particularly since the 1990ies. And it was not until 2004 that head of DGB Michael Sommer paid his first visit to China to underline the wish for closer cooperation.

This article seeks to first give an overview of the shift in union perspective towards China. I will

then try to outline both the discourse on China within German trade unions and the union strategies and policy towards China. I will argue that it is:

First not possible to identify a one-fits-all union approach of German unions towards China and that there is some discrepancy between the goals outlined by the union management and the strategies which are then decided on and employed for cooperation. Second, it is in regarding German trade union engagement with China also crucial to consider its interconnection with the ongoing changes and reform processes within China itself whose impact on cooperation should not be underestimated.

Shattered Trade Union Discourse on China

German trade unions have struggled hard to reconcile flexibility and to overcome the widening gap between the protection of labour standards and the demand of productive efficiency. China has in particular in the debate about working conditions and labour rights become one of the focal points of trade union interest due to its impact on the global economy and its expected future role. In public discourse it has especially during the peak years of the anti-sweatshop movement in the 1990ies also served as a target at which to project general fears linked to globalisation.

It is however difficult to identify and position German unions in the recent debate about China. It is therefore helpful to first try and shed some light on German trade union policy towards globalization in general.

On a merely theoretical level the discourse about and within unions is closely linked to that on the impact of globalization on – foremost – the organizational culture and changing challenges for

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trade unions as well as new forms of coordination and cooperation. Due to this the approach of German unions towards dealing with globalisation and subsequently with going international and engage globally themselves is two-fold. Even though the practices of international unionism are much more diverse among German unions – as shall be outlined in some more detail later on – it is still important to briefly outline the course of the scholarly debate also.

There are on the one hand those who focus on Germany as an industrial location (*Standort*) for instance in arguing about how economic competition and standards can be harmonized. Opposed are those who argue for an international approach emphasising the importance of international trade union cooperation. Based on the idea of international solidarity co-determination (*Mitbestimmung*) is understood as a democratic force and trade unions as political movements. However, the debate about internationalisation within German trade unions is shaped by the deep tension between these two approaches. It is argued that this results in hesitant international engagement which is limited to individual topics or campaigns (e.g. the abolition of child labour).

This draws however an incomplete and oversimplified picture of union engagement. In practice trade union policy and approaches are much more multi-faceted. It is thus first of all crucial to differentiate between official trade union policy as for instance reflected in policy statements and the de facto engagement which so far takes places foremost on the company or branch level.

While already the 1996 DGB policy statement explicitly referred to the importance of sustainable development, the main rationale has however remained linked to the *Standort* and securing competitiveness in the international market:

“Social responsibility in the face of globalization means international responsibility [...]. International responsibility cannot be equated with competitive disadvantages and is not opposed to competitiveness.” (DGB 2005)

Engagement with China has followed this logic as well and can also be observed for international union federations with which German unions cooperate closely. At its 2005 World Congress the International Metal Workers Federation (IMF) has adopted a new approach towards China, outlining that the growing economic influence of China on workers worldwide calls for the establishment of closer contact and dialogue with unions in Chinese MNCs.

The ITUC as the global union confederation has recently shifted – as outlined before – from critically opposing the ACFTU to engaging in dialogue. While the (then) ICFTU voted against China’s role as a workers representative within the ILO only a couple of years ago, joint ITUC and ACFTU meetings in 2008 mark a strategic turn. The IG Metall and the DGB respectively as affiliates to these international federations have officially supported this alteration.

The increased importance allocated with China has within German trade unions also been followed by some organizational changes: the DGB has for instance shifted the sole responsibility for official statements concerning China-matters to the steering committee. Whereas the DGB’s basis-level department of developmental policy (*Nord-Süd-Netz*) had been allowed to post its own statements on China before, it is now denied this right.

This official ‘upgrading’ of China however has not been followed by the adoption of uniform trade union strategies in dealing with the ACFTU as a new partner for cooperation.

True cooperation remains for the most part restricted to individual groups or networks at the company or branch level, these having been established prior to the new China boom and China debate within the trade unions.

So far the IG Metall has proven to be by far the most active union in China with the longest experience in cooperation. This however can be explained quite easily taken that roughly 75% of German enterprises investing in China fall within the scope of the IG Metall.

Yet, even within the IG Metall no one-fits-all approach can be identified but rather different streams can be observed: apart from the official posture – which is pretty much in line with the IMF position referred to earlier – there are those who have adopted a campaign-centered approach. Deriving originally from NGO-work and the anti-sweatshop movement of the 1990ies, this has in particular been realized for the textile sector, mostly in close collaboration with networks and civil society based initiatives such as for instance the Clean Clothes Campaign (CCC).

Again a further current can be defined by its political motivation and is especially influential within the auto industry where solidarity committees date back to as far as the 1960ies already. The strategic approaches and instruments will be outlined in more detail below.

It is before that however crucial to take a closer look at the relationship between German trade unions and the ACFTU and try to figure out how and why it changed.

Shift in Union Perspective: From "No Contact" to Cooperation

As has been outlined, approaches of German unions towards China have altered and significantly changed over the last decade. The emergence of a new debate about China as a target for trade union cooperation at the top-level has been the most obvious sign of this changing discourse. While German enterprises were among the first to invade the booming new market – with for instance Volkswagen getting permission to produce in China in the early eighties already – trade unions have until quite recently been much more hesitant, restraining themselves until well into the nineties to the question whether interference with China should be a target at all. Engagement during this period was widely left to individual groups on either the company level or participation in networks as for instance rooted in the sweatshop movement. The picture of China referred to by German unions was (and in some cases still is) focussed on the role of the ACFTU and its firm restrictions of basic trade union rights, such as the right to strike and the right to collective bargaining. Violations of labour rights and appalling working conditions were for the most part taken as the means not to interfere with China at all, or at least not to cooperate with the ACFTU.

This strategy of "no contact" has been abandoned and been replaced by a more proactive and cooperative approach aiming at constructive engagement which can be observed in two different approaches. First, official union policy has increasingly focussed on establishing contacts with official Chinese work place representatives (notably the ACFTU) while secondly collaborations with Hongkong-based grassroots union activists and independent Human Rights oriented networks of labour activists have gained importance at an unofficial level.

This changing perspective is due to a number of reasons. First, attempts to implement union structures in Chinese-German joint ventures no longer circled around the debate whether changing the ACFTU would be possible. Rather the rationale behind engagement in China is a much more pragmatic and self-centred one: the influence of

China in the global economy as well as its role as a haven for German companies and investment can no longer be ignored. The threat of outsourcing for the sake of reducing production costs has become evident for whole branches – most notably the German textile industry which is used by company management as a threat to press for trade union concessions.

Thus engagement with China and the ACFTU is aimed at pushing up Chinese wages and improving working conditions in order to protect German jobs.

Second, the changes within China itself and the impact of gradual reform and changing government policies particularly in the field of labour can also not be disregarded. The end of the Cold War and the subsequent changes of transnational relations, as well as China's World Trade Organization (WTO) accession have sustainably altered the perception of the new "super power" worldwide. Specific events such as the establishment of a Wal Mart union and a new awareness of labour relations and rights evident in the debate about the new Labour Contract Law and the admission of migrant workers into the ACFTU are the most recent events that have contributed to gradually changing the perspective.

This has resulted third in the alteration of how the ACFTU is viewed by German unions.

Changes within China and the Role of the ACFTU

Yet, even bearing these changes in mind, one should be clear about the fact that unions in Chinese enterprises are in many cases downright "yellow" unions, closely linked to or even run by the company management. This in turn significantly shapes interaction with foreign unions and limits the options for cooperation.

While on the one hand this precondition for union engagement in China prevails, there are on the other hand also some evident changes visible within the ACFTU as becomes obvious in the adoption of a more aggressive and open policy by the ACFTU. A number of interviews conducted with both ACFTU officials and representatives of the Chinese Enterprise Confederation (CEC) in 2004² illustrate these fundamental changes and the new openness which is still often ignored by Western scholars. While the interviews revealed,

² Interviews conducted in Beijing in 2004 for my Master thesis "*Working Conditions of Labour Migrants in Chinese Urban Centers –testing the Race to the Bottom hypothesis*"

that labour standards were not truly on the agenda back then and that interference of Western unions would not be accepted, the interest for cooperation has on the Chinese side increased significantly within the last few years.

As one Chinese Enterprise Confederation (CEC) representative put it:

"If we talk about International Labour Standards (ILS) we have to see the Chinese context; often ILS are not useful, because they are too high and cannot be implemented. Jobs are most important, LS come second, they are no good if people are deprived of the most important right – the right to work. So, certain standards like Occupational Safety and Health (OSH) are very important but others like working overtime should be thought about. Working two or three hours more a day is okay. If it is well-paid and OSH is provided workers benefit, too because they want to earn money."

An ACFTU official outlined that Western unions were "respected" but not accepted as advisors concerning the Chinese way of implementing labour rights, as they would not understand the particularities of the Chinese labour market.

Opposing this are the current policies of convergence and cooperation with Western unions: formal exchanges between high ranking officials of Western unions and the ACFTU are often organized and "highly publicized at the ACFTU media" as Staphany Wong of the International Hongkong Liaison Office (IHLO) put it. Joint conferences and training projects have also been launched.

In general three predominant changes can be observed: first, the growing pressure from below, evident in social unrest and wildcat strikes. Second the implementation of the new Labour Contract Law (2008) which derived from these tensions and institutionalizes the modifications. Third the increasing number of advocates of change within the ACFTU, seeking greater independence from state and party policies becomes distinct for instance in guidelines as those implemented in the booming city of Guangzhou as of 2008, holding that no more managers will be allowed as union chairs.

Yet, even if an increasing openness can be witnessed based on the enormous potential for social unrest within China caused by those left behind in the "Great Leap Forward", there is a long way to go still to cooperation.

The new engagement of Western unions is shattered by events such as the Olympics and increased restriction of foreign labour activists and trade unions in their course. It is also unclear how

the ongoing financial crisis - which has hit both China and the EU hard - will affect ACFTU policy³ and thereby influence international cooperation.

Strategies of German Unions towards China

What then are the strategies of German unions towards China? German unions have adopted a variety of strategies for dealing and cooperating with the ACFTU and on a much smaller scale also with Chinese workers. It can however be said that all these official attempts of constructive engagement - which is as outlined before a rather recent approach in itself - still take place hesitantly and on a rather low level. So far no comprehensive German trade union policy has been developed by the DGB, as the German Confederation of trade unions. This hesitant approximation is characteristic for the engagement of German unions with China. As the knowledge about China is still rather limited and trade union initiated research remains scarce even though both IMF and European Union federations have in recent years conducted an increasing amount of studies on China. The IMF has in 2006 for instance commissioned the Asia Monitor Resource Centre to conduct a "Report on Industrial Relations and Working Conditions in IMF-related TNCs in China"⁴.

Early steps towards engagement: tie and Inter-Soli

One of the earliest attempts of enterprise-level international engagement and cooperation was made by parts of the IG Metall in the auto industry. Known as coordination groups (*Automobil Koordination*) or *Inter-Soli*, for Daimler Chrysler and Volkswagen respectively, these solidarity committees were established to oppose traditional *Standort*-centred policies. As a forum for union workplace representatives and shop stewards they sought to establish communication and exchange of information between workforces of plants worldwide. Solidarity action is organized if necessary, as well as qualification and training of unionists for international trade union work.

³ On the impact of the financial crisis on China and Chinese labour, see: Staphany Wong (2008): Impacts of the Financial Crisis on Labour Conditions in China, http://eu-china.net/web/cms/upload/pdf/materialien/wong_2008_impacts_of_the_financial_crisis.pdf.

⁴ Asia Monitor Resource Centre (2006): Report on Industrial Relations and Working Conditions in IMF-related TNCs in China. Case study commissioned by the International Metalworkers Federation.

The IG Metall at Volkswagen founded its Inter-Soli committee in 1982, originating from exchange and international solidarity projects for Brazil and South Africa that date back to the 1960ies. Split into working groups by region (Brazil, Mexico, South Africa, Eastern Europe), Inter-Soli initiated a working group for China in 1999 and is meant as an independent supplement of the works council.

Since the early 1980ies trade union representatives of Mercedes and Daimler Chrysler workforces have also established an international forum for solidarity and information exchange. The Daimler Chrysler- *Koordination* seeks to identify international strategies and modes of action in order to react to the enterprises' transnational production structures and outsourcing policies. International cooperation is initiated through seminars, visits and exchange programmes, aiming at the identification of global trade union strategies.

Analogously, parts of the chemical workers trade union IG-BCE have also reacted to the lack of democracy within the union debate and have opposed the predominant *Standort*-logic. Organized in the *Chemiekreis* unionists have since the mid-1970ies in particular supported international exchange and solidarity campaigns.

On a broader level both the German service sector trade union ver.di and *Chemiekreis* have become active in international grassroots networks of union activists, notably *Transnationals Information Exchange (tie)*. Founded in 1978 by union activists from a number of countries *tie* supports and organizes information exchange and activities among workers worldwide, including both union and non-union workers. The focus is on self-organization and expertise facilitating international solidarity through the development of "fight-back-strategies".

International Framework Agreements and Codes of Conduct as Main Instrument

As has been outlined above, the most active German union in China by far has so far been the IG Metall. In 2003 IG Metall has formulated a strategy in coping with the ongoing globalisation, emphasising that the response to offshoring has to be transnational trade union cooperation. The adjustment of labour standards worldwide is presented as an instrument to both preserve German jobs and fight for social justice in developing economies. Following this approach, IG Metall has focussed on implementing minimum standards and tried to establish trade union coopera-

tion in MNCs and Joint Ventures through their international partners (notably the IMF).

However, engagement at the enterprise level is predominant in particular through Codes of Conduct (CoC) or International Framework Agreements (IFAs). Daimler Chrysler has established a Code of Conduct in their Chinese production plants, Faber Castell has implemented a Social Charta which is monitored by IG Metall and IMF.

Thomas Klebe working for IG Metall's steering committee states that:

"we try to establish trade union structures particularly in German-Chinese Joint Ventures. In addition we strive to implement social minimum standards through Codes of Conduct – as for instance for Daimler Chrysler. These should also be valid for their subcontractors in China."

International Framework Agreements have so far been the most effective means of engagement in China. However, as Wong and Muller outline "this type of approach is currently - for most other unions still in the preparatory stage, and many unions are only now making their first contact with factories in China."

A crucial role in the formulation, implementation and monitoring of both IFAs and CoCs in MNCs has been played by European and World Works Councils which have been particularly important in widening the scope of agreements.

However a 2006 IMF and Asia Monitor Resource Centred case studies in China-based plants of German MNCs finds that workers were largely unaware of such agreements and that there were - compared to other MNC plants - no better working conditions in enterprises which had such measures in place. The same study also revealed that the impact of trade unions is bigger in joint ventures where some board members are German and thus closer consultation with German unions takes place (e.g. Beijing Daimler Chrysler).

Research, Training and Visits

Other approaches of German unions in dealing with China have been to initiate research on specific issues for instance the newly launched Labour Contract Law and labour legislation⁵ (DGB) or issues concerning certain branches. The IG Metall has in 2006 conducted a study on automobiles and electronics focussing on German companies. As

⁵ Research conducted by the DGB on the Chinese labour law can be found at: http://www.chinapolitik.de/studien/china_analysis/no_45.pdf

outlined before direct cooperation in form of meetings – mostly on an official level – have also become part of the German trade union approach towards China. Usually these visits also include visits to production sites and talks with Hongkong-based labour activists.

Visits comprise German unions such as DGB, IG Metall, ver.di, the chemical union (IGBCE), the Journalist's union (joint visit with the International Federation of Journalists, IFJ).

Immanent to these visits is due to the IHLO the danger of simply exchanging views with high-rank officials, without directing the Western TU's experiences to the grassroots unions.

German unions have also in order to establish minimum standards tried to organise training programmes either on the enterprise level or on a broader level assisted by the ILO, the Ministry of Human Resources and Social Security (MoHRSS) and the Friedrich Ebert Foundation (FES). Topics addressed are for instance aspects of labour law, conflict resolution, enterprise law and Occupational Safety and Health.

Working with grass roots unions and participation in Campaigns

Some unionists have also continuously opted to assist grassroots unions in China. This usually takes place through Hongkong-based actors such as the IHLO⁶ and is allocated with some risk. This approach aims at contacting Chinese workers directly in order to learn more about and eventually improve their living and working conditions.

However this strategy has – apart from a few exceptions made for instance by the *Nord-Süd-Netz* - not been part of official German trade union policy towards China but rather of individual Human rights oriented groups such as *tie*.

German trade unions have however repeatedly joined major campaigns to improve working conditions in China launched by their international affiliates. The most recent of them being the "Play fair campaign 2008" initiated by the ITUC, the CCC, and the International Textile, Garment and Leather Worker's Federation (ITGLWF).

Where to Go From Here? Future Challenges and Targets

⁶ International Hongkong Liaison Office for the International Trade Union movement: www.ihlo.org : (ITUC/GUF/HKCTU Hong Kong Liaison Office).

As shown there are a vast number of attempts of German trade unions to engage with China. However it has also become obvious that a clear official strategy and union approach towards China are entirely missing. Constructive engagement is foremost limited to individual groups or networks and the enterprise level.

There are a couple of reasons for this which will need to be addressed in future in order to guarantee constructive cooperation and thus improve labour rights.

First, the public perception of China by German workers as well as in the media is that of a focal point of the threats of globalisation. Yet, the actual knowledge about China is extremely limited. This concerns both labour rights violations and ongoing reform processes. While the trade unionists' interest in China both on the union and enterprise level is immense, there is sometimes a huge gap between this interest and the actual steps taken towards more and sustainable research. Staphany Wong notes:

"the biggest challenge is that the industries, enterprises and unions in China are very diverse and there is no miracle-formula. For trade unions & NGOs in the west, who want to engage with Chinese people, it is best if they undertake as much research beforehand as possible -there are many good organizations in Hong Kong and elsewhere which can offer some advice and act as partners."

This is secondly, closely linked to the debate within the trade unions themselves as outlined before. The debate about Germany as an industrial location (*Standortdebatte*) still dominates the discourse. The fear of relocating jobs is the prime rationale behind engaging with China which often limits discourse to a very general but rhetorically convincing level.

Third and again interconnected with the Standort-debate, it is worth noticing that the most active and successful engagement has not been targeted at those Chinese workers most affected by appalling working conditions (e.g. unskilled migrant labourers working in the informal sector or the Export processing enterprises of most notably the textile and toy industry) but rather at big companies (Bayer, Siemens, VW or Daimler Chrysler to name only a few) employing skilled Chinese labour. This is however not surprising, as the main focus of national unions in the international arena has always been on labour issues in subsidiary companies of these big companies German unions have fourth also been rather hesitant in engaging in network cooperation with NGOs and labour

activists in Hongkong. The visits have yet to be followed by true action. Most German unions have expressed the need to and an interest in intensifying engagement with China, attempts to establish German-wide networks are on their way.

The “Forum Working Worlds China and Germany” (*Forum Arbeitswelten China und Deutschland*), bringing together different activists from trade union, academic and human rights backgrounds among them *tie Germany*, *Asia Monitor Resource Centre*, *Asienstiftung* (Asia Foundation), *Labournet Germany* and NGOs such as *Südwind* is one example for this.

Still the future of engagement will to some large extent depend on in how far German unions will be able to adopt an explicit strategy for cooperation. It will in turn also remain closely linked to changes within China and the ACFTU and their impact on interactions and cooperation. The impact of the financial crisis which has affected and is expected to shape labour markets in both China

and Germany significantly is still unclear. Recent data shows that the crisis has hit Chinese migrant workers and their rights particularly hard. However, it is too early still to predict in how far it will also alter cooperation among German unions and the ACFTU.

On the German debate about offshoring from a trade union perspective: IG Metall (2004): Offshore – total global? Available at: http://www.igmetall-itk.de/index.php?article_id=217 (in German)
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