



International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
Unión internacional de trabajadores de la alimentación, agrícolas, hoteles, restaurantes, tabaco y afines
Union internationale des travailleurs de l'alimentation, de l'agriculture, de l'hôtellerie-restauration, du tabac et des branches connexes
Internationale Union der Lebensmittel-, Landwirtschafts-, Hotel-, Restaurant-, Café- und Genussmittelarbeiter-Gewerkschaften
Internationella unionen för livsmedels-, njutningsmedels- och lantarbetareförbund samt förbund inom hotell- och restaurangbranschen

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Paul Andela

General Secretary
Ron Oswald

Director
Office of Investment Affairs
Department of State
2201 C Street, N.W.
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ro/jb/623

3 May 2006

Dear Madam/Sir,

Concerns: OECD Guidelines for Multinational Enterprises

I am writing to you in your capacity as the National Contact Point in the United States with responsibility for the OECD Guidelines for Multinational Enterprises concerning an issue involving Reynolds American Inc. This company was formed in 2004 from the merger of RJ Reynolds and Brown & Williamson, British American Tobacco's US subsidiary.

The IUF is the global union federation for trade unions representing workers in the food, agricultural, hotel, restaurant, catering, tobacco and allied sectors. The vast majority of unionized tobacco workers worldwide are members of the IUF, including those in the US.

On behalf of the Bakery, Confectionery, Tobacco Workers and Grain Millers Union (BCTGM) and the Machinists and Aerospace Workers (IAM), the IUF wishes to raise the issue of a fundamental breach of the Guidelines by Reynolds American Inc.

At the request of a majority of the workforce at Reynolds American's two tobacco manufacturing plants in Winston-Salem in the US state of North Carolina, the BCTGM and the IAM have begun the process of organizing the plants. The company has responded by launching an anti-union campaign involving disparaging attacks on the unions and worker intimidation and designed to coerce their employees into rejecting union representation.

We consider this behaviour, which is documented on the specially constructed website www.reynoldspride.com to be in breach of Article IV 1(a) which calls on enterprises to respect the right of their employees to be represented by trade unions. These workers cannot effectively exercise their right to freely chose union representation in the atmosphere of hostility and apprehension currently existing at the Reynolds American facilities and evidenced on this website. The company has made it abundantly clear to its dependent workers that it does not want them to unionize and that there will be consequences if they do so.

One of the consequences Reynolds American has invoked is the threat of relocating production offshore. We consider this to be in clear breach of Article IV 7 of the Guidelines, which states that enterprises should:

*In the context of bona fide negotiations with representatives of employees on conditions of employment, or **while employees are exercising a right to organize**, 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 organize.*

Reynolds American Vice President for Human Resources, Ann Johnston, has explained in meetings of Reynolds American workers that joining a union would inevitably mean going on strike and that going on strike would leave the company with one of two options in order to continue operating: to replace striking workers either permanently or with contract workers, or to relocate production outside the country.

Attached are 5 affidavits signed by Reynolds American workers attesting that on April 26, Ms Johnston threatened that production would be moved to Mexico (where BAT has a production facility) in the event of industrial action, and on April 27, she threatened it would be moved to Puerto Rico (to a plant which, according to information available to us at this time, is operated by Japan Tobacco International). Reynolds American's statements constitute a clear attempt to influence the outcome of the union organizing effort.

We therefore request the US NCP to offer its good offices to resolve this issue in an effective and timely manner. We would urge that Reynolds American ceases its anti-union campaign and ensures that the workers in Winston-Salem are given the opportunity to exercise their right to choose union representation free from intimidation and coercion from management.

We look forward to receiving your timely assistance on this matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ron Oswald', with a long horizontal flourish extending to the right.

Ron Oswald
General Secretary

cc: John Evans, General Secretary, Trade Union Advisory Committee to the OECD