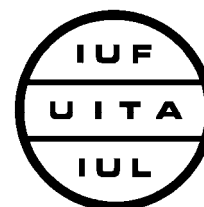


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**International Union of Food, Agricultural, Hotel, Restaurant,  
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Geneva, May 4, 2006

## **Reynolds in the Dock at OECD/International Union Charges Company with Trashing International Guidelines on Trade Union Rights**

The IUF has taken action through the OECD in the US and UK in response to egregious violations of the OECD Guidelines for Multinational Enterprises by cigarette manufacturer Reynolds American Inc., a subsidiary of the UK-based British American Tobacco (BAT).

The OECD guidelines, whose provisions and implementation procedures have been accepted by all OECD and other adhering governments, establish clear standards governing the relationship between foreign direct investment by multinational companies and the social, political and human rights context in which they operate.

On May 3, the IUF made formal submissions to the OECD National Contact Points in the US and UK urging their intervention to halt repeated intimidation by management of workers seeking trade union representation at the two Reynolds plants in Winston-Salem, North Carolina in the US.

At the request of a majority of workers in the two plants, two unions - the Bakery, Confectionery, Tobacco Workers and Grain Millers Union (BCTGM) and the Machinists and Aerospace Workers (IAM) have together begun the process of organizing the plants. Reynolds has responded by launching an all-out anti-union campaign designed to coerce employees into rejecting union representation.

The company has repeatedly breached OECD Guidelines in its well-funded, coercive drive to impress employees that the consequences of choosing union representation will be severe. Among the consequences invoked by management has been the clear threat to workers that production would have to be relocated offshore in the event of a vote in favor of the union on May 11 - a clear violation 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 Sullivan, has declared to captive meetings of Reynolds American workers that joining a union would inevitably result in a strike and that a 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.

On April 26, Ms Sullivan 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 a transfer to Puerto Rico. These threats were made in the context of a relentless barrage of defamatory anti-union propaganda which clearly contravenes Article IV 1(a) of the Guidelines, which calls on enterprises to respect the right of their employees to be represented by trade unions.

There exists a clear precedent in the interpretation of the OECD guidelines which forbid employer threats to close or transfer production in the context of a collective bargaining dispute or a union representation campaign. In 2003, the IUF took similar action when Nestlé management in Cheongju, South Korea threatened to close the plant and transfer production to China as a means of pressuring the union it had locked out in a collective bargaining dispute. The Korean Industrial Relations Commission found Nestlé guilty of illegal labour practices, and a satisfactory settlement to the conflict was negotiated.

The IUF has stressed the need for swift action in the Reynolds American case in view of the impending representation election, which cannot be free and fair unless the company immediately ceases to intimidate employees.

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*The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international trade union federation composed of 348 trade unions in 127 countries with an affiliated membership of over 2.7 million members. It is based in Geneva, Switzerland.*