



FAIR LABOR
ASSOCIATION

PAXAR: Collective Bargaining Agreement Details and Reactions

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A collective bargaining agreement was signed between Paxar and TEKSIF on February 26, 2007. This is the final report written by Vic Thorpe on the collective bargaining process between TEKSIF, the trade union that filed the Third Party Complaint with the FLA, and Paxar. The report picks up from the August 15th report, illustrating the positive result of direct negotiations and the specific benefits the signed collective bargaining agreement garners for Paxar workers. The FLA will continue to monitor the situation at Paxar to ensure full implementation of the negotiated settlement and respect for freedom of association.

Introduction

On February 26, 2007, after protracted and often difficult negotiations, a collective agreement was signed under Turkish labor law between Paxar, Turkey, and the Turkish Textile Workers' Union, TEKSIF (affiliate of TURK-IS confederation).

This summary report of the final agreement has been compiled through telephone interviews with the management team at Paxar, led by Mr. Stewart Fergus, Paxar Regional Director for Eastern Europe, and with the TEKSIF Research Coordinator and International Affairs Officer, Engin Sedat Kaya. The report should be read in conjunction with that published [June 23](#) and [August 15](#), 2006 reports that sets out many earlier issues and stages of negotiation.

The Agreement

Climate

The first positive element of this agreement is that it was achieved finally by direct negotiation between the parties and without further intervention of external mediation or conciliation. This demonstrates an advance in atmosphere of dialogue between the company and the union and sets a base for future improved relations, after what both sides acknowledge to have been a particularly difficult and stressful period. Both sides express their willingness and intention to build on this positive first step and signs of an unfolding social dialogue are already present. Daily contact between the union and the local personnel team has continued in tackling certain issues of detail that remain, without engendering discord of the kind that marred earlier discussions of differences.

Commencement

The agreement now signed commences at January 1, 2007 and runs until June 30, 2009 (2.5 years). Given that the first notification of the union's desire to negotiate an agreement based on its organized membership numbers dates from as long ago as April of 2005, this delayed commencement date signifies a concession by the union involved. In view of this delay, the union initially requested payment of a token sum to cover backdating of the accord for those union members covered by its provisions. This has sometimes been referred to by the company as a 'loyalty bonus', but was in fact a straightforward demand for backdating. In the event, this demand was withdrawn by the union in light of the overall settlement.

Coverage

As is usual under Turkish labor law, the collective agreement is applicable only to members of the TEKSIF trade union at Paxar. Although the original collective bargaining demand was made on behalf of a legally proven majority of the workforce, there now remains only a relative handful of members in the company's employment after the attrition that was the subject of earlier disagreement between the parties. The approach to be adopted in the 17 specific instances of unionized workers who were previously dismissed by the company and whose cases were heard before the courts has been agreed. Five workers, whose re-instatement had been agreed, based on court findings that they had been unjustly dismissed for trade union activity, had already found alternative gainful employment, and so did not wish to pursue re-instatement. Six further unionized workers preferred to accept the company's legally mandated settlement package. Six further cases remain before the courts on appeal at the cause of their dismissal. If the court finally determines that these dismissals were for trade union activity, the company has agreed to their reinstatement; if the court does not find that the cause of their dismissal was trade union activity, the union agrees to drop this demand.

Benefits

Under Turkish labor law, non-trade union employees of the company may access the full benefits of the collective agreement only if they pay a 'solidarity fee' equivalent to two-thirds of the regular union fee. The regular union fee at TEKSIF is equivalent to one day's pay.

The new collective agreement gives a wage increase to trade union members of 5 percent during the first year, plus introduction of a 'bonus' amounting to 30 days' pay, averaged at 2.5 days each month and paid together with the basic wage. This 'bonus' or '13th month' system is common in Turkey, as in many other countries. Together, this equates an increase of some 13.2 per cent as against a current inflation rate of 9.9 percent and rising. In the second year of operation, the agreement gives a wage increase equivalent to whatever is the official level of inflation, and in the final six months a further inflation-linked hike is foreseen, plus payment of an additional six days of 'bonus', consolidated with the previous 2.5 days and spread as three full days of bonus per month.

At the same time as signing the accord with TEKSIF, Paxar has also increased the pay of its non-unionized workforce. Non-union employees now receive a wage increase of 4.5 per cent, plus 2 days of bonus per month, bringing them within 2 percent of the benefits won by TEKSIF members. It is not lost on the union, or on Paxar's

workforce, that taking into account the payment of a union due at a rate of one day's pay per month, non-union employees are in fact taking home more of an increase than union members. It is this element above all that makes the union unsure of the future intentions of management as regards to freedom of association.

Labor – Management Relations

The improved spirit of relations is underlined by the signature of a linked protocol that states: “Paxar Turkey wishes to advise all of its workforce that the company recognizes TEKSIF as the legitimate representative of all its members at Paxar Turkey and is committed to work together with TEKSIF...” and “...Paxar Turkey respects the right of each employee to chose and to join TEKSIF if he/she wishes so that he/she can enjoy the full benefits of the recently negotiated contract.”

However, in addition to the element of doubt introduced by the company's parallel treatment of its non-union employees, the union points to the fact that the company had organized its own unilateral training scheme for workers at a time when joint Freedom of Association training was previously being suggested. The union also claims to be experiencing resistance to its requests for access to the Paxar workers to explain to them the coverage of its new agreement. Instead, the company has been introducing the agreement – and, allegedly, its own new pay scheme for non-union employees – to small groups of workers on its own account.

The union feels that some gesture of goodwill in this direction would be helpful to help overcome the legacy of past discord. It hopes that continued regular contact with the company will make for a more welcoming approach on the part of company management. Management of the company, for its part, also speaks optimistically regarding the potential for improved patterns of contact between the company and the union. The basis for a more reasonable joint approach to industrial relations is being constructed.