



THE MULTI-EMPLOYER COLLECTIVE BARGAINING AGREEMENT AMONG WOOD-PROCESSING ENTERPRISES IN BINH DUONG



June 2019

Table of content

Part 1 Introduction of the Multi-Employer Collective Bargaining Agreement signed among wood-processing enterprises in Binh Duong

1. Overall
2. Objectives and principles
3. Process of negotiation and detailed provisions

Part 2 The ILO's Standards and Significance of Collective Bargaining

1. The ILO's Standards and its Instruments
 - Definition of Collective Bargaining
 - The ILO's Core Conventions on Collective Bargaining
 - The Principles of Genuine Collective Bargaining
 - The Bargaining Levels
2. Application of those Standards into Multi-Employer Collective Bargaining
 - Definition of Multi-Employer Collective Bargaining
 - Benefits of Multi-Employer Collective Bargaining

Part 3 Information about 16 enterprises covered by the Agreement



Part
1

Introduction of the Multi-Employer Collective Bargaining Agreement signed among wood-processing enterprises in Binh Duong



415 wood-processing enterprises
in Binh Duong



127,254 workers



12 districts and industrial zones
in Binh Duong



97,871 union members

Wood processing industry in Binh Duong is encountering a massive physical flux of workers moving from the current locations to other provinces in the South West of Vietnam, due to the formation of new IZs in those areas. This is the major reason leading to imbalance of workforce in enterprises. Promoting dialogue and collective bargaining is pivotal to ensure the harmonious, stable and advanced labour relations, for mutual cooperation and sustainable development of enterprises and for the rights and interests of workers. With this purpose, the pilot of multi-employer social dialogue (SESD) in wood-processing enterprises in Tan Uyen district of Binh Duong commenced in 2018.

On June 20, 2019, the Binh Duong Furniture Association (BIFA) cohosting with Binh Duong Federation of Labour (FoL) organized the Roundtable on Labour Relations and Signing Ceremony of multi-employer collective bargaining agreement (MECBA) among 16 wood-processing enterprises in Binh Duong.

The highlight in the pilot in Binh Duong is the proactive participation and collaboration of BIFA in the process of MECB by organizing meetings and connecting Binh Duong FoL and Binh Duong Department of Labour; persuading the enterprises to join in MECBA; meeting with employers to collect their suggestions and inputs for SESD with union; actively cooperating with Binh Duong FoL in developing Collaboration regulations.

16 enterprises covered by the MECBA

Nr.	Participating enterprises	Total workers	Female workers	Total union members
1	Lam Viet JSC.,	840	486	400
2	Trieu Phu Loc Co., Ltd.	566	57	566
3	Tien Trien Vietnam Co., Ltd.	1000	450	850
4	Tan Thanh Wood JSC.,	603	319	603
5	Nguyen Thanh Co., Ltd.	673	358	669
6	Minh Phat 2 (Mifaco) Co., Ltd.	610	290	450
7	Minh Duong Wood JSC.,	1440	501	1440
8	Tien Hung Co., Ltd.	1035	430	1027
9	Tien Phuc Co., Ltd.	370	187	87
10	Hiep Long Co., Ltd.	428	151	350
11	Nhat Tuong Co., Ltd.	109	45	103
12	Thuan An Wood-Processing JSC.,	798	350	696
13	Kim Thanh A Co., Ltd.	153	58	153
14	An Khang Co., Ltd.	297	101	120
15	Dau Tieng Wood JSC.,	410	160	370
16	Long Viet Wood and Crafting JSC.,	554	232	554
	Total	9,886	4,175	8,438

- The negotiation outcomes for the MECBA are:
 - The MECBA covers 9,886 workers, with female workers occupying 42%; the contents of the MECBA are favorable for workers and trade unions, such as year-end bonus, mid-shift meal and trade union rights.
 - The highlight in the pilot in Binh Duong is tight collaboration between Binh Duong FoL and BIFA. For the first time, the representatives of employers and upper-level union signed the Collaboration regulations including the provisions on the duties of each party and the action plan for implementing the MECBA. This is the foundation for promoting dialogue and collective bargaining, which leverages the sector-level collective bargaining agreement (CBA) in wood-processing industry in Binh Duong.
 - The MECBA consists of 6 articles.
- Effective duration of the MECBA is 1 year.

1. OBJECTIVES AND PRINCIPLES

The objectives of multi-employer collective bargaining (MECB) are:

- To minimize the turnover rate and changes in the workforce;
- To prevent the strike and collective stoppage at workplace;
- To mobilize the collective power of workers in the collective bargaining process;
- To experiment a new form of CBA that is not regulated in detail by the Government.

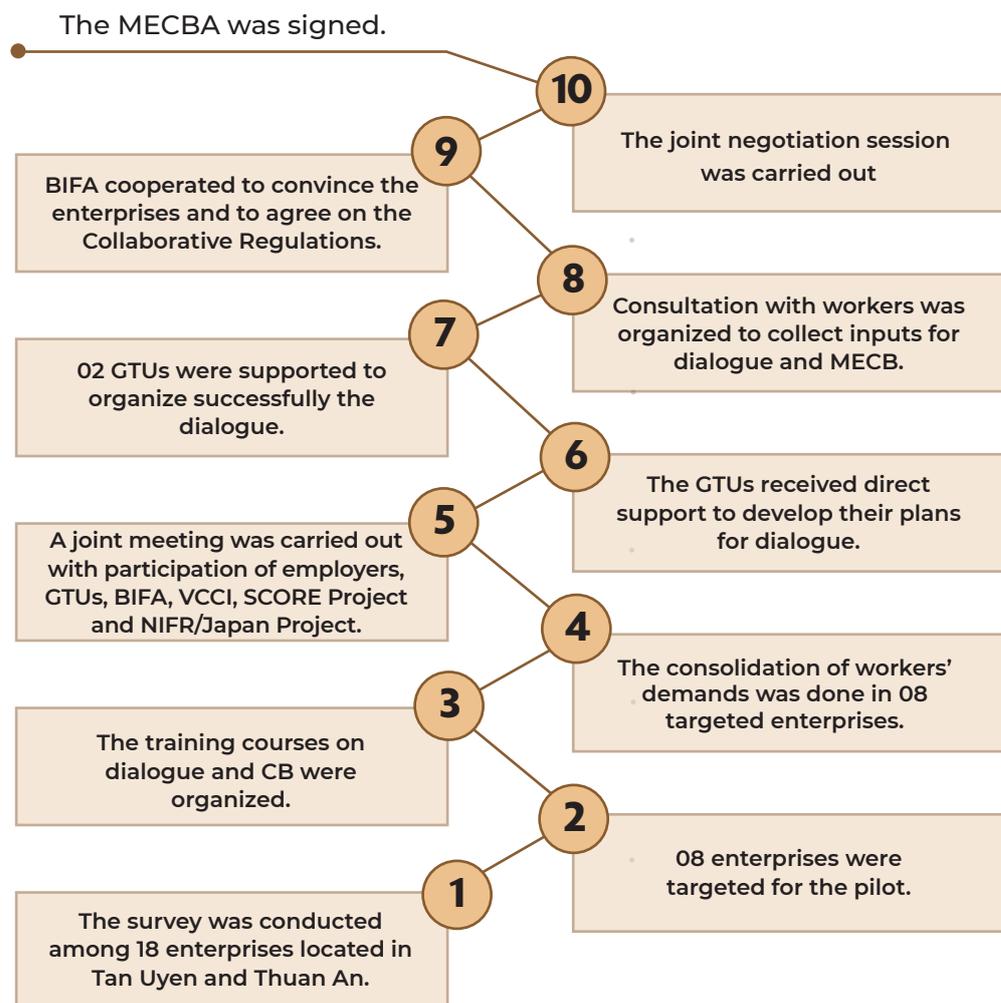
The principles utilized in the process of MECB are:

- To ensure the genuine engagement of workers of participating enterprises in the whole process, from the survey to the negotiation;
- To conduct the bargaining from trade union groups, to GTUs and FoL, affirming the real negotiation for the substantial issues and strong implementation;
- To guarantee the most beneficial entitlements for workers, in consideration with the conditions and business performance of the involved enterprises;
- To gain the good faith of the employers and close coordination with relevant stakeholders.



2. PROCESS OF NEGOTIATION AND DETAILED PROVISIONS

The MECBA was negotiated through the following steps



Major contents of the 2019 MECBA

Basically, the 2019 MECBA in Binh Duong set up a platform for the collaboration between GTUs and employers, and at higher level, between Binh Duong FoL and BIFA.

Initially, negotiation team identified the core issues for bargaining, including bonus, mid-shift meal and several clauses related to trade union. These are highly relevant to workers and the negotiated clauses bring to workers more beneficial conditions and commitment to implementation.

Provisions on bonus, mid-shift meal and commitment to implementation

Article 3. The year-end bonus (13th month wage) and new-year bonus (the lucky red envelope)

- Regarding workers who have worked for 12 months, completed the assigned jobs, the year-end bonus shall be at least 01 month's wage as prescribed in the employment contract or higher; in case workers have been working less than 12 months, the bonus shall be calculated proportionally to their working time.
- Enterprises shall announce specific year-end bonus at least 15 days before the Lunar New Year holidays.
- Enterprises shall grant the new-year bonus (i.e. the lucky red envelope) for workers who return to work on time according to the notice of the enterprise, the specific level is determined by each enterprise.

Article 4. The mid-shift meal

The company shall support for the meal in the middle of 8-hour shift with a total cost of one meal of VND 17,000 or more, and ensure the nutrition, food safety, and a reasonable proportion of protein (meat, fish, eggs, etc.), vegetables, carbohydrate (rice), etc. and the menu of daily meal should be changed. The GTU's Executive Committee shall coordinate with the employer to monitor the quality of the daily meals. If there is a grievance from workers or price fluctuations, the two parties shall discuss, negotiate and agree to adjust the value of mid-shift meal accordingly. If the enterprise does not organize mid-shift meal for employees, an allowance for mid-shift meal will be paid for workers in cash with the amount of at least VND 17,000 per meal.

Article 5. Commitment to implementation several policies at firms

*** The employers shall commit:**

1. To abide the State's policies, laws, internal rules, business regulations, the MECBA, enterprise-level CBA and other agreement(s) reached with workers' collective;
2. To spend at least 01 hour per quarter (03 months) for trade union to propagate directly to workers about the State's policies, laws, internal rules, business regulations and other issues requested by the enterprises;
3. To commend workers for achieving high performance in the emulative movement launched by enterprises and trade unions in order to increase productivity, quality and efficiency of production and business;
4. To enable workers to actively study, improve their occupational skills, professional and technical qualifications;
5. To create favorable conditions and support for GTUs.

*** Trade union and workers' collective shall commit that the trade Union shall be responsible for propagating and mobilizing the workers' collective:**

1. To abide by the State's policies, laws, internal rules and regulations of the MECBA, the enterpris-level CBA and other agreements reached with the employer;
2. To carry out the emulative movement launched by employers and trade unions;
3. To actively study and improve their occupational skills and professional qualifications;
4. To resolve complaints, conflicts and disputes (if any) through the mechanism for workplace dialogue and negotiation.

Part 2

The ILO's Standards and Significance of Collective Bargaining

1. THE COLLECTIVE BARGAINING (CB)

The International Labour Organization (the ILO) constructs standards and instruments to concretize the principles of promoting genuine and voluntary CB.

Definition on CB

CB is defined as "all negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more workers' organisations, on the other, for:

- determining working conditions and terms of employment; and/or
- regulating relations between employers and workers; and/or
- regulating relations between employers or their organisations and a workers' organisation or workers' organisations."

(Source: Article 2, the ILO's Convention No. 154 on Collective Bargaining)





The ILO's Core Conventions on CB

There are a number of ILO instruments relating to the promotion of CB, including:

- Convention No. 87 The Freedom of Association and Protection of the Right to Organise Convention, 1948
- Convention No. 98 Right to Organise and Collective Bargaining Convention, 1949
- Recommendation No. 94 Co-operation at the Level of the Undertaking Recommendation, 1952
- Convention No. 151 Labour Relations (Public Service) Convention, 1978
- Recommendation No. 159 Labour Relations (Public Service) Recommendation, 1978
- Convention No. 154 The Collective Bargaining Convention, 1981
- Recommendation No. 163 Collective Bargaining Recommendation, 1981
- Recommendation No. 91 Collective Agreements Recommendation, 1951
- Recommendation No. 92 The Voluntary Conciliation and Arbitration Recommendation, 1951
- Recommendation No. 198 The Employment Relationship Recommendation, 2006
- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of 1977
- Declaration on the Fundamental Principles and Rights at Work of 1998.

The Principles of Genuine CB

CB must be free and voluntary, and respect the principle of the autonomy of the parties.

CB must be possible at all levels, both national and enterprise levels. It must also be possible for federations and confederations.

The principle of negotiation in good faith takes the form in practice of various obligations on the parties involved, namely:

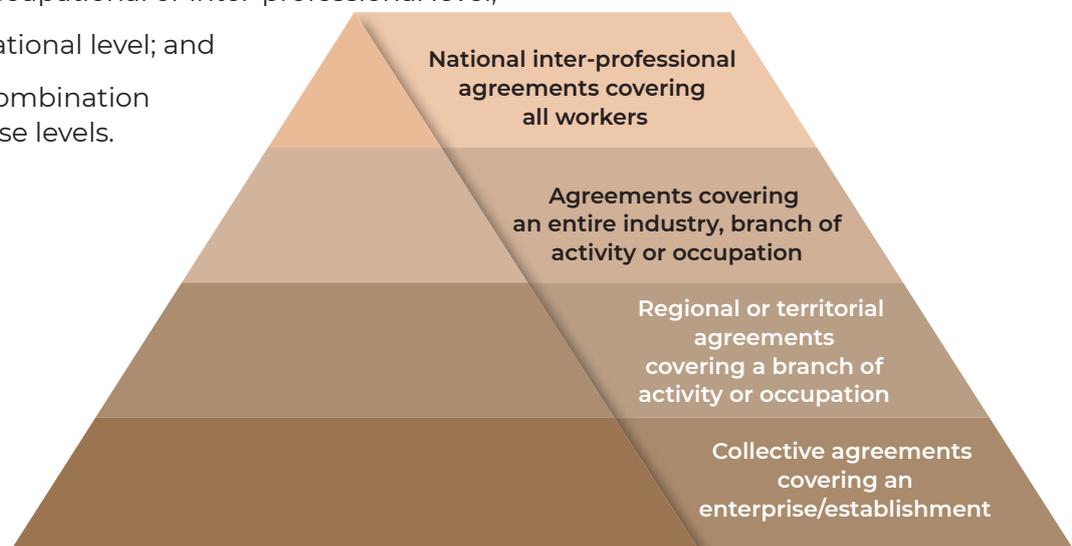
- (i) recognizing representative organizations;
- (ii) endeavouring to reach agreement;
- (iii) engaging in real and constructive negotiations;
- (iv) avoiding unjustified delays in negotiation; and
- (v) mutually respecting the commitments made and the results achieved through bargaining.

The Bargaining Levels

The level at which negotiations will take place is a crucial consideration. The CB framework needs to enable employers, employers' organizations and trade unions (and their federations and confederations) to conclude collective agreements at their chosen level of negotiation.

CB may take place at:

- the workplace, establishment or plant level;
- the enterprise level;
- the level of industry, sector or branch of activity
- the municipal or regional level;
- the occupational or inter-professional level;
- the national level; and
- or a combination of these levels.



The typical hierarchy of collective agreements

2.

APPLICATION OF THOSE STANDARDS INTO MECB

Definition of MECB

The MECB is the negotiations between employers and labour unions of a number of companies cooperatively on pay, employment conditions and other labour relations related topics.

The MECB is often favoured by companies that share commonalities such as similar labour skills, similar locations, the same industry and similar employment conditions.

Benefits of the MECBA

The MECBA tends to benefit these employers in the following ways:

- Enhance their bargaining power by forming a united front;
- Secure industrial peace and bring stability to the industry;
- Save time negotiating an enterprise CBA especially in homogenous industries and in respect of small and medium-sized firms that do not have the capacity to independently deal with unions;
- Generate a moderating effect on wages, benefit more productive enterprises in an industry due to the coordinated nature of bargaining.

The MECB also benefits labour unions and workers for the following reasons:

- The engagement of the upper-level unions in the negotiations will help overcome the weaknesses of enterprise unions and increase the labour's bargaining power.
- It tends to offer more inclusive labour protection for vulnerable categories of workers, such as migrant workers, those in non-standard forms of employment and workers employed in small firms.
- It can help to establish minimum standards for working conditions in an industry or sector, taking these out of competition.
- Establish a 'common rule' and joint regulation, reducing the need for, and costs of statutory intervention. Some public authorities rely on the MECBA as an important regulatory tool, for instance, in regulating flexible working hours and variable wage standards in particular industries, obtaining employer cooperation in training policies, and establishing and administering voluntary pension schemes. They also support MECB through the extension of collective agreements reached by representative parties (Traxler, 2000).
- Besides when CB takes place at the national, industry and/or branch level in multi-employer settings with coordination across levels, a larger proportion of workers are covered and inequality is likely to be reduced both within and between enterprises.

Part
3

Information about 16 enterprises covered by the Agreement



Tien Phuc Furniture Single-Member Ltd.

Company established since 2014, is manufacturing exported wood domestic products.



Long Viet Wood Arts and Crafts Joint-Stock Company

established since 2014, is among leading companies in Vietnam in veneer and plywood production, employing about 500 workers. The company mainly provides the oak veneer, manguier mango veneer, technical veneer, ash veneer, acacia plywood, walnut plywood, cheery plywood, etc; and industrial wood grain such as HDF, Laminate, MDF, etc.



Trieu Phu Loc Furniture Company

established since 2006, has 04 factories with more than 1.000 workers.

- 03 factories produce technical wood components and parts supplying for various domestic and foreign companies located in Binh Duong and other provinces in the neighbourhood.

- The 4th factory focuses its production on exporting to the U.S. market, which is considered as a potential market for domestic furniture manufacturers of Vietnam.



Lam Viet Joint-Stock Company

established since 2002 with 1.600 workers in 5 factories, has equipped a high-tech machine system with professional lines. The company has been internationally recognized as one of the largest and high quality suppliers of outdoor teal wood and inhouse furniture exporting to the U.S., U.K. and Europe, etc.



Dau Tieng Wood Joint-Stock Company established since 2005 after the decision of establishment no. 471/QD-KNDT of the Management Board of Vietnam Rubber Company. The company supplies the rubberwood timber (14-15,000 m³ per year), rubberwood finger joint board (3-4,000 m³ per year), and fine wood inhouse and outdoor furnitures (1-1,500 m³ per year).



An Khang Ltd. Company established since 2007 is a domestic enterprise. With the leaders of the company who have more than 18 years of experience in the industry and a high-skilled workforce of 700 technical staff, An Khang has solidified its position in the industry and exported its products to the U.K., Australia and the U.S. etc.



Tien Trien Vietnam (TIF) Ltd. Company established since 1997 has a solid and strong position in export-oriented wood-processing industry and is recognized as an accredited Vietnamese solid-wood furniture manufacturer in Vietnam, with the highest commitment about quality, price and time of delivery. The main activities of TIF Company is designing, manufacture and export wood furniture.



Hiep Long Wood Furniture Ltd. Company established since 1993, is manufacturing, trading, importing and exporting inhouse and outdoor furniture with the best quality from wood of teak, oak, ash, beech, etc. Hiep Long has over 25 years of experience in exporting decorating wood products (both inhouse and outdoor) to the U.S., Europe, Australia, Japan, Korea, etc. with volume of sixty 40-feet containers per month.



Tien Hung Ltd. Company, established since 2005, has more than 10 years of experience and employing about 1.000 workers. The company produces and exports wood furniture, including:

- Domestic furniture: wood wardrobes, beds, tables, sofas, furniture for dining room, kitchen and living room.
- Office furniture: storage shelving units, desks and chairs.
- Export-oriented products: wood sets of chair and table, wood wardrobes.



Nhat Tuong Ltd. Company established since 2001, is manufacturing and supplying the domestic wood furniture, such as: tables, chairs, sofas, wood wardrobes/cupboards, TV stands, etc.

The factory is located in a 142.000m² venue with modern equipment and enthusiastic workers, the company commits to provide the products that pleases the customers.



Minh Phat 2 Ltd. Company (MIFACO), established since 2003, is exporting wood furniture. The MIFACO has gained success with a strong team of managers and 1.000 experienced and professional staff. The guiding principles for development of the company is “keep reforming and being creative”. The 4.0 technology has been applied in the production and management.



Minh Duong Wood Joint-Stock Company (MD Group) established since 2002, owns 04 factories with 20 workshops and employs 3,000 workers. The main markets are the U.K., the U.S., Japan and Korea and the company has been certified with ISO 9001:2015, and FSC-CoC. The key products include furniture for dining room and living room made of rubberwood and oak.



Thuan An Wood-processing Joint-Stock Company established since 2001 is a member of Vietnam Rubber Group. The company has 2 factories located in Binh Duong and Binh Phuoc, mainly manufacturing and exporting wood products.



Kim Thanh A Ltd. Company established since 2001 with 300 workers is known as a pioneer in manufacturing and processing natural wood floors, finger joint board made of high-quality rubberwood and acacia. The company shall process sophisticated and detailed products and has qualifications to difficult markets such as Japan, Europe, the U.S., etc.



Nguyen Thanh Furniture Ltd. Company (NTC) has been established since 2003 with a strong leadership of the Direct and managers with over 20 years of experience. NTC supplies the high-quality products and good prices, with accredited wood sources and healthy and eco-friendly working conditions.



Tan Thanh Furniture Joint-Stock Company is among leading companies in exporting high-quality inhouse and outdoor wood furniture in Vietnam. With more than 20 years of experience, Tan Thanh Furniture is the long-term and trustful partner of the demanding markets such as the U.S., France, Italy, Japan and Korea, etc.

Some pictures presenting the cooperation between Binh Duong Federation of Labour (Binh Duong FOL) and Binh Duong Furniture Association (BIFA)

